Culpeper Wellness Foundation, Inc. and Subsidiary

Consolidated Financial Statements

December 31, 2025 and 2024

Keiter
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CULPEPER WELLNESS FOUNDATION, INC. AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Culpeper Wellness Foundation, Inc. and Subsidiary
Culpeper, Virginia

Opinion

We have audited the accompanying consolidated financial statements of Culpeper Wellness Foundation, Inc. and Subsidiary (the "Organization") which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Culpeper Wellness Foundation, Inc. and Subsidiary as of December 31, 2025 and 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Culpeper Wellness Foundation, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Culpeper Wellness Foundation, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Culpeper Wellness Foundation, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in aggregate, that raise substantial doubt about Culpeper Wellness Foundation, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



May 20, 2026
Glen Allen, Virginia

CULPEPER WELLNESS FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	$ 380,471	$ 339,542
Contract assets, net	29,793	20,651
Pledges receivable, current	8,000	34,480
Prepaid expenses and other current assets	45,938	47,014
Total current assets	464,202	441,687
Pledges receivable, long term	-	7,800
Investments	37,181,389	30,275,476
Property and equipment, net	16,270,678	16,803,406
Finance lease, right-of-use asset, net	61,014	81,074
Goodwill, net	9,550	15,280
Total assets	$ 53,986,833	$ 47,624,723
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 19,443	$ 47,097
Annuity payable, current	2,450	2,450
Note payable, current	118,474	115,336
Finance lease liability, current	19,855	19,855
Accrued expenses	241,237	98,315
Refundable advances	1,534,133	70,525
Contract liabilities	41,781	60,587
Total current liabilities	1,977,373	414,165
Note payable, less current portion	3,282,439	3,400,949
Annuity payable, less current portion	18,788	19,571
Finance lease liability, less current portion	41,159	61,219
Total liabilities	5,319,759	3,895,904
Net assets:		
Without donor restrictions	48,453,879	43,670,252
With donor restrictions	213,195	58,567
Total net assets	48,667,074	43,728,819
Total liabilities and net assets	$ 53,986,833	$ 47,624,723

See accompanying notes to consolidated financial statements.

CULPEPER WELLNESS FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Activities
Year Ended December 31, 2025 with Comparative Totals for 2024

	2025			
	Without Donor Restrictions	With Donor Restrictions	Total	2024
Support and revenue:				
Membership dues	$ 1,773,116	$ -	$ 1,773,116	$ 1,555,289
Program revenue	379,732	-	379,732	332,835
Ancillary revenue	197,470	-	197,470	199,525
Contributions	404,825	114,108	518,933	431,408
Contributed non-financial assets	502,091	-	502,091	665,188
Contributed non-financial services	1,072,861	-	1,072,861	1,206,056
Grants	320,867	75,000	395,867	338,437
Rental income	1,071,360	-	1,071,360	1,042,910
Total support and revenue	5,722,322	189,108	5,911,430	5,771,648
Net assets released from restrictions	34,480	(34,480)	-	-
Expenses:				
Program services	4,939,223	-	4,939,223	5,116,143
Management and general	732,304	-	732,304	702,089
Fundraising	88,104	-	88,104	88,300
Rental property	581,093	-	581,093	546,179
Total expenses	6,340,724	-	6,340,724	6,452,711
Change in net assets from operations	(583,922)	154,628	(429,294)	(681,063)
Net investment gain	5,367,549	-	5,367,549	2,188,786
Change in net assets	4,783,627	154,628	4,938,255	1,507,723
Net assets, beginning of year	43,670,252	58,567	43,728,819	42,221,096
Net assets, end of year	$ 48,453,879	$ 213,195	$ 48,667,074	$ 43,728,819

See accompanying notes to consolidated financial statements.

CULPEPER WELLNESS FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Membership dues	$ 1,555,289	$ -	$ 1,555,289
Program revenue	332,835	-	332,835
Ancillary revenue	199,525	-	199,525
Contributions	420,695	10,713	431,408
Contributed non-financial assets	665,188	-	665,188
Contributed non-financial services	1,206,056	-	1,206,056
Grants	313,437	25,000	338,437
Rental income	1,042,910	-	1,042,910
Total support and revenue	5,735,935	35,713	5,771,648
Net assets released from restrictions	130,353	(130,353)	-
Expenses:			
Program services	5,116,143	-	5,116,143
Management and general	702,089	-	702,089
Fundraising	88,300	-	88,300
Rental property	546,179	-	546,179
Total expenses	6,452,711	-	6,452,711
Change in net assets from operations	(586,423)	(94,640)	(681,063)
Net investment gain	2,188,786	-	2,188,786
Change in net assets	1,602,363	(94,640)	1,507,723
Net assets, beginning of year	42,067,889	153,207	42,221,096
Net assets, end of year	$ 43,670,252	$ 58,567	$ 43,728,819

See accompanying notes to consolidated financial statements.

CULPEPER WELLNESS FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
Year Ended December 31, 2025 with Comparative Totals for 2024

	2025					2024
		Supporting Services				
	Program Services	Management and General	Fundraising	Rental Property	Total Expenses	Total Expenses
Personnel costs	$ 1,589,015	$ 287,537	$ 25,367	$ 105,654	$ 2,007,573	$ 1,787,656
Supplies and services	1,676,718	-	-	-	1,676,718	1,975,411
Depreciation and amortization	541,712	2,239	-	332,446	876,397	863,042
Occupancy	308,320	41,043	-	31,608	380,971	352,809
Grants awarded	340,029	-	-	-	340,029	377,890
Utilities	241,419	11,525	-	-	252,944	233,873
Professional fees	25,969	252,867	-	48,536	327,372	264,226
Taxes and licenses	48,001	1,917	-	37,639	87,557	91,023
Marketing and promotion	12,400	5,792	62,486	-	80,678	164,525
Insurance	49,935	27,525	-	10,332	87,792	93,282
Office supplies	26,838	9,241	-	-	36,079	51,422
Interest	-	80,055	-	14,878	94,933	98,018
Bank charges	54,481	764	-	-	55,245	61,470
Travel and conferences	11,709	2,936	-	-	14,645	11,619
Credit losses	8,146	80	-	-	8,226	11,341
Dues and subscriptions	4,531	8,783	-	-	13,314	13,639
Miscellaneous	-	-	251	-	251	1,465
Total expenses	$ 4,939,223	$ 732,304	$ 88,104	$ 581,093	$ 6,340,724	$ 6,452,711

See accompanying notes to consolidated financial statements.

CULPEPER WELLNESS FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Rental Property	Total Expenses
Personnel costs	$ 1,408,188	$ 265,020	$ 23,662	$ 90,786	$ 1,787,656
Supplies and services	1,975,411	-	-	-	1,975,411
Depreciation and amortization	532,667	5,494	-	324,881	863,042
Occupancy	294,897	5,763	-	52,149	352,809
Grants awarded	377,890	-	-	-	377,890
Utilities	223,920	9,953	-	-	233,873
Professional fees	17,710	233,513	-	13,003	264,226
Taxes and licenses	51,653	349	-	39,021	91,023
Marketing and promotion	56,974	42,913	64,638	-	164,525
Insurance	49,510	33,464	-	10,308	93,282
Office supplies	37,787	13,635	-	-	51,422
Interest	-	82,198	-	15,820	98,018
Bank charges	60,671	799	-	-	61,470
Travel and conferences	9,717	1,691	-	211	11,619
Credit losses	11,341	-	-	-	11,341
Dues and subscriptions	6,342	7,297	-	-	13,639
Miscellaneous	1,465	-	-	-	1,465
Total expenses	$ 5,116,143	$ 702,089	$ 88,300	$ 546,179	$ 6,452,711

See accompanying notes to consolidated financial statements.

CULPEPER WELLNESS FOUNDATION, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 4,938,255	$ 1,507,723
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	856,337	843,187
Loss (gain) on sale of assets	(6,537)	11,797
Credit losses	8,226	11,341
Realized and unrealized gain on investments	(4,623,964)	(1,730,989)
Right of use asset - finance lease amortization	20,060	19,855
Change in assets and liabilities:		
Pledges receivable	26,054	86,499
Prepaid expenses and other current assets	1,076	10,848
Accounts payable	(27,654)	(154,998)
Accrued expenses	142,922	2,488
Contract assets	(9,142)	30,388
Refundable advances	1,463,608	(70,525)
Contract liabilities	(18,806)	122,072
Net cash provided by operating activities	2,770,435	689,686
Cash flows from investing activities:		
Purchases of property and equipment	(317,879)	(153,032)
Proceeds from sale of property and equipment	6,537	20,155
Purchases of investments	(33,776,966)	(669,499)
Proceeds from sale of investments	31,495,017	100,000
Net cash used in investing activities	(2,593,291)	(702,376)
Cash flows from financing activities:		
Change in annuity payable, net	(783)	(857)
Payments on notes payable	(115,372)	(112,055)
Payments on finance lease	(20,060)	(19,855)
Net cash used in financing activities	(136,215)	(132,767)
Net change in cash and cash equivalents	40,929	(145,457)
Cash and cash equivalents, beginning of year	339,542	484,999
Cash and cash equivalents, end of year	$ 380,471	$ 339,542
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 94,933	$ 98,018

See accompanying notes to consolidated financial statements.

1. Organization:

Culpeper Wellness Foundation, Inc. ("CWF") is a not-for-profit organization supporting the communities in and around Culpeper, Virginia. CWF is the parent of Powell Wellness Center L.L.C. ("PWC"), operates the Culpeper Free Clinic, provides various community grant programs, and leases real estate to physicians and support operations and is referred to collectively, as the ("Organization"). PWC owns and operates PATH Recreation and Fitness ("PRFC").

The Organization receives support through wellness center memberships and programs, donations from individuals, businesses, churches, and other organizations in the Culpeper area and through grants obtained from local governments and other charitable organizations. In addition, the Organization receives rental income.

2. Summary of Significant Accounting Policies:

Basis of Presentation: The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") which includes use of the accrual basis of accounting.

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Under the standards for not-for-profit organizations, the Organization is required to report information regarding its financial position and activities in two classes of net assets as follows:

Net assets without donor restrictions – not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors. Net assets without donor restrictions includes $325,000 of board-designated net assets as an operating reserve as of December 31, 2025 and 2024.

Net assets with donor restrictions – subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no funds to be maintained in perpetuity as of December 31, 2025 or 2024.

Use of Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies, Continued:

Principles of Consolidation: The consolidated financial statements include the accounts of CWF and its wholly owned subsidiary, PWC. All significant intercompany accounts and transactions are eliminated in consolidation.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash in banks and short-term debt instruments with original maturities of 90 days or less. Cash and cash equivalents are stated at cost. The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

Support and Revenue: PWC and PRFC membership revenue is recognized over the period during which the membership is active. Membership at PRFC and PWC is on a month-to-month basis with no annual contract. Ancillary revenue, which consists of pro shop sales, assessment fees, locker rental revenue, café revenue, gift card revenue, late fees and PWC and PRFC wellness program fees, is recognized at the point of sale or as services are rendered. Rental income is recognized over the period facilities are available to tenants. Payments received in advance are deferred and recognized over the period to which they relate. Contributions are recognized as revenue when they are received or unconditionally pledged. During both 2025 and 2024, two contributors accounted for 33% of contributions and grants.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as net assets without donor restrictions in the accompanying consolidated financial statements.

Disaggregation of Revenue from Contracts with Customers: The following table disaggregates the Organization's revenue based on the timing of satisfaction of performance obligation for the years ended December 31:

	2025	2024
Performance obligations satisfied over time	$ 1,773,116	$ 1,555,289
Performance obligations satisfied at a point in time	577,202	532,360
	$ 2,350,318	$ 2,087,649

Performance Obligations: The services that the Organization provides as part of membership are highly interrelated and are treated as a single performance obligation.

2. Summary of Significant Accounting Policies, Continued:

Donated Services and Supplies: The value of contributed materials and the value of contributed services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would have been purchased if not contributed, are recorded at their fair values in the period received.

Non-cash donations are recorded as support at their estimated fair value at the date of donations. Such donations are reported as unrestricted support unless the donor has restricted the donation for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support.

The Organization receives contributed medical services, including lab and diagnostic services, as well as professional medical volunteers who assist the Organization in providing health and welfare services. The volunteer services are provided primarily by medical doctors and nurses. The Organization records these donated services based on the estimated hours spent directly from individuals who donated those services at standard billing rates. Donated services were $20,096 and $24,603 for the years ended December 31, 2025 and 2024, respectively.

The free clinic also receives donated diagnostic services as well as pharmaceuticals from UVA Culpeper Medical Center and various manufacturers for distribution to patients, as prescribed. The Organization records these donated services based on the values received directly from the donor. For the year ended December 31, 2025 and 2024, the value of donated pharmaceuticals and diagnostic services was $1,554,856 and $1,846,641, respectively, and is recorded as in-kind contribution support in the accompanying consolidated statements of activities. During 2025, two contributors accounted for 97% of donated services and supplies. During 2024, two contributors accounted for 99% of donated services and supplies.

Pledges Receivable: Pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flow. Amortization of the resultant discount is recognized as contribution revenue. The need for an allowance for uncollectible pledges receivable is determined based on an evaluation of the collectability of individual promises. All pledges were considered fully collectible at December 31, 2025 and 2024; accordingly, no allowance for doubtful pledges receivable was recorded.

Inventories: Inventories consist primarily of apparel and snack items available for sale at PWC and are initially recorded at cost (if purchased), using the average cost method, or fair value at date of donation (if donated), and subsequently valued at the lower of cost or net realizable value. Inventory is included in prepaid expenses and other current assets on the consolidated statements of financial position.

2. Summary of Significant Accounting Policies, Continued:

Accounts Receivable and Allowance for Credit Losses (Contract Assets): In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments – Credit Losses (Topic 326), which replaced the incurred loss methodology for estimating credit losses with the current expected credit loss ("CECL") model to estimate credit losses for most financial assets held at amortized cost. The model requires entities to consider a wide range of information when estimating credit losses, including historical loss information, current conditions, and reasonable and supportable forecasts. Under the CECL model, the allowance for credit losses on financial assets reflects management's estimate of credit losses over the remaining expected life of the assets. Accounts receivable consists primarily of member billings for PWC and are recorded at the invoiced amount, net any estimated allowance for credit losses. The allowance for credit losses was $2,000 and $2,000 at December 31, 2025 and 2024, respectively. Contract assets amounted to $29,793, $20,651, and $51,039 at December 31, 2025 and 2024, and January 1, 2024, respectively.

Refundable Advances: The Organization is the recipient of grants that require expenditure for specific activities. Certain grantors pay in advance of incurring the specific costs. In those cases, the amount received in excess of amounts spent on the specified activities are reported as refundable advances. Refundable advances totaled $1,534,133 as of December 31, 2025 and $70,525 as of December 31, 2024.

Contract Liabilities (Deferred Revenue): In certain instances, the Organization collects deposits from members in advance of delivery of the item or service given. The Organization recognizes a liability when a member provides payment prior to the Organization transferring control of the goods or services ("contract liabilities"). Contract liabilities are relieved, and revenue is recognized upon the transfer of control of promised goods to members. Contract liabilities totaled $41,781, $60,587, and $79,565 as of December 31, 2025 and 2024, and January 1, 2024, respectively.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Realized and unrealized gains and losses are included in the change in net assets. Investments consist of money market funds and cash equivalents, equity securities, mutual funds, fixed income securities, and government and agency bonds that are publicly traded. Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect amounts reported on the consolidated financial statements.

Property and Equipment: Property and equipment are stated at cost or fair value at the date of the donation. Depreciation is calculated using the straight-line method based on estimated useful lives as follows:

Buildings and improvements	5 to 40 years
Equipment and furnishings	7 to 15 years

2. Summary of Significant Accounting Policies, Continued:

Property and Equipment, Continued: Depreciation expense was $850,607 and $837,457 for the years ended December 31, 2025 and 2024, respectively.

Goodwill: The goodwill related to PRFC is being amortized on a straight-line basis over 10 years, and amortization expense was $5,730 for 2025 and 2024.

Impairment of Long-Lived Assets: Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated statements of financial position and reported at the lower of the carrying amount or estimated fair value less costs to sell, and no longer depreciated. There was no impairment expense on long-lived assets during 2025 or 2024.

Advertising: Advertising expenses are charged to expense as incurred. The Organization incurred $17,652 and $15,349 in advertising expenses for 2025 and 2024.

Reclassifications: Certain prior year balances have been reclassified to conform with the current year presentation.

Income Tax Status: CWF is exempt from federal income taxes under Code Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, CWF qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Code and has been classified as an organization that is not a private foundation under Code Section 509(a)(2). PWC is a limited liability company that has not elected to be taxed as a corporation under current Internal Revenue Service regulations. As such, PWC is a disregarded entity for federal income tax purposes and does not have to file an annual federal return. Rather, its tax results are reflected on the annual tax filings of its member as if the activities of PWC were activities of the member.

Management evaluated CWF’s tax positions and determined that CWF has no uncertain tax positions that require adjustment to the consolidated financial statements at December 31, 2025 and 2024. CWF files Form 990, *Return of Organization Exempt from Income Tax*, annually with the United States of America Department of the Treasury. The Organization is not currently under audit by any tax jurisdiction.

Functional Allocation of Expenses: Program, management and general, fundraising, and rental property costs have been summarized on a functional basis in the consolidated statements of functional expenses. Certain indirect costs have been allocated to programs and supporting services on the basis of the activity benefited.

2. Summary of Significant Accounting Policies, Continued:

Functional Allocation of Expenses, Continued: The expenses that are allocated include the following:

Expense	Method of Allocation
Personnel costs	Time and effort
Supplies and services	Actual usage
Utilities	Square footage
Depreciation and amortization	Square footage
Occupancy	Square footage
Professional fees	Actual usage
Taxes and licenses	Square footage
Marketing and promotion	Actual usage
Insurance	Square footage
Office supplies	Actual usage
Bank charges	Actual usage
Travel and conferences	Time and effort
Dues and subscriptions	Actual usage

Leases: The Organization follows the guidance contained in FASB ASC 842, Leases. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of activities. The Organization does not record a right-of-use asset and lease liability for leases with a term of less than 12 months, and the payments are recognized in the consolidated statements of activities on a straight-line basis over the lease term.

The lease liabilities are initially measured at the present value of future lease payments, measured on a discounted basis, as of the lease commencement date. The Organization has made a policy election to use its current borrowing rate for the initial and subsequent measurement of all lease liabilities. The right-of-use ("ROU") assets are initially measured at the value of the lease liability, adjusted for initial direct lease costs, lease incentives, and prepaid or deferred rent. The right-of-use assets and lease liabilities are calculated to include options to extend or terminate the lease when the Organization determines that it is reasonably certain it will exercise those options. In making those determinations, the Organization considers various existing economic and market factors, business strategies as well as the nature, length, and terms of the lease agreements.

Subsequent Events: Management has evaluated subsequent events through May 20, 2026, the date the consolidated financial statements were available for issuance, and has determined that other than construction as discussed in Note 18, there are no other subsequent events to be reported in the accompanying consolidated financial statements.

3. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date of December 31, 2025 and 2024 are comprised of the following:

	2025	2024
Cash and cash equivalents	$ 380,471	$ 339,542
Contract assets	29,793	20,651
Pledges receivable	8,000	34,480
Investments	37,181,389	30,275,476
Total assets available within one year	37,599,653	30,670,149
Less: amounts not available to be used within one year:		
Net assets with donor restrictions	213,195	58,567
Financial assets available to meet general expenditures over the next twelve months	$ 37,386,458	$ 30,611,582

The Organization has a policy to structure its financial assets as its general expenditures, liabilities, and other obligations come due.

4. Pledges Receivable:

Pledges receivable are carried at net realizable value at December 31 and consisted of the following:

	2025	2024
Amounts due in:		
Less than one year	$ 8,000	$ 34,480
One to five years	-	8,000
Less present value discount	-	(200)
	$ -	$ 7,800

The discount rate of 2.65% was used to calculate the present value of the pledges receivable at December 31, 2024.

5. Investments:

Investments at December 31, 2025 and 2024 are comprised of the following:

	2025	2024
Money market funds and cash equivalents	$ 1,836,234	$ 2,395,259
Equities	25,357,532	22,024,116
Fixed income	9,987,623	5,856,101
	$ 37,181,389	$ 30,275,476

Investment income for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Interest and dividends	$ 827,035	$ 628,964
Investment fees	(83,450)	(171,167)
Net realized and unrealized gains on investments	4,623,964	1,730,989
	$ 5,367,549	$ 2,188,786

6. Fair Value Measurements:

The Organization uses a framework for measuring fair value under GAAP for all financial assets and liabilities measured at fair value on a recurring basis. There are no material assets or liabilities recognized or disclosed at fair value for which the Organization has not applied the provisions.

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. GAAP also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels.

6. Fair Value Measurements, Continued:

Based on the underlying inputs, each fair value measurement in its entirety is reported in one of the three levels. These levels are:

Level 1 – Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Level 2 – Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

The Organization had no Level 2 or 3 assets at December 31, 2025 or 2024.

The following methods and assumptions were used to estimate the fair value of investments:

Money market funds: Money market funds and other cash equivalents are recorded at cost which approximates fair value. Observable inputs are used to value these investments.

Equity securities and mutual funds: Equity securities and mutual funds are valued using quoted market prices.

Commonfund: Valued at the net asset value ("NAV") of shares held of the funds by the Organization at year end. The equity fund allocates assets across a broad spectrum of equity strategies, including common stock of U.S. companies and other equity securities of foreign companies in both developed and emerging markets. The fixed income fund allocates assets across a broad spectrum of fixed income sectors, including investing directly or indirectly in dollar-denominated investment grade bonds and other fixed income securities in an attempt to outperform the U.S. bond market. As of December 31, 2025, the equity and fixed income funds have no unfunded commitments and can be redeemed within 30 calendar days upon notice with no other redemption restrictions. The Organization values its investment in the Commonfund using NAV as a practical expedient.

Fixed income securities: Fixed income securities are valued using quoted market prices.

6. Fair Value Measurements, Continued:

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy the Organization's assets accounted for at fair value on a recurring basis as of December 31, 2025.

	Level 1	Level 2	Level 3	Total
Money market funds	$ 1,836,234	$ -	$ -	$ 1,836,234
Total assets at fair value	$ 1,836,234	$ -	$ -	1,836,234
Investments measured at NAV				35,345,155
Total assets at fair value				$ 37,181,389

Certain investments that were measured at NAV have not been classified in the fair value hierarchy. The fair value amounts presented in the table above is intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

The following table sets forth by level within the fair value hierarchy the Organization's assets accounted for at fair value on a recurring basis as of December 31, 2024.

	Level 1	Level 2	Level 3	Total
Money market funds	$ 2,395,259	$ -	$ -	$ 2,395,259
Mutual funds	22,024,116	-	-	22,024,116
Fixed income	5,856,101	-	-	5,856,101
Total assets at fair value	$ 30,275,476	$ -	$ -	$ 30,275,476

7. Net Assets with Donor Restrictions:

Net assets with donor restrictions consist of contributions, pledges, and grants with donor restrictions for specific capital projects as of December 31, 2025 and 2024. Due to the satisfaction of time and purpose restrictions as pledge payments were received and donor-imposed stipulations were met, net assets of $34,480 and $130,353 were released to meet charitable community wellness needs during the years ended December 31, 2025 and 2024, respectively.

8. Property and Equipment:

Major classes of property and equipment consist of the following at December 31:

	2025	2024
Land	$ 3,695,844	$ 3,695,844
Buildings and improvements	22,795,329	22,558,499
Equipment and furnishings	910,844	897,100
Construction in progress	41,034	-
	27,443,051	27,151,443
Less accumulated depreciation	11,172,373	10,348,037
Property and equipment, net	$ 16,270,678	$ 16,803,406

9. Leases:

The Organization leases office equipment through January 31, 2029. The corresponding right-of-use asset and liability were calculated utilizing the Organization's borrowing rate of 2.65%. Operating lease costs were $20,111 for 2025 and $19,855 for 2024, and the weighted average term (in years) remaining is 3.08 for 2025 and 4.08 for 2024.

Estimated minimum payments under this lease are as follows for the years ending December 31:

Year	Amount
2026	$ 21,530
2027	21,530
2028	21,530
2029	1,792
Total lease payments	66,382
Less: amount representing interest	5,368
Total finance lease liabilities	$ 61,014

10. Note Payable:

In conjunction with the expansion and construction of the PRFC, the Organization arranged for a $3,800,000 loan with a local bank on May 7, 2021. The loan is collateralized by marketable securities owned by the Organization.

10. Note Payable, Continued:

After twelve months, the loan converted into a term loan with a maturity of 120 months. Monthly payments of principal and interest are based on an amortization period of 25 years. Interest is 2.65% fixed for 132 months. The loan is secured by the Organization's investment portfolio. Management believes the Organization is in compliance with all debt covenants as of the date of the consolidated financial statements or has received a waiver. At December 31, 2025 and 2024, $3,400,913 and $3,516,285 was outstanding under the loan, respectively.

The principal maturities of note payable under the above loan are as follows for subsequent years ending December 31:

Year	Amount
2026	$ 118,474
2027	121,696
2028	124,771
2029	128,401
2030	131,893
Thereafter	2,775,678
	$ 3,400,913

11. Annuity Obligation:

The Organization is a party to a gift annuity agreement with a donor requiring annual payments of $2,450. The recorded obligation represents the present value of expected payments over the donor's remaining life expectancy measured according to IRS annuity tables using a discount rate of 6%.

12. Compensated Absences:

Employees who have met length-of-service requirements (as defined by the Organization's policies) earn compensatory leave. Employees may carry a maximum of 180 hours of compensatory leave. At termination or retirement, employees who have met separation-of-service requirements (as defined by the Organization's policies) will be paid for compensatory leave balances, as follows: 100% of the first 50% of eligible hours and 50% of the remaining eligible hours. At December 31, 2025 and 2024, the Organization's accrual for compensated absences was $45,081 and $36,919, respectively, and is included in accrued expenses in the accompanying consolidated statements of financial position.

13. Rental Income:

The Organization is the lessor of various real estate properties under operating leases expiring in various years. In addition, PWC and CWF both lease property to a related party. Rental income for the year ended December 31, 2025 was $1,071,360, of which $625,143 was related party income. Rental income for the year ended December 31, 2024 was $1,042,910, of which $658,360 was related party income. There was no in-kind rental income for the year ended December 31, 2025, and 2024. Several of the Organization's leases have various renewal options and escalating lease clauses that are not included in the amounts below.

Expected annual rental income on theses leases, not including any potential renewals, are as follows:

Year	Amount
2026	$ 1,035,807
2027	388,144
2028	225,102
	$ 1,649,053

14. Related-Party Transactions:

Throughout the year, the Organization reimburses certain expenses to UVA Culpeper Medical Center, which was formerly majority-owned by the Organization and is considered a related party. There are no outstanding reimbursable expenses for either 2025 and 2024. Pledges receivable from UVA Culpeper Medical Center were $0 and $10,000, net of the pledge discount as of December 31, 2025 and 2024, respectively.

The Piedmont Regional Dental Clinic (the "Clinic") has a management contract with the Foundation whereby the Foundation provides management services to the Clinic in accordance with the Management Agreement. During 2025 and 2024, the Clinic paid $50,064 and $46,976, to the Organization, respectively.

15. Defined Contribution Plan:

The Organization has a defined contribution plan covering all employees who are over 21 years of age and have three months of service. Employees' matching contributions are based on a percentage of salary contributed by participants who have attained one year of service. Employee contributions are fully vested and employer contributions are 100% vested after one year of service. The employer match was $40,215 and $34,786 2025 and 2024, respectively.

16. Donation of Property:

On December 30, 2019, the Organization donated property in Madison County with a book value of $548,000 for strategic initiative purposes. The donation is subject to reversion for a period of twenty years if the grantee or its successor uses the property for any purpose other than general community health and wellness. There has been no indication that the property will be reverted.

17. Indemnification:

The Organization has certain obligations to indemnify its current and former officers and trustees for certain events or occurrences while the officer or trustee is, or was serving, at the Organization's request in such capacities. The maximum liability under these obligations is limited under the Code of Virginia. The Organization's insurance policies serve to further limit its exposure. The Organization believes that the estimated fair value of these indemnification obligations is minimal.

18. Commitments

In December 2025, the Organization entered into a contract for the addition to and renovation of the PRFC. The total costs under the contract are projected to be $204,050, of which $30,608 had been spent as of December 31, 2025. The work contracted under this contract was completed in the second quarter of 2026, subsequent to year-end.