

---

**HEALTH FORWARD FOUNDATION**

*FINANCIAL STATEMENTS*

*DECEMBER 31, 2024*

---



**Health Forward**  
FOUNDATION

## **Contents**

---

	<b>Page</b>
<b>Independent Auditors' Report</b> .....	1 - 2
 <b>Financial Statements</b>	
Statement Of Financial Position.....	3
Statement Of Activities .....	4
Statement Of Cash Flows.....	5
Notes To Financial Statements.....	6 - 20

## Independent Auditors' Report

Board of Directors  
Health Forward Foundation  
Kansas City, Missouri

### *Opinion*

We have audited the financial statements of Health Forward Foundation, which comprise the statement of financial position as of December 31, 2024 and 2023, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Health Forward Foundation, as of December 31, 2024 and 2023, and the changes in its net assets and cash flows for the years 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Health Forward Foundation 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 Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Health Forward Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities For The Audit Of The Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditing standards generally accepted in the United States of America 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Health Forward Foundation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Health Forward Foundation'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.

*RubinBrown LLP*

August 14, 2025

**HEALTH FORWARD FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**

---

**Assets**

	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 30,914,829	\$ 10,294,011
Investment redemption receivable	2,429,020	522,239
Interest receivable	3,330	22,110
Prepaid expenses and deposits	722,744	304,233
Investments	901,433,110	889,121,232
Programmatic investments, net	7,315,617	3,515,000
Furniture and equipment, net of accumulated depreciation of \$396,749 in 2024 and \$308,598 in 2023	1,832,844	1,494,575
<b>Total Assets</b>	<b>\$ 944,651,494</b>	<b>\$ 905,273,400</b>

**Liabilities And Net Assets**

<b>Liabilities</b>		
Grants payable	\$ 15,069,201	\$ 17,634,398
Accounts payable and accrued liabilities	482,608	482,487
<b>Total Liabilities</b>	<b>15,551,809</b>	<b>18,116,885</b>
<b>Net Assets Without Donor Restrictions</b>		
Board designated for Health Sciences Pathway Fund	17,032,288	16,301,708
Undesignated	912,067,397	870,854,807
<b>Total Net Assets Without Donor Restrictions</b>	<b>929,099,685</b>	<b>887,156,515</b>
<b>Total Liabilities And Net Assets Without Donor Restrictions</b>	<b>\$ 944,651,494</b>	<b>\$ 905,273,400</b>

# HEALTH FORWARD FOUNDATION

## STATEMENT OF ACTIVITIES

	For The Years Ended December 31,	
	2024	2023
<b>Changes In Net Assets Without Donor Restrictions:</b>		
<b>Revenue, Gains And Support</b>		
Contributions	\$ 1,475,360	\$ 5,000
Interest and dividend income, net of investment expenses of \$10,011,510 in 2024 and \$10,081,945 in 2023	5,313,747	6,013,380
Net realized and unrealized gains	76,445,592	93,082,609
<b>Total Revenue, Gains And Support</b>	<b>83,234,699</b>	<b>99,100,989</b>
<b>Expenses</b>		
Grants and programs	37,959,247	37,635,230
Administration	3,332,282	2,611,006
<b>Total Expenses</b>	<b>41,291,529</b>	<b>40,246,236</b>
<b>Change In Net Assets</b>	<b>41,943,170</b>	<b>58,854,753</b>
<b>Net Assets Without Donor Restrictions - Beginning Of Year</b>	<b>887,156,515</b>	<b>828,301,762</b>
<b>Net Assets Without Donor Restrictions - End Of Year</b>	<b>\$ 929,099,685</b>	<b>\$ 887,156,515</b>

# HEALTH FORWARD FOUNDATION

## STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2024	2023
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 41,943,170	\$ 58,854,753
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	88,151	154,418
Contribution expense	637,610	589,840
Amortization of loan discount on programmatic investments included as a component of interest income	(158,330)	(46,762)
Loss on disposal of equipment	—	756
Net realized and unrealized gains on investments	(76,445,592)	(93,082,609)
Changes in assets and liabilities:		
Interest receivable	18,780	(22,110)
Prepaid expenses and deposits	(418,511)	(145,433)
Grants payable	(2,565,197)	8,285,247
Accounts payable and accrued expenses	121	202,871
<b>Net Cash Used In Operating Activities</b>	<b>(36,899,798)</b>	<b>(25,209,029)</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of furniture and equipment	(426,420)	(1,169,899)
Issuance of programmatic investments as below market loans	(4,279,897)	(4,058,078)
Purchases of investments	(62,690,040)	(83,509,416)
Proceeds from sales of investments	124,916,973	118,327,281
<b>Net Cash Provided By Investing Activities</b>	<b>57,520,616</b>	<b>29,589,888</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from line of credit	—	1,500,000
Repayments to line of credit	—	(1,500,000)
<b>Net Cash Provided By Financing Activities</b>	<b>—</b>	<b>—</b>
<b>Net Increase In Cash And Cash Equivalents</b>	<b>20,620,818</b>	<b>4,380,859</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>10,294,011</b>	<b>5,913,152</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 30,914,829</b>	<b>\$ 10,294,011</b>
<b>Supplemental Cash Flow Information</b>		
Cash paid during the year for interest	\$ —	\$ 6,344

# HEALTH FORWARD FOUNDATION

---

## NOTES TO FINANCIAL STATEMENTS

December 31, 2024 And 2023

### 1. Organization And Summary Of Significant Accounting Policies

#### Organization

Health Forward Foundation (Health Forward), formerly the Health Care Foundation of Greater Kansas City, was created as a Missouri not-for-profit public charity in July 2003, pursuant to an agreement between and among Community Health Group (CHG), a successor company to Health Midwest, and the Missouri Attorney General, in connection with the sale of assets by Health Midwest to HCA, Inc. (HCA). Health Midwest, a Missouri public benefit corporation, operated various not-for-profit hospitals and other health care facilities in Kansas and Missouri which were among the assets sold to HCA, a for-profit company. The settlement agreement provided that two foundations would be established and that the net proceeds of the sale would be distributed 80% to Health Forward and 20% to the REACH Healthcare Foundation.

Health Forward is on a mission to achieve health equity and secure a fair and just region through leadership, advocacy, and resources. Every day, Health Forward works to support and build inclusive, powerful, and healthy communities with people who experience the greatest injustice in health outcomes. Health Forward's service areas include Kansas City, Missouri; Cass, Jackson and Lafayette counties in Missouri; and Allen, Johnson and Wyandotte counties in Kansas.

The initial Board of Directors was appointed by the Missouri Attorney General, subject to residency and other requirements as specified in the bylaws. Subsequent board members are nominated by the Community Advisory Committee (CAC), elected by the board and ratified by the CAC. CAC members are appointed by elected officials of specified city and county governments in Missouri and Kansas.

#### Basis Of Accounting

The accompanying financial statements of Health Forward have been prepared on the accrual basis of accounting.

#### Use Of Estimates

The preparation of 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, liabilities, revenues and expenses. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

## **HEALTH FORWARD FOUNDATION**

---

### Notes To Financial Statements (*Continued*)

#### **Basis Of Presentation**

Financial statement presentation follows the requirements of the accounting principles generally accepted in the United States of America (GAAP) by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity, and financial flexibility. As a result, Health Forward is required to report information regarding its statements of financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

#### **Net Assets Without Donor Restrictions**

Net assets without donor restrictions are available for use at the discretion of the board of directors and management for general purposes. During 2023, management and the board of directors established the Health Sciences Pathways Fund (Fund) which is a board designated fund. The purpose of the Fund is to grow and support pathways for people underrepresented in health professions to strengthen the regions' health care workforce in service to Health Forward's communities of focus with a goal to eliminate health disparities and foster economic inclusion. As of December 31, 2024 and 2023, the Fund balance included in net assets without donor restrictions was \$17,032,288 and \$16,301,708, respectively.

#### **Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions. Donor restricted net assets may be time or purpose restricted, or perpetual in nature. Health Forward does not have net assets with donor restrictions as of December 31, 2024 or 2023.

#### **Cash And Cash Equivalents**

Health Forward considers all cash investments with original maturities less than three months from date of purchase as cash equivalents. Daily bank balances in excess of \$250,000 are invested in sweep accounts, money market vehicles, or repurchase agreements collateralized by underlying securities.

#### **Investment Redemption Receivable**

Investment redemption receivable represents the expected proceeds to be collected for alternative investments that are currently in the redemption process.

## HEALTH FORWARD FOUNDATION

---

### Notes To Financial Statements (*Continued*)

#### **Investment Valuation And Income Recognition**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If available, quoted market prices are used to value investments. Investments for which quoted market prices are not available are stated at estimated fair value as determined by independent investment managers or fund managers, and reviewed by management. Investment income or loss (including realized and unrealized gains and losses on investments) is included in the change in net assets without donor restrictions unless the income or loss is restricted by donor or law. Realized gains or losses on the sale of investments are determined on the specific identification method. Expenses associated with investment management are reported as a reduction in investment income.

#### **Programmatic Investments**

Programmatic investments included in the statement of financial position represent loans made to organizations which have stated interest rates below current market rates. Health Forward's purpose-driven investment program allows Health Forward to further leverage its capital base to advance the health equity mission. This funding is intended to enhance traditional grant funding by providing below-market rate loans to organizations that might otherwise have difficulty securing traditional funding. This purpose-driven investment program focuses on funding partners whose work aligns with Health Forward's purpose to support and build inclusive, powerful, and healthy communities characterized by racial equity and economically just systems.

Health Forward identifies programmatic investments as benefits provided to constituencies in the form of financial instruments whereby the primary objective is the furtherance of Health Forward's mission. The production of income or appreciation of the underlying financial instrument is not a significant objective.

Programmatic investments are reported at amortized cost which reflects the present value of contractual cash flows, discounted at the loan's original effective interest rate. Upon initial recognition of these programmatic investments with below market rates, a contribution expense and a discount allowance are recognized which represents the difference between the cash transferred to the borrower and the present value of the contractual payments for the loan at the imputed market interest rate. The discount allowance is amortized as a component of interest income using the effective interest method.

## **HEALTH FORWARD FOUNDATION**

---

### Notes To Financial Statements (*Continued*)

Upon initial recognition and subsequent measurements of the programmatic loans, Health Forward estimates a valuation allowance for credit losses. Such consideration is given on an individual loan basis given the risk characteristics can vary dependent on factors including the borrower's financial health, industry conditions as well as broader economic conditions. As of December 31, 2024 or 2023, management determined that no material credit allowance was necessary.

#### **Furniture And Equipment**

Furniture, fixtures, equipment and construction in progress are stated at cost. Depreciation is provided by the straight- line method over the estimated useful lives of the assets ranging from 3 to 7 years.

#### **Grants**

Grants are recorded as expenses of Health Forward in the year in which the grants to be committed to outside parties are approved by the President or Board of Directors. Grantmaking approval authority for grants up to five million dollars is delegated to the Impact Committee when a grant exceeds the President's approval authority or if a conflict of interest exists for Board members. There are no conditions on these grants; therefore, the expense is recognized when approved. Grant funds returned or cancelled are accounted for in the year incurred, thereby reducing grant expenses.

#### **Allocation Of Expenses**

The costs of providing the programs and administrative activities have been presented by function and natural classification in Note 6. Expenses directly attributable to a specific functional area of Health Forward are reported as specific to that functional area. Expenses that benefit multiple functional or program areas have been allocated across programs and administrative services based on salary percentages, by function, which are based on time studies, job descriptions and responsibilities. The expenses that are allocated include staff wages, benefits, occupancy costs and other expenses.

#### **Income Taxes**

Health Forward is exempt from income taxes on related, exempt income under Section 501(c)(3) of the Internal Revenue Code (IRC) as a not-for-profit organization.

In order to maintain its status as a public charity, in 2010, Health Forward became a Type I supporting organization of the Community Advisory Committee, which is an exempt publicly supported organization.

# HEALTH FORWARD FOUNDATION

## Notes To Financial Statements (Continued)

### Reclassifications

Certain reclassifications were made to the December 31, 2023 amounts to conform to the December 31, 2024 financial statement presentation. These reclassifications had no impact on the change in net assets or cash flows.

### Subsequent Events

On February 17, 2025, a non-controlled financially interrelated affiliate was created to modernize the corporate structure of Health Forward Foundation. Through the date of these financial statements, approximately \$720,500,000 of assets were transferred to the new legal entity.

Management evaluates events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

## 2. Programmatic Investments

Programmatic investments included in the statement of financial position as of December 31, 2024 include the following:

	At Origination		December 31, 2024
	Face Value	Carrying Value	Carrying Value
Programmatic investment (1)	\$ 3,000,000	\$ 2,545,913	\$ 2,664,625
Programmatic investment (2)	1,000,000	848,298	893,180
Programmatic investment (3)	604,276	538,888	545,042
Programmatic investment (4)	2,000,000	1,578,469	1,584,845
Programmatic investment (5)	1,734,134	1,599,392	1,627,925
	<u>\$ 8,338,410</u>	<u>\$ 7,110,960</u>	<u>\$ 7,315,617</u>

Programmatic investments included in the statement of financial position as of December 31, 2023, include the following:

	At Origination		December 31, 2023
	Face Value	Carrying Value	Carrying Value
Programmatic investment (1)	\$ 3,000,000	\$ 2,569,720	\$ 2,604,425
Programmatic investment (2)	1,000,000	848,298	860,044
Programmatic investment (3)	58,078	50,220	50,531
	<u>\$ 4,058,078</u>	<u>\$ 3,468,238</u>	<u>\$ 3,515,000</u>

## HEALTH FORWARD FOUNDATION

---

### Notes To Financial Statements (*Continued*)

- 1) Unsecured promissory note dated September 15, 2023 in the amount of \$3,000,000 with a stated interest rate of 2%. Interest payments are due quarterly commencing September 30, 2023. Principal payments in the amount of \$375,000 are due quarterly commencing September 30, 2026 through maturity on September 15, 2028.
- 2) Unsecured promissory note dated September 14, 2023 in the amount of \$1,000,000 with a stated interest rate of 2%. Interest payments are due quarterly commencing December 31, 2023. Principal payments in the amount of \$125,000 are due quarterly commencing September 30, 2026 through maturity on September 14, 2028.
- 3) Unsecured promissory note dated June 1, 2023 with a borrowing capacity up to \$1,000,000 and an interest rate of 2%. Interest payments are due quarterly commencing June 30, 2023 and principal payments are due in eight even installments beginning June 30, 2026 through maturity on June 30, 2028.
- 4) Unsecured promissory note dated December 13, 2024 with a borrowing capacity up to \$2,000,000 with a stated interest rate of 2%. Interest payments are due quarterly commencing March 31, 2025. Principal payments are due quarterly beginning December 31, 2029 through maturity on September 30, 2031.
- 5) Unsecured promissory note dated September 24, 2024 with a borrowing capacity of \$20,000,000 with a stated interest rate of 5%. Interest and principal are due at maturity on March 23, 2025. Subsequent to year end, the borrower went into forbearance. Health Forward expects payment in full by September 2025.

Inherent contribution expense amounted to \$637,610 and \$589,840 for the years ended December 31, 2024 and 2023, respectively, and is included in grants and programs expense in the statement of activities. The inherent contribution expense represents the difference between the face value of the cash disbursed to the borrowers and the carrying value of the programmatic investment at origination.

### **3. Fair Value Measurements**

Health Forward follows an established framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under these rules are described below:

- |         |   |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Health Forward has the ability to access. |
|---------|---|

## HEALTH FORWARD FOUNDATION

---

### Notes To Financial Statements (*Continued*)

Level 2      Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

During 2024 or 2023, there were no changes in the methods and/or assumptions utilized to derive the fair value of Health Forward's assets.

Following is a description of the valuation methodologies used for assets measured at fair value:

#### **Common Stocks**

Valued at the closing price reported on the active market on which the individual securities are traded. As of December 31, 2024 and 2023, Health Forward held common stock in a publicly traded company valued at \$240,000 and \$135,000, respectively. These investments are classified in level 1 of the fair value hierarchy.

#### **Investment Held At Cost**

Health Forward has an investment in a privately held company of \$250,000 as of December 31, 2024. This investment is measured at cost.

## HEALTH FORWARD FOUNDATION

### Notes To Financial Statements (Continued)

#### Alternative Investments

Marketable alternative investments are primarily comprised of various limited partnerships, hedge funds and private equity and debt and real estate funds. These investments are valued using the net asset value (NAV), or NAV equivalent, as a practical expedient, of units held by Health Forward at year end. The NAV is provided by the independent investment managers and advisors, and evaluated by Health Forward's management. Accordingly, the alternative investments are measured at fair value using the NAV per share (or its equivalent) practical expedient, and therefore, have not been classified in the fair value hierarchy.

The methods described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Health Forward's management believes the 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.

#### Commitments

The investment strategy of Health Forward includes investing in alternative investments, such as limited partnerships, hedge funds and private equity and real estate funds. Decisions regarding the selection of investment managers and investment activity within the portfolios are made by the Chief Investment Officer. Health Forward's investments in these alternative investment funds include contractual commitments to provide capital contributions over periods of time. As of December 31, 2024 and 2023, the remaining unfunded capital commitments of Health Forward total approximately \$169,000,000 and \$188,000,000, respectively.

#### Fair Value Measurements Of Investments In Certain Entities That Calculate Net Asset Value Per Share

		For The Year Ended December 31, 2024			Redemption Notice Period	
		Fair Value	Unfunded Commitments	Remaining Life	Redemption Frequency	
Fixed income	1	\$ 74,952,997	\$ —	N/A	Daily, Bi-Monthly	0-5 days
Public Equity - U.S. equity	2	32,519,356	—	N/A	Daily, Quarterly	0-45 days
Public Equity - Global equity	2	488,420,244	—	N/A	Daily, Weekly, Semi-Monthly, Monthly, N/A	0-30 days
Public Equity - Non U.S. equity	2	13,691	—	N/A	Daily	2 days
Diversifiers	3	80,862,390	146,705,806	0 - 15 years	N/A	N/A
Private growth	4	211,568,004	19,219,332	0-12 years	N/A	N/A
Private Real estate	5	12,606,428	3,396,841	0 - 6 years	N/A	N/A
		<u>\$ 900,943,110</u>	<u>\$ 169,321,979</u>			

## HEALTH FORWARD FOUNDATION

### Notes To Financial Statements (*Continued*)

		For The Year Ended December 31, 2023						
		Fair Value	Unfunded Commitments	Remaining Life		Redemption Frequency	Redemption Notice Period	
Fixed income	1	\$ 82,150,069	\$ —	N/A		Daily, Bi-monthly, Monthly	0 - 30 days	
U.S. equity	2	27,952,822	—	N/A		Daily, Quarterly	0 - 45 days	
Global equity	2	430,231,568	—	N/A		Daily, Weekly, Semi-monthly	0 - 10 days	
Non U.S. equity	2	54	—	N/A		Daily	2 days	
Opportunistic strategies	3	77,290,141	—	N/A		Monthly, Quarterly, Semi-annual	45 - 90 days	
Private equity	4	211,729,051	181,931,475	0 - 15 years		N/A	N/A	
Real estate	5	59,632,527	5,786,848	0 - 6 years		Quarterly, N/A	0 - 60 days	
		<u>\$ 888,986,232</u>	<u>\$ 187,718,323</u>					

- 1) Fixed income - This category includes investments in 2 core and return-seeking fixed income funds. Fixed income is designed to preserve capital and provide stability to the Fund by maintaining principal value and generating returns with significantly lower volatility compared to other asset classes. Typical investments include U.S. Treasuries and investment grade corporate bonds.
- 2) Public equity – includes U.S. equity, global equity and non U.S. equity - This category includes 10 alternative investment funds that the Fund’s primary return-seeking assets, intended to drive long-term capital appreciation. Returns are primarily generated through exposure to equity market risk (beta). The portfolio is diversified across geographic regions, including U.S., international developed, and emerging markets, to manage risk through diversification while taking advantage of investment opportunities globally.
- 3) Diversifiers – previously titled opportunistic strategies - This category includes 7 alternative investment funds that are intended to diversify the Fund’s exposure to equity market risk and seek returns exceeding those of Fixed Income. These strategies are designed to provide additional sources of absolute return and may have specific risk and return objectives within the overall portfolio. Investments may include, but are not limited to, hedge funds, insurance-linked securities, and opportunistic credit.
- 4) Private growth – previously titled private equity - This category includes 42 alternative investment funds that serve as a key return-seeking private investments allocation targeting long-term capital growth. These investments typically involve higher risk than public equities due to illiquidity and smaller company size. The portfolio is diversified across private equity, venture capital, and private debt, encompassing a range of strategies and liquidity profiles.
- 5) Private real estate - This category includes 1 alternative investment fund that serves to diversify the Fund’s primary sources of return and enhance the likelihood of achieving long-term objectives by providing alternative return streams and reducing overall portfolio volatility. This allocation is expected to generate income, offer some protection against inflation, and provide exposure to tangible assets with intrinsic value. Investments may include, but are not limited to, private real estate—such as commercial, residential, or industrial properties—and private infrastructure, including transportation, energy, utilities, and other essential services.

### 4. Investment Guidelines And Objectives

The bylaws generally provide that the Finance & Investment Committee (the Committee) shall oversee investment policy and governance of Health Forward's assets, which includes establishing investment policy, objectives and guidelines; measuring and evaluating investment performance; reporting to the Directors and other tasks as deemed appropriate.

The Committee shall assist the Board of Directors in fulfilling its management of Health Forward's assets. The Committee's primary duties and responsibilities are to:

- Understand Health Forward's financial needs and communicate such needs to the Investment Advisors on a timely basis;
- Help determine Health Forward's risk tolerance, investment horizon, and probabilities of reaching the stated long-term investment objectives under multiple asset allocation scenarios;
- Annually communicate to the Board of Directors, Health Forward's investment risk profile and projected returns to assure programmatic and investment goals are annually aligned;
- Ensure that Health Forward establishes reasonable and consistent investment objectives, policies and guidelines which will direct the investment of Health Forward's assets;
- Prudently and diligently select the Chief Investment Officer and Investment Advisor(s) to assure adherence to policy guidelines and to monitor progress toward investment goals;
- Develop and enact proper control procedures: for example, replacing the Chief Investment Officer and/or Advisors in the event of fundamental change in investment management process or failure to comply with established guidelines;
- Ensure Health Forward maintains proper record-keeping and safekeeping of Health Forward's investments;
- Review and monitor the interim financial statements as prepared by the financial staff of Health Forward; and
- Establish annual budgeting assumptions and adopt an annual budget consistent with the mission and strategic plan of Health Forward.

A statement of investment policy has been adopted by Health Forward to:

1. Establish a clear understanding of the goals and objectives for the investments of Health Forward, including establishing a basis for evaluating investment results.

## HEALTH FORWARD FOUNDATION

---

### Notes To Financial Statements (*Continued*)

2. Defining the roles and responsibilities of all parties involved to ensure that Foundation assets are managed according to the standards set forth in the Uniform Prudent Management of Institutional Funds Act (UPMIFA).
3. Provide guidance and limitations regarding the investment of Health Forward's assets, including Health Forward's Diversity, Equity and Inclusion aspirations.
4. State the asset allocation guidelines to be used by Health Forward.

### **5. Line Of Credit**

Health Forward has an agreement with a bank for a line of credit with a maximum borrowing capacity of \$40,000,000. During 2024, Health Forward obtained an amendment to the line of credit which reduced the borrowing capacity to \$20,000,000 and extended the maturity date to March 31, 2025. Any amounts drawn on the line of credit are due on demand. Interest is payable monthly at the one month Secured Overnight Financing Rate (SOFR) rate which was 5.38% as of December 31, 2024 (6.20% as of December 31, 2023). All related interest costs are expensed. The line of credit is collateralized by certain investments. There was no outstanding balance on the line of credit as of December 31, 2024 or 2023. Subsequent to December 31, 2024, the maturity date was extended to March 31, 2026.

## HEALTH FORWARD FOUNDATION

### Notes To Financial Statements (Continued)

#### 6. Schedule Of Functional Expenses

Expenses are presented according to both functional and natural classifications as follows:

	For The Year Ended December 31, 2024		
	Grants And Programs	Administration	Total
Grants and other contributions	\$ 27,842,520	\$ 2,515	\$ 27,845,035
Staff wages and benefits	4,592,620	2,120,894	6,713,514
Professional fees	4,473,492	807,214	5,280,706
Media and communications	472,968	—	472,968
Occupancy and equipment	278,861	178,288	457,149
Information technology	91,521	58,514	150,035
Memberships & subscriptions	56,376	36,044	92,420
Office supplies	16,668	12,430	29,098
Meetings and forums	94,417	37,153	131,570
Travel	39,804	27,579	67,383
Advertising and promotion	—	377	377
Insurance	—	41,695	41,695
Taxes	—	9,579	9,579
	<u>\$ 37,959,247</u>	<u>\$ 3,332,282</u>	<u>\$ 41,291,529</u>

	For The Year Ended December 31, 2023		
	Grants And Programs	Administration	Total
Grants and other contributions	\$ 31,586,202	\$ —	\$ 31,586,202
Staff wages and benefits	3,590,554	1,567,156	5,157,710
Professional fees	1,317,987	621,215	1,939,202
Media and communications	435,355	303	435,658
Occupancy and equipment	335,474	172,820	508,294
Information technology	166,735	85,894	252,629
Memberships & subscriptions	70,174	36,150	106,324
Office supplies	32,128	15,694	47,822
Meetings and forums	83,020	27,762	110,782
Travel	17,601	35,928	53,529
Advertising and promotion	—	2,100	2,100
Interest	—	6,344	6,344
Insurance	—	39,640	39,640
	<u>\$ 37,635,230</u>	<u>\$ 2,611,006</u>	<u>\$ 40,246,236</u>

## **HEALTH FORWARD FOUNDATION**

---

Notes To Financial Statements (*Continued*)

### **7. Retirement Savings Plan**

Health Forward sponsors a safe harbor 401(k) retirement savings plan (Plan) for all employees, which includes salary deferral features and allows participants to contribute up to the statutory limit. Health Forward matches 100% of employee contributions up to 6% of employee compensation. Health Forward may also make annual discretionary contributions up to 4% of employee compensation.

Health Forward made matching and discretionary contributions to the Plan in 2024 and 2023 totaling \$363,281 and \$314,674, respectively.

### **8. Commitments**

#### **Grants**

At the beginning of each year, Health Forward's Board of Directors approves the amount of grant-making funds available for that year. The Board of Directors has approved approximately \$27,150,000 for 2025. However, no portion of these approved funds had been committed to outside parties as of December 31, 2024; therefore, no associated liability has been recorded in the accompanying financial statements as of that date. Of the \$15,069,201 total grants payable at December 31, 2024, \$11,574,618 are expected to be paid within one year, with the remaining expected to be paid during 2026 and beyond.

#### **Construction In Progress**

Effective January 27, 2023, Health Forward signed a contract to acquire the top floor of a commercial building in a strategic condominium ownership agreement with Community Builders of Kansas City (CBKC). This new office space will become Health Forward's new headquarters located at the Offices at Overlook on the East Side of Kansas City, Missouri. During 2023, Health Forward paid \$1,000,000 in earnest funds to secure the contract which is included in furniture and equipment on the statement of financial position as of December 31, 2024 and 2023. The construction project is estimated to be completed in early to mid-2026 with a cost estimated to be between \$9,000,000 and \$11,000,000.

## HEALTH FORWARD FOUNDATION

### Notes To Financial Statements (Continued)

#### 9. Liquidity And Availability Of Financial Assets

Health Forward's assets available within one year of the statement of financial position date for general expenditures are as follows as of December 31:

	2024	2023
Cash and cash equivalents	\$ 30,914,829	\$ 10,294,011
Investment redemption receivable	2,429,020	522,239
Interest receivable	3,330	22,110
Investments	901,433,110	889,121,232
Programmatic investments, net	7,315,617	3,515,000
<b>Total Financial Assets</b>	<b>942,095,906</b>	<b>903,474,592</b>
<b>Less Amounts Not Available To Be Used Within One Year</b>		
Programmatic investments, net	(7,315,617)	(3,515,000)
Board designated Health Sciences Pathways Fund	(17,032,288)	(16,301,708)
Alternative investments with redemption limitations	(177,585,949)	(176,834,541)
<b>Total Amounts Not Available To Be Used Within One Year</b>	<b>(201,933,854)</b>	<b>(196,651,249)</b>
<b>Financial Assets Available To Meet Cash Needs For General Expenditures Within One Year</b>	<b>\$ 740,162,052</b>	<b>\$ 706,823,343</b>

As part of Health Forward's liquidity management, it has a policy to structure its financial assets to be available to meet its grant commitments, other program and operating needs, while also striving to maintain the real value of the investments adjusted for spending. Health Forward invests cash in excess of daily requirements in a sweep account. Health Forward also maintains a line of credit in the amount of \$20,000,000 (Note 5). Financial assets not available within one year include certain alternative investments with redemption limitations as discussed in Note 3.

In addition, the Finance and Investment Committee meets regularly to ensure investments provide the highest possible return consistent with prudent diversification, and preserve purchasing power. The asset strategy and specific investment goals are designed to meet liquidity and stability requirements.

**10. Risks And Uncertainties**

Health Forward invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.