FOUNDCARE, INC.

REPORT ON AUDITS OF
FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

FOUNDCARE, INC.

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Independent Auditor's Report

To the Board of Directors of
FoundCare, Inc.
West Palm Beach, Florida

Opinion

We have audited the accompanying financial statements of FoundCare, Inc. (the Organization) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of FoundCare, Inc., as of December 31, 2025 and 2024, and the changes in its net assets and its 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FoundCare, Inc. 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 the 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 FoundCare, Inc's. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 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 and *Government 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 FoundCare Inc.'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 FoundCare Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 10, 2026, on our consideration of FoundCare, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FoundCare, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FoundCare, Inc.'s internal control over financial reporting and compliance.

Templeton & Company, LLP

West Palm Beach, Florida
September 10, 2026

FOUNDCARE, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 261,834	$ 1,824,706
Investments (Note 7)	10,952,718	11,500,621
Grants and contracts receivable, net (Note 3)	5,944,607	6,810,513
Patient accounts receivable, net of allowances of $691,318 and $1,995,876, respectively (Note 5)	9,255,846	9,829,224
Unconditional promises to give - current portion (Note 8)	50,000	64,987
Contribution receivable - donated land use (Note 9)	257,516	-
Inventories	320,524	278,046
Prepaid expenses and other current assets	372,085	385,974
Total current assets	27,415,130	30,694,071
Property and equipment, net (Note 11)	26,543,559	24,589,516
Unconditional promises to give, net of current portion (Note 8)	45,029	-
Right-of-use asset - operating leases (Note 15)	890,001	1,128,040
Contribution receivable - donated land use, net (Note 9)	2,453,165	-
Other assets	55,921	51,868
Total assets	$ 57,402,805	$ 56,463,495
LIABILITIES AND NET ASSETS		
Current liabilities:		
Checks in excess of bank balances	$ 668,370	$ -
Current portion of long-term debt (Note 14)	365,319	202,102
Accounts payable	240,363	563,510
Construction costs and retainage payable	-	1,128,671
Accrued expenses (Note 12)	3,343,826	3,444,411
Current portion of lease liabilities (Note 15)	134,013	221,114
Deferred revenue (Note 13)	72,432	1,020,000
Total current liabilities	4,824,323	6,579,808
Lease liabilities, net of current portion (Note 15)	781,920	929,805
Long-term debt, net (Note 14)	2,882,185	3,047,769
Total liabilities	8,488,428	10,557,382
Net assets:		
Net assets without donor restrictions	46,108,667	43,321,405
Net assets with donor restrictions (Note 22)	2,805,710	2,584,708
Total net assets	48,914,377	45,906,113
Total liabilities and net assets	$ 57,402,805	$ 56,463,495

See accompanying notes to financial statements.

FOUNDCARE, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2025 and 2024

	2025	2024
Support and revenues without donor restrictions:		
Net patient service revenue and pharmacy program	$ 48,906,444	$ 40,485,545
Federal, state and local grant revenue	8,879,273	8,823,232
Contributions	444,013	1,438,867
Other revenue	199,066	176,281
Net investment return	459,922	687,112
Total support and revenues without donor restrictions	58,888,718	51,611,037
Expenses:		
Program services:		
Community health center and pharmacy program	53,260,584	46,358,592
Client services	5,505,429	4,802,105
Education, outreach and behavioral health	1,984,759	1,785,771
Total program services	60,750,772	52,946,468
Supporting services:		
General and administrative	1,238,075	1,024,374
Fund raising/development	244,844	360,156
Total expenses	62,233,691	54,330,998
Decrease in net assets from operating activities	(3,344,973)	(2,719,961)
Net assets released from restrictions	6,132,235	3,305,793
Change in net assets without donor restrictions	2,787,262	585,832
With donor restrictions:		
Contributions	3,513,782	5,890,501
Contribution of non-financial assets	2,839,455	-
Net assets released from restrictions	(6,132,235)	(3,305,793)
Change in net assets with donor restrictions	221,002	2,584,708
Change in net assets	3,008,264	3,170,540
Net assets - beginning of year	45,906,113	42,735,573
Net assets - end of year	$ 48,914,377	$ 45,906,113

See accompanying notes to financial statements.

FOUNDCARE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2025

	Program Services			Supporting Services		
	Education Outreach and Behavioral Health	Client Services	Community Health Center and Pharmacy Program	General and Administrative	Fund Raising/ Development	Total
Salaries and wages	$ 986,707	$ 2,364,400	$ 17,197,973	$ 372,383	$ 80,653	$ 21,002,116
Payroll taxes and benefits	374,152	753,330	3,643,808	262,568	6,191	5,040,049
Financial assistance	-	1,433,507	74,473	-	-	1,507,980
Pharmacy - cost of goods	-	-	24,768,011	-	-	24,768,011
Professional fees	25,316	83,387	2,632,777	114,314	-	2,855,794
Food program	341	33,057	9,684	-	-	43,082
Labs	-	-	117,112	-	-	117,112
Medical and dental supplies	-	-	1,107,275	-	-	1,107,275
Program supplies	432,701	56,176	171,670	-	-	660,547
Contract services/passthrough	-	42	5	1	-	48
Bank and credit card fees	482	2,665	57,931	-	-	61,078
Dues, subscriptions and memberships	2,317	14,199	218,841	-	-	235,357
Employee recruiting	295	910	9,900	17	-	11,122
Fundraising	-	-	-	-	158,000	158,000
Insurance	9,579	79,763	321,968	104,861	-	516,171
Licenses, permits, taxes and fees	823	3,844	56,785	23,177	-	84,629
Meetings and conferences	26,011	14,790	138,099	9,995	-	188,895
Miscellaneous	3,378	19,361	171,536	712	-	194,987
Office supplies	9,830	35,706	492,576	24,381	-	562,493
Printing and copying	1,712	193	6,945	5,742	-	14,592
Rent	7,129	164,486	352,285	-	-	523,900
Repairs and maintenance	15,903	92,348	366,537	68,075	-	542,863
Special events	39,491	-	123,664	26,944	-	190,099
Telephone	14,343	65,757	189,092	26,944	-	296,136
Utilities	5,249	44,287	79,560	53,328	-	182,424
Vehicle operations	-	-	27,173	-	-	27,173
Subtotal	1,955,759	5,262,208	52,335,680	1,093,442	244,844	60,891,933
Interest expense	5,345	42,149	108,790	-	-	156,284
Depreciation	23,655	201,072	816,114	144,633	-	1,185,474
Total functional expenses	$ 1,984,759	$ 5,505,429	$ 53,260,584	$ 1,238,075	$ 244,844	$ 62,233,691

See accompanying notes to financial statements.

FOUNDCARE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2024

	Program Services			Supporting Services		
	Education Outreach and Behavioral Health	Client Services	Community Health Center and Pharmacy Program	General and Administrative	Fund Raising/ Development	Total
Salaries and wages	$ 893,214	$ 2,140,368	$ 15,641,438	$ 337,099	$ 295,456	$ 19,307,575
Payroll taxes and benefits	306,998	618,120	2,994,887	215,442	-	4,135,447
Financial assistance	-	1,172,525	60,915	-	-	1,233,440
Pharmacy - cost of goods	-	-	20,721,189	-	-	20,721,189
Professional fees	24,656	81,214	2,648,886	111,335	33,702	2,899,793
Food program	863	83,759	24,536	-	-	109,158
Labs	-	-	556,432	-	-	556,432
Medical and dental supplies	-	-	593,857	-	-	593,857
Program supplies	413,751	53,716	164,152	-	-	631,619
Contract services/passthrough	-	26,377	3,027	464	-	29,868
Bank and credit card fees	306	1,693	36,793	-	1,035	39,827
Dues, subscriptions and memberships	2,842	17,417	268,430	-	768	289,457
Employee recruiting	416	1,283	13,955	24	-	15,678
Insurance	7,308	60,854	245,638	80,001	-	393,801
Licenses, permits, taxes and fees	777	3,631	53,638	21,510	425	79,981
Meetings and conferences	30,212	17,178	160,400	11,610	18,172	237,572
Miscellaneous	3,456	19,811	175,527	728	-	199,522
Office supplies	6,885	25,011	345,033	17,078	6,546	400,553
Printing and copying	1,486	168	6,027	4,982	-	12,663
Rent	4,944	114,078	255,166	-	-	374,188
Repairs and maintenance	10,366	60,195	238,918	38,478	-	347,957
Special events	33,489	-	104,867	-	4,052	142,408
Telephone	15,479	70,952	204,035	29,073	-	319,539
Utilities	4,200	35,438	63,664	42,673	-	145,975
Vehicle operations	-	-	33,782	-	-	33,782
Subtotal	1,761,648	4,603,788	45,615,192	910,497	360,156	53,251,281
Interest expense	5,105	40,254	106,476	5,395	-	157,230
Depreciation	19,018	158,063	636,924	108,482	-	922,487
Total functional expenses	$ 1,785,771	$ 4,802,105	$ 46,358,592	$ 1,024,374	$ 360,156	$ 54,330,998

See accompanying notes to financial statements.

FOUNDCARE, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 3,008,264	$ 3,170,540
Adjustments to reconcile change in net assets		
to net cash provided by (used in) operating activities:		
Depreciation	1,182,774	922,487
Amortization of loan costs	2,700	2,700
Net realized and unrealized gains on investments	(438,674)	(668,165)
Provision for expected credit losses and contractual adjustments	(1,304,558)	136,420
Contributions restricted for long-term investment	(580,099)	(4,659,031)
Non-financial contribution of land under lease	(2,710,681)	-
Non-cash operating lease expense	3,053	10,842
(Increase) decrease in operating assets:		
Grants and contracts receivable	865,906	(2,968,341)
Unconditional promises to give, net	(30,042)	(64,987)
Patient accounts receivable	1,877,936	(2,867,631)
Inventories	(42,478)	66,037
Prepaid expenses and other current assets	489,322	(85,049)
Increase (decrease) in operating liabilities:		
Checks in excess of bank balances	668,370	-
Accounts payable	(323,147)	(90,593)
Accrued expenses	(100,585)	1,400,996
Deferred revenue	(947,568)	915,165
Net cash provided by (used in) operating activities	1,620,493	(4,778,610)
Cash flows from investing activities:		
Cash paid for capital expenditures	(4,265,488)	(5,963,306)
Proceeds from sales of investments	38,024,000	47,203,000
Purchases of investments	(37,037,423)	(43,209,381)
Increase in other assets	(4,053)	(5,432)
Net cash used in investing activities	(3,282,964)	(1,975,119)
Cash flows from financing activities:		
Contributions restricted for long-term investment	580,099	4,659,031
Principal repayments of long-term debt	(480,500)	(193,817)
Net cash provided by financing activities	99,599	4,465,214
Net decrease in cash and cash equivalents	(1,562,872)	(2,288,515)
Cash and cash equivalents, beginning of year	1,824,706	4,113,221
Cash and cash equivalents, end of year	$ 261,834	$ 1,824,706
Supplemental disclosures of cash flow information:		
Interest paid	$ 156,284	$ 152,918
Non-cash supplemental cash flow information:		
Capitalized costs included in construction costs and retainage payable	$ -	$ 1,128,671

See accompanying notes to financial statements.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of activities

FoundCare, Inc. (FoundCare) is a not-for-profit corporation created to fulfill unmet health care and social service needs of individuals and families in Palm Beach County, Florida. FoundCare provides pediatric and adult primary medical care, chronic disease specialty care, behavioral health services, dentistry, laboratory services, and x-ray services in its Palm Springs, Florida location and provides medical and related services at various other locations in Palm Beach County. More than 30,000 patients received primary care, diagnosis, treatment services and social services provided by FoundCare during the year ended December 31, 2025. FoundCare's patients receive affordable access to quality healthcare and prevention services regardless of their ability to pay. FoundCare is a Federally Qualified Health Center (FQHC).

In addition, FoundCare provides and promotes education, advocacy, and compassion to individuals and families infected and affected by HIV and AIDS. FoundCare offers eligibility screening, case management, referral and linkage to medical care and medications, and health insurance assistance to more than 5,200 people living with HIV/AIDS.

In 2013, FoundCare received a federal grant from the Health Resources and Services Administration (HRSA) to operate its clinic(s) as Federally Qualified Health Center Primary Care Clinic(s). Federally qualified health centers (FQHCs) include all organizations receiving grants under Section 330 of the Public Health Service Act (PHS). FQHCs qualify for enhanced reimbursement from Medicare and Medicaid, as well as other benefits. FQHCs must serve an underserved area or population, offer a sliding fee scale, provide comprehensive services, have an ongoing quality assurance program, and have a governing board of directors. The main purpose of the FQHC Program is to be a "safety net" provider and enhance the provision of primary care services in underserved urban and rural communities.

The governing board of the FQHC is legally responsible for ensuring that the health center complies with federal, state, and local laws and regulations and is financially viable. The board must include a majority (at least 51 percent) of active, registered users of the health center(s) who are representative of the populations served by the center(s). The governing board ensures that the FQHCs are community based and responsive to the community's health care needs. FoundCare is governed by a 12-member Board of Directors responsible for administering and managing the operations of the FQHCs of FoundCare in accordance with Section 330 of the PHS.

In February 2023, FoundCare Foundation, Inc. (the Foundation) was incorporated for the benefit of FoundCare. In June 2025, the Foundation's Board of Directors, in conjunction with FoundCare's Board of Directors, approved the liquidation and dissolution of the Foundation with all of the Foundation's assets and liabilities transferring to FoundCare. The Foundation's purpose was to receive bequests, donations, and contributions on behalf of FoundCare and to provide other financial support to FoundCare.

Merger of FoundCare Foundation, Inc.

Effective September 30, 2025, the Foundation transferred substantially all of its assets, liabilities, and net assets to FoundCare and ceased operations as a separate legal entity.

As the transaction occurred between entities under common control, the transfer was accounted for at carrying value. No gain, loss, contribution revenue, or other change in net assets was recognized as a result of the transaction.

The accompanying financial statements included the activities of the Foundation through September 30, 2025, and the activities of FoundCare thereafter.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Basis of presentation

Comparative financial information for 2024 includes the activities and financial position of FoundCare Foundation Inc., which was merged into FoundCare effective September 30, 2025. Management believes the presentation is appropriate as the Foundation operated solely for the benefit of FoundCare and was under common control prior to the merger.

The financial statements of FoundCare have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which requires management to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets available for general use in operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets as board designated endowment or for other purposes.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations, and certain grantors which will be met either by actions of FoundCare or the passage of time. Some donor restrictions are temporary in nature; these restrictions will be met by actions of FoundCare or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and cash equivalents

Cash and cash equivalents include demand deposit and money market accounts and other highly liquid investments at December 31, 2025 and 2024.

Contributions

Contributions, including unconditional promises (pledges) to give, are recorded as revenue in the period the promise is received. Amounts received that are restricted by the donor to use in future periods, or for specific purposes, are reported as increases in net assets with donor restrictions consistent with the nature of the restriction. Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give 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 flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible unconditional promises to give is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donor indicates that payment is merely postponed.

Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. FoundCare 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. Non-cash contributions are measured at their estimated fair value at the date of donation. See Note 9 for non-cash contributions recorded for the year ended December 31, 2025. No such non-cash contributions were received for the year ended December 31, 2024.

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 as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. A promise to give with a donor-imposed condition is not reported until the condition has been substantially met.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Grants revenue and grants receivable

FoundCare receives support from various federal, state, and local agencies, as well as private foundations for program and support services. Grant receipts are subject to restrictions on the use of funds placed by the grantor. FoundCare administers these funds in accordance with the grantor guidelines. These grants are generally on a cost reimbursement basis, including recoverable overhead.

Revenue from grants is recognized when all eligibility requirements are met, and allowable expenditures are made for the purposes specified under the various grant agreements. Grant funds that have been received but have not yet been expended for the purposes specified are reported as deferred revenue. Grants and contract transactions where the resource provider does not receive commensurate value are accounted for as contributions.

Grants receivable consist of costs under the grant agreements that were incurred prior to year-end, for which payment has not been received. Costs incurred that are recoverable under the grant agreements are stated at the amount management expects to collect on outstanding balances. Management provides for probable uncollectible amounts through a provision for uncollectible grants receivable and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts, and others. Balances that are outstanding after management has used reasonable collection efforts are written-off through a charge to the allowance and a reduction of the applicable grants receivable. There was no allowance for doubtful collection for grants and contracts receivable as of December 31, 2025 and 2024.

Inventories

Inventories consist of pharmaceutical drugs and medical supplies at FoundCare's clinics and pharmacy. Inventories are determined on the first-in, first out (FIFO) basis and stated at the lower cost or net realizable value.

Investments

Investments consist of debt, equity or other marketable securities that do not meet the criteria of cash and cash equivalents and have readily determinable fair values. Net investment return includes dividends and realized and unrealized gains and losses on marketable securities measured at fair value, less external investment expenses. Net investment return is included in the statements of activities with donor restrictions if, by donor stipulation, they are restricted by purpose or time.

Board-designated assets

FoundCare has certain investments and cash and cash equivalents whose use has been limited by the Board of Directors for capital expenditures and as a reserve for unanticipated expenses.

Patient accounts receivable

Patient accounts receivable are reported the estimated transaction price from patients, third-party payors, and others for services rendered, including the estimated retroactive adjustments under reimbursement agreements with third-party payors. FoundCare provides care to patients regardless of their ability to pay.

Patient accounts receivable are reduced for explicit and implicit price concessions. FoundCare grants credit without collateral to its patients, most of whom are residents in the communities that it services and are either insured under third-party payor agreements or uninsured. Patient accounts receivable are not collateralized.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Patient accounts receivable, continued

In establishing the estimate of collectability of accounts receivable, FoundCare analyzes its past history and collection patterns of its major payor revenue sources. These estimates are adjusted as appropriate for volume, service mix, and rate changes. Management regularly reviews data about these major payor sources of revenue as well as considers current and future economic and industry conditions in evaluating the sufficiency of these allowance and reserve estimates.

For accounts receivable associated with self-pay patients (which include patients without insurance who are not covered by FoundCare's sliding fee discount program and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), FoundCare records an implicit discount in the period of service on the basis of its portion of their bill for which they are financially responsible.

The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted are considered a change in estimate of the implicit price concession.

FoundCare's allowance for credit losses for self-pay patients decreased from 50% of self-pay patient accounts receivable at December 31, 2024, to 35% of self-pay patient accounts receivable at December 31, 2025. In addition, FoundCare's write-offs amounted to $4,223,564 and $6,322,495 for self-pay patients for the years ended December 31, 2025 and 2024, respectively, which were recorded as reductions of net patient service revenue. The patient accounts receivable balance at January 1, 2024, was $3,049,776.

Property and equipment

Property and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the estimated useful life or lease term. Betterments, renewals and extraordinary repairs that extend the life of the asset are capitalized. These estimated useful lives are summarized in the following table:

Equipment, fixtures and furniture	5 years
Software	5 years
Building and building improvements	39 years
Vehicles	5 years

Repairs and maintenance costs that increase the efficiency of the asset are expensed as incurred.

Impairment of long-lived assets

FoundCare reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing a review for impairment, FoundCare compares the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that impairment has occurred, the loss will be recognized during that period. The impairment loss is calculated as the difference between the asset's carrying value and the present value of estimated net cash flows or comparable market values, giving consideration to recent operating performance and pricing trends. Management does not believe that any material impairment exists related to its long-lived assets.

Donated services

No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in FoundCare's program services.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Net patient service revenue and pharmacy program

Patient care service revenue is reported at the amount that reflects the consideration to which FoundCare expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, FoundCare bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by FoundCare. Revenue for performance obligations satisfied at a point in time is generally recognized when services are provided to its patients and customers in a retail setting (pharmacy and 340B Drug Discount Program) and FoundCare does not believe it is required to provide additional goods or service related to those services.

FoundCare determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with FoundCare's policy, and implicit price concessions provided to uninsured patients. FoundCare determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. FoundCare determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicaid: Services rendered to Medicaid beneficiaries are paid primarily based upon FoundCare's FQHC Medicaid encounter rate, adjusted effective October 1st of each year by a percentage increase in the Medicare Economic Index.

Other payors: Payment agreements with certain commercial health insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per visit or service provided, with discounts from established charges and prospectively determined daily rates.

Medicare: Revenue from its Medicare program accounted for a portion of FoundCare's patient service revenue for 2025 and 2024. FoundCare's Medicare cost reports through the years ended December 31, 2025 and 2024, have been audited and settled. The final determination of amounts earned pursuant to the Medicare program for open years is subject to review by appropriate government agencies or their agents.

Centers for Medicare & Medicaid Services (CMS) has implemented a program using recovery audit contractors (RACs) as part of the CMS efforts to assure accurate payments. The program uses the RACs to review claims for potentially improper Medicare payments that may have been made to health care providers and were not detected through existing CMS program reviews. Once the RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement for the amount of the estimated overpayment or underpayment. FoundCare records an adjustment to revenue for any overpayment or underpayment at the time notice is received from the RAC and the amount can be reasonably estimated.

There were no material RAC adjustments, audit recoveries, or settlements for prior periods related to the Medicare program during 2025 and 2024, and no liability has been recorded for estimated RAC settlements at December 31, 2025 and 2024. Laws and regulations governing the Medicare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that the recorded estimates will change by a material amount in the near-term.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Net patient service revenue and pharmacy program, continued

Disproportionate share distributions: The Low-Income Pool (LIP) program is a federal matching program that provides the State of Florida with the opportunity to receive additional federal distributions based on a capped annual allotment, which is distributed by the State of Florida to participating health care providers for eligible services. Local governments, such as counties, and the Florida Department of Health provide funding for the nonfederal share of the LIP distributions. Revenues from the LIP program are included in federal, state and local grant revenue in the accompanying statements of activities which, for the years ended December 31, 2025 and 2024, approximated $644,000 and $883,000, respectively. The receipt of future distributions is contingent upon the continued support by the federal, state and local governments.

Drug discount programs: FoundCare participates in the 340B “Drug Discount Program” which is a federal program that enables qualified health care providers to purchase drugs from pharmaceutical suppliers at a substantial discount. The 340B Drug Discount Program is managed by the Health Resources Services Administration (HRSA) Office of Pharmacy Affairs. FoundCare earns revenue under this program by purchasing pharmaceuticals at a reduced cost to fill prescriptions for qualified patients. FoundCare has a network of participating pharmacies that dispense the pharmaceuticals to its patients under a contractual arrangement with FoundCare. Drug replenishment, administrative and filing fees are included in community health center and pharmacy program expense in the accompanying statements of activities. The 340B revenue is included in net pharmacy revenue in the accompanying statements of activities. FoundCare tracks separately the revenue and expenses related to the outpatient drugs provided under this program.

Charity care: In pursuing its commitment to fulfill unmet health care needs of all members of the community, FoundCare provides services to the financially disadvantaged, despite the lack or adequacy of payment for its services. FoundCare maintains records to identify and report the level of charity care it provides to the community. These records include the amount of charges foregone for health care services and costs to furnish it under FoundCare’s charity care guidelines.

Healthcare services are provided to patients who meet certain criteria under its sliding scale fee policy, without charge or at amounts less than established rates. FoundCare does not pursue collection of amounts determined to qualify as sliding fee care and they are not reported as revenue.

Charges foregone or discounted amounted to $4,079,195 and $5,496,741 in 2025 and 2024, respectively. The cost of providing this care, determined by applying the UDS-calculated cost per medical or dental visit times the number of applicable charity care visits, was approximately $15,526,000 and $15,260,000 for the years ended December 31, 2025 and 2024, respectively.

For uninsured patients who do not qualify under FoundCare’s charity care programs, FoundCare bills the patient based on FoundCare’s standard rates for services provided. Patient balances are typically due within 30 days of billing; however, FoundCare does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Pharmacy: FoundCare participates in Section 340B of the Public Health Service Act ("PHS Act"), *Limitation on Prices of Drugs Purchased by Covered Entities.* Participation in this program allows FoundCare to purchase pharmaceuticals at discounted rates for prescriptions to eligible patients. Pharmacy revenue is generated through the contracted pharmacies and its agreement with a third-party administrator.

Under this program, FoundCare uses the third-party administrator as its agent for the purpose of operating and managing contracted pharmacies. FoundCare also operates an in-house pharmacy. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to FoundCare's pharmacy patients and customers, and FoundCare does not believe it is required to provide additional goods or services related to that sale.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Net patient service revenue and pharmacy program, continued

Pharmacy, continued: Because all of its performance obligations relate to pharmacy sales contracts with a duration of less than one year, FoundCare has elected to apply the optional exemption provided in FASB ASC 606 10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. FoundCare's performance obligations in relation to pharmacy revenue consist primarily of pharmacy sales that occur as the patient purchases the goods; thus, there were no unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

FoundCare determines the transaction price based on standard charges for goods provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with FoundCare's policy, and implicit price concessions provided to uninsured patients. FoundCare determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. FoundCare determines its estimate of implicit price concessions based on its historical collection experience with this class of patients. The 340B pharmacy receivable balance at January 1, 2024, was $5,827,408.

Income taxes

FoundCare is generally exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. FoundCare is required to operate in conformity with the provisions of the IRC to maintain their exempt status. Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the years December 31, 2025 or 2024. FoundCare is no longer subject to Internal Revenue Service (IRS) examinations for years prior to 2022.

Fair value disclosures

The financial statements provide for fair value disclosures for financial instruments for which it is practicable to estimate fair value. The fair value of FoundCare's cash and cash equivalents, receivables, and current liabilities approximate their carrying values due to the short-term nature of their maturities.

Functional expenses

The cost of providing FoundCare's programs and other activities has been summarized on a functional basis in the statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied. The statements of functional expenses present, by natural classification, the expenses of each program and support service. Fundraising costs are expensed as incurred, even though they may result in contributions to be received in future years.

FoundCare generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Checks in excess of bank balances

At December 31, 2025, cash disbursements recorded by FoundCare exceeded the balance of cash maintained in certain bank accounts by $668,370. Because the related checks had not cleared the bank as of year-end, the excess has been classified as a current liability in the accompanying statement of financial position for the year ended December 31, 2025.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences may be material.

Leases

FoundCare determines if an arrangement is a lease at inception. FoundCare recognizes a lease right-of-use (ROU) asset and a corresponding lease liability on its statement of financial position as of the lease commencement date based on the present value of the lease payments over the lease term. The discount rate used to calculate the present value of FoundCare’s leases is based on FoundCare’s incremental borrowing rate, which considers credit risk, the lease term, and other available information at the commencement date since most of FoundCare’s leases do not provide a readily determinable implicit rate. The term of a lease is inclusive of any option to renew, extend, or terminate the lease when it is reasonably certain that FoundCare will exercise such an option. For operating leases, lease expense is recognized on a straight-line basis over the lease term. FoundCare does not recognize lease assets or lease liabilities for leases with a term of twelve (12) months or less. Lease and non-lease components are recognized as a single lease component for FoundCare’s operating leases.

Compensated absences

FoundCare allows regular full-time employees, with a minimum of three months’ employment, to receive compensated absences (vacation and sick leave) based on length of service: 1 – 4 years, 136 hours; 5 – 9 years, 176 hours; and 10+ years, 216 hours. Employees are eligible to carry-over to the following year up to 40 hours of accrued time. Any hours above 40 hours at the end of the year will be forfeited. Upon termination, all accrued hours are paid to an employee at full value based on base hourly rates as of the termination date. As of December 31, 2025 and 2024, accrued compensated absences were $812,281 and $884,004, respectively.

Performance indicator

The statements of activities include increases in net assets prior to nonoperating activities as the performance indicator. FoundCare differentiates its operating activities through the use of income from operations as an intermediate measure of operations. Changes in net assets which are excluded from the performance indicator, consistent with industry practice, include DHHS grants for capital additions, loss on disposal of property and equipment, unrealized gains (losses) on investments and increase in contributions with donor restrictions.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. This reclassification had no effect on FoundCare’s financial position as of December 31, 2024, or reported amounts in the statements of activities and cash flows for the year then ended.

Note 2 – Availability of Resources and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2025 and 2024, are as follows:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 261,834	$ 1,824,706
Investments (Note 7)	10,952,718	11,500,621
Unconditional promises to give – Current Portion (Note 8)	50,000	64,987
Grants and contracts receivable (Note 3)	5,944,607	6,810,513
Patient accounts receivable, net of allowances (Note 5)	9,255,846	9,829,224
Total financial assets	26,465,005	30,030,051
Less: Checks in excess of bank balances	(668,370)	-
Less: Donor restricted net assets	(50,000)	(2,584,708)
Less: Board designated amounts	(10,802,085)	(12,476,465)
Financial assets available to meet general expenditures within one year	$ 14,944,550	$ 14,968,878

In case of need, the Board of Directors could appropriate resources from its board reserve. As part of FoundCare's liquidity management, FoundCare invests cash in excess of daily requirements in short-term investments. The liquidity management plan incorporates a policy to structure FoundCare's financial assets to be available as general expenditures, liabilities, and other obligations become due. Board designated assets are restricted for use as approved by the Board of Directors and may be made available for general expenditure in certain circumstances.

Note 3 – Grants and Contracts Receivable

Grants and contracts receivable primarily consist of federal direct and indirect grant amounts due for reimbursement and private foundation grants which are summarized as follows at December 31, 2025 and 2024:

	2025	2024
Health Centers – Section 330	$ 1,215,394	$ 607,594
HRSA Behavioral Health Grant	-	200,000
Ryan White Part A	3,435,498	2,553,436
SAMHSA	225,612	306,432
Centers for Disease Control	183,940	-
Lost Tree Foundation – Riviera Beach Initiative	24,030	2,519,721
AHCA – State of Florida – Low Income Pool program	348,643	423,949
Promise Fund of Florida, Inc.	378,342	-
Other grants receivable	133,148	199,381
Total	$ 5,944,607	$ 6,810,513

Note 4 – Grant Revenue

FoundCare is the recipient of a Health Center Program Clusters (HCP) grant from the U.S. Department of Health and Human Services (HHS). The general purpose of the grant is to provide expanded health care service delivery for the medically underserved population in Palm Beach County. Terms of the grant generally provide for funding of FoundCare's operations based on an approved budget. Grant revenue is recognized as qualifying expenditures are incurred over the grant period. During the years ended December 31, 2025 and 2024, FoundCare received $2,842,793 and $3,043,798, respectively, in HCP grant funds.

In addition to the above grant, FoundCare received additional financial support from other federal, state, local and private sources. Generally, such support requires compliance with terms and conditions specified in the grant agreements and must be renewed on an annual basis.

Note 5 – Net Patient Service Revenue and Pharmacy Program

FoundCare is approved as a Federal Qualified Health Center (FQHC) for both Medicare and Medicaid reimbursement purposes. FoundCare has agreements with third-party payors that provide payments to FoundCare at amounts different from its established rates. These arrangements include Medicaid Covered FQHC services rendered to Medicaid program beneficiaries which are paid based on a cost reimbursement methodology. FoundCare is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by FoundCare and audit thereof by the Medicare fiscal intermediary. Laws and regulations governing Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near-term. Approximately 61% and 66%, respectively, of net patient revenue is from participation in the Medicare and Medicaid programs for the years ended December 31, 2025 and 2024.

The Medicare intermediary for Medicare patients reimburses for services rendered to Medicare program beneficiaries under an all-inclusive rate for each visit that is subject to audit and retroactive adjustments. Management does not believe that the ultimate outcome of any cost report audit will have a significant impact on FoundCare's financial statements.

FoundCare also has payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to FoundCare under these arrangements includes prospectively determined rates per unit of service and discounts on established charges.

Patient service revenue and pharmacy program revenue, net of contractual allowance discounts and reserve for expected credit losses, recognized for the years ended December 31, 2025 and 2024, is summarized as follows:

	2025	2024
Medicare	$ 950,398	$ 1,133,594
Medicaid	6,654,177	6,699,022
Other third-party payors	3,798,825	1,951,970
Self-pay	819,827	768,397
Pharmacy	36,683,217	29,932,562
Total	$ 48,906,444	$ 40,485,545

Patient service revenue is summarized as follows for the years ended December 31, 2025 and 2024:

	2025	2024
Revenue at standard rates	$ 70,573,068	$ 62,481,900
Contractual allowances, discounts and reserves	(21,666,624)	(21,996,355)
Net patient service and pharmacy program revenue	$ 48,906,444	$ 40,485,545

Patient accounts receivable, net of allowances are summarized as follows at December 31, 2025 and 2024:

	2025	2024
Medicare	$ 1,007,922	$ 261,700
Medicaid	1,878,320	2,302,168
Other third-party payers	457,349	657,476
Self-pay	416,747	561,117
Pharmacy	6,186,826	8,042,639
Subtotal	9,947,164	11,825,100
Contractual and other allowances	(691,318)	(1,995,876)
Patient receivables, net of allowances	$ 9,255,846	$ 9,829,224

Note 5 – Net Patient Service Revenue and Pharmacy Program, Continued

FoundCare provides care to patients who meet certain criteria under its charity care policy at amounts less than its established rates. Allowances granted to patients under this policy were approximately 83% and 88% of total standard fees for 2025 and 2024, respectively.

Note 6 – 340B Drug Pricing Program

FoundCare, as an FQHC, is eligible to participate in the 340B Drug Pricing Program (340B Program). This program requires drug manufacturers to provide outpatient drugs to FQHCs and other covered entities at a reduced price. FoundCare contracts with local pharmacies under this program. The contract pharmacies dispense drugs to eligible patients of FoundCare and bill commercial insurances on behalf of FoundCare. Reimbursement received by the contract pharmacies is remitted to FoundCare, less dispensing and administrative fees.

The dispensing and administrative fees are costs of the program and not deemed to be implicit price concessions which would reduce the transaction price. FoundCare recognizes revenue in the amounts that reflect the consideration to which it expects to be entitled in exchange for the prescription after the amount has been determined by the pharmacy benefits manager.

The program is overseen by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA). HRSA is currently conducting routine audits of these programs at health care organizations and increasing its compliance monitoring processes. Laws and regulations governing the 340B Program are complex and subject to interpretation. Management believes that FoundCare is in substantial compliance with all laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties and exclusion from the Medicare, Medicaid and 340B programs. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in patient service revenue in the year that such amounts become known. As a result, it is reasonably possible that material changes to amounts related to the 340B Program could occur in the near-term.

Note 7 – Investments

A summary of investments, by investment type, at December 31, 2025 and 2024, follows:

	2025	2024
Common stocks	$ 201,240	$ 172,137
U.S. Treasury bills	10,751,478	11,328,484
	$ 10,952,718	$ 11,500,621

The following schedule summarizes the net investment return on investments for the years ended December 31, 2025 and 2024, (all without donor restrictions, activity is included in other revenue):

	2025	2024
Interest and dividend income	$ 21,249	$ 18,947
Unrealized and realized gains, net	438,673	668,165
Net investment return	$ 459,922	$ 687,112

Note 8 – Unconditional Promises to Give

Unconditional promises to give as of December 31, 2025 and 2024, are presented as follows:

	2025	2024
Capital campaign pledges	$ 100,000	$ 64,987
Less: unamortized discount	(4,971)	-
Net unconditional promises to give	$ 95,029	$ 64,987
Amounts due in:		
Less than one year	$ 50,000	$ 64,987
One to five years	50,000	-
	$ 100,000	$ 64,987

Unconditional promises to give consist of capital campaign pledges totaling $100,000 at December 31, 2025 and $64,987 at December 31, 2024. All of the 2024 unconditional promises to give were collected during 2025. FoundCare applied a discount rate of 3.47% to its unconditional promises to give with terms in excess of one year. No allowance for doubtful collection was recorded at December 31, 2025 and 2024.

Note 9 – Ground Lease Contribution

In July 2025, FoundCare commenced a 99-year ground lease with the City of Riviera Beach for the land underlying FoundCare's Riviera Beach Health Center. Under the terms of the agreement, legal title to the land remains with the City throughout the lease term and FoundCare is required to pay annual rent of $1. The Organization determined that the arrangement qualifies as an operating lease under Accounting Standards Codification (ASC) 842, *Leases*.

Because the contractual rent is substantially below market, the arrangement represents an unconditional contribution of the use of property in accordance with ASC 958-605. At the commencement date, FoundCare recorded a contribution receivable and contribution support with donor restrictions equal to the present value of the estimated future economic benefit associated with the donated use of the property. The initial contribution receivable and related contribution support recognized were approximately $2,700,000.

The contribution receivable is amortized over the lease term. As donor-imposed time restrictions are satisfied through the passage of time and use of the property, net assets are released from restriction and recognized in operations. FoundCare also recognizes discount accretion on the contribution receivable as additional contribution support over the term of the lease.

The fair value of the donated land-use benefit was estimated using market ground lease rates for comparable properties and management's estimate of future values. Significant assumptions include the estimated market ground lease rate of $2.50 per square foot, and the discount rate of 9.5% for the acreage used under the agreement. Because the lease term extends for 99 years, the valuation incorporates significant estimates regarding future market conditions.

Note 10 – Fair Value Measurements

Accounting guidance establishes 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 ASC 820 are described below:

Level 1 – Quoted prices are available in active markets for identical securities as of the reporting date.

Note 10 – Fair Value Measurements, Continued

Level 2 – Pricing inputs are other than quoted prices in active markets which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models and other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the security and include situations where there is little, if any, market activity for the security. The inputs into the determination of the fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of fair value hierarchy. In such cases, security level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. FoundCare's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following tables set forth, by level within the fair value hierarchy, the FoundCare's investments, measured at fair value on a recurring basis as of December 31, 2025 and 2024:

	Fair Value Measurement at December 31, 2025			
	Level 1	Level 2	Level 3	Total
Common stocks	$ 201,240	$ -	$ -	$ 201,240
U.S. Treasury bills	10,751,478	-	-	10,751,478
	$ 10,952,718	$ -	$ -	$ 10,952,718

	Fair Value Measurement at December 31, 2024			
	Level 1	Level 2	Level 3	Total
Common stocks	$ 172,137	$ -	$ -	$ 172,137
U.S. Treasury bills	11,328,484	-	-	11,328,484
	$ 11,500,621	$ -	$ -	$ 11,500,621

Note 11 – Property and Equipment

Property and equipment as of December 31, 2025 and 2024, consists of the following:

	2025	2024
Land	$ 1,561,695	$ 1,561,695
Building and building improvements	28,587,632	15,798,966
Equipment, fixtures and furniture	2,650,827	1,998,718
Software	778,094	737,417
Vehicles	1,165,965	1,165,965
Leasehold improvements	85,231	85,231
	34,829,444	21,347,992
Less: accumulated depreciation	(8,285,885)	(7,103,112)
Operating property and equipment, net	26,543,559	14,244,880
Construction in progress	-	10,344,636
Property and equipment, net	$ 26,543,559	$ 24,589,516

Depreciation expense for the years ended December 31, 2025 and 2024, amounted to $1,182,774 and $922,487, respectively. As of December 31, 2024, construction in progress consisted of construction costs incurred toward the build-out of new health clinic facilities in Riviera Beach, Florida, including related capitalized costs.

Note 11 – Property and Equipment, Continued

As part of the Riviera Beach, Florida construction project, FoundCare executed a ground lease with the City of Riviera Beach, Florida (City) and The City of Riviera Beach Community Redevelopment Authority (CRA) to lease 2.37 acres of land for a period of 99 years with the provision that a portion of the facility include a 5,000 square foot facility for the free use by the CRA.

Note 12 – Accrued Expenses

Accrued expenses at December 31, 2025 and 2024, consists of the following:

	2025	2024
Accrued payroll, payroll taxes and benefits	$ 1,113,666	$ 1,137,343
Accrued compensated absences	812,281	884,004
340B Pharmacy inventory purchase	864,762	436,009
Refunds due Agency for Health Care Administration	254,999	-
Other accrued expenses	298,118	987,055
	$ 3,343,826	$ 3,444,411

Note 13 – Deferred Grant Revenue

As part of the capital project to build FoundCare's new Riviera Beach Health Initiative (Riviera Beach Initiative), FoundCare received a grant in the amount of $500,000 from the Quantum Foundation (Quantum) in December 2024. The Riviera Beach Initiative is FoundCare's capital project to construct a new health clinic in the City of Riviera Beach, Florida. Construction on the Riveria Beach Initiative was completed during the year ended December 31, 2025, with related deferred grant revenue of $1,020,000 recognized as contributions with donor restrictions.

Note 14 – Long-term Debt

Promissory note

FoundCare has a promissory note with a financial institution which bears interest at a fixed rate of 4.50% through June 2028, at which time the interest will be reset as defined in the related loan agreement. The promissory note matures in June 2038, and is collateralized by FoundCare's real property and business assets. As of December 31, 2025 and 2024, the outstanding balance of the promissory note was $3,049,532 and $3,226,280, respectively. FoundCare is subject to certain financial covenants under the promissory note. All covenants have been met or waived through December 31, 2025.

Seller's note payable

Prior to 2024, FoundCare purchased a medical office facility in North Palm Beach, Florida. As part of the purchase agreement, the seller issued a note (Seller's note) in the amount of $100,000. The Seller's note requires annual principal payments of $25,000 through its maturity in June 2027. The timing of the Seller's note principal payments may change subject to a provision in the Seller's note, which management deems the likelihood to be remote. The Seller's note is non-interest bearing and management determined imputed interest on the Seller's note was not significant. As of December 31, 2025, the outstanding principal balance of the Seller's note was $50,000.

Insurance premium financing agreement

The Organization entered into a premium financing arrangement to finance its annual insurance premiums. The financing agreement bears interest at a fixed rate of 7.89% and requires monthly payments of principal and interest through April 2026. The outstanding balance under the financing arrangement at December 31, 2025 was $196,661. The obligation is secured by the related insurance policies.

Note 14 – Long-Term Debt, Continued

The outstanding balance of long-term debt at December 31, is presented as follows:

	2025	2024
Long-term debt	$ 3,296,194	$ 3,301,261
Less: unamortized debt issuance costs	(48,690)	(51,390)
Subtotal	3,247,504	3,249,871
Less: current portion	(365,319)	(202,102)
Total long-term debt, net	$ 2,882,185	$ 3,047,769

Amortization of the debt issuance costs is reported as interest expense in the accompanying statements of activities and amounted to $2,700 for each of the years ended December 31, 2025 and 2024.

Principal payments required on long-term debt in years subsequent to December 31, 2025, are as follows:

Year Ending December 31,	Amount
2026	$ 365,319
2027	218,989
2028	202,682
2029	213,967
2030	223,797
Thereafter	2,071,440
Total	$ 3,296,194

Note 15 – Leases

As lessee:

FoundCare's lease arrangements primarily pertain to certain medical facilities and office buildings under non-cancelable operating leases which expire in various years through September 2034. FoundCare evaluates whether a contractual arrangement that provides it with control over the use of an asset is, or contains, a lease at the inception date. The term of the lease is inclusive of an option to renew, extend, or terminate the lease when it is reasonably certain that FoundCare will exercise such option.

Variable lease payments that do not depend on an index or rate or result from changes in an index rate subsequent to the lease commencement date, are recorded as lease expense in the period in which the obligation for the payment is incurred. FoundCare's ROU assets are increased by any prepaid lease payments and initial direct costs and reduced by any lease incentives. FoundCare's leases do not contain any material residual value guarantees or restrictive covenants.

The following table presents FoundCare's operating lease ROU assets and lease liabilities at December 31, 2025 and 2024:

	2025	2024
Operating lease right-of-use asset	$ 890,001	$ 1,128,040
Operating lease liability:		
Current portion	$ 134,013	$ 221,114
Operating lease liability - noncurrent	781,920	929,805
Total operating lease liability	$ 915,933	$ 1,150,919

Note 15 – Leases, Continued

As lessee, continued:

The following table represents the components of lease expense for the years ended December 31, 2025 and 2024:

	2025	2024
Fixed lease expense	$ 384,943	$ 364,852
Short-term lease	10,183	9,335
Total lease cost	$ 395,126	$ 374,187

The following table presents a maturity analysis of FoundCare's lease liabilities as of December 31, 2025 for the next five years and thereafter:

Year Ending December 31,	Minimum Lease Payments
2026	$ 163,156
2027	132,467
2028	135,526
2029	138,711
2030	142,032
Thereafter	368,078
Total minimum lease payments	1,079,970
Less: imputed interest	(164,037)
Present value of minimum lease payments	$ 915,933

The following table presents the weighted average remaining lease term and discount rate of FoundCare's operating leases at December 31, 2025 and 2024:

	2025	2024
Weighted average remaining lease term (in years)	7.45	7.51
Weighted average discount rate	4.50%	4.50%

The following table presents supplemental disclosure of cash flow information associated with FoundCare's operating leases for the years ended December 31, 2025 and 2024:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating lease payments	$ 381,890	$ 354,010

As lessor:

FoundCare leases certain office space to a third-party tenant at a commercial property it owns in West Palm Beach, Florida, with the lease expiring in 2026. The commercial building is not encumbered by FoundCare's promissory note (see Note 13). Rental income is included in other revenue in the accompanying statements of activities and, for the years ended December 31, 2025 and 2024, totaled $150,392 and $145,346, respectively. The net book value of the commercial property is approximately $5,159,000 at December 31, 2025. The lease expires in May 2026.

As of December 31, 2025, minimum future rental payments to be received (as lessor) under the non-cancelable operating lease is $64,441 to be received during the year ending December 31, 2026.

Note 16 – Commitments

In December 2025, FoundCare entered into an agreement with the Riviera Beach Community Redevelopment Agency (the CRA) to build-out office space for the CRA with an estimated cost of approximately $1,563,000 and entered into a construction contract to begin the build-out for this project. In January 2026, the CRA paid the amount of the construction contract to FoundCare and an additional up front $50,000 project management fee.

Note 17 – Employee Benefit Plan

FoundCare maintains a 403(b) Tax Sheltered Annuity Plan (the Plan) for the benefit of substantially all its eligible employees. Employees are eligible if they are at least eighteen years old and performed services for the Foundcare employer for the prior three months Employees may make contributions up to 15% of their compensation. FoundCare can make discretionary matching contributions to the Plan of up to 5% after one year of credited service. For the years ended December 31, 2025 and 2024, FoundCare provided discretionary matching contributions to the Plan in the amounts of $410,712 and $443,231, respectively.

Note 18 – Medical Malpractice Claims

The U.S. Department of Health and Human Services has deemed FoundCare and its practicing providers as covered under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death, resulting from the performance of medical, surgical, dental and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap. U.S. GAAP requires a health care provider to accrue the expense of its share of malpractice claims costs, if any, for any reported and unreported incidents of potential improper professional services occurring during the year by estimating the probable ultimate costs of the incidents.

Based upon FoundCare’s claim experience, no such accrual were required. However, due to the risk in providing health care services, it is possible that an event may occur which will form the basis for a future material claim. Management is not aware of any pending claims that exceed the limitations provided by this coverage.

FoundCare purchases medical malpractice coverage under claims-made policies for claims that are not covered under the scope of the FTCA. Under these policies, only claims made and reported to the insurer are covered under the policy term, regardless of when the incident giving rise to the claim occurred.

Note 19 – Contingencies and Regulatory Risks

FoundCare is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. This coverage in 2025 did not change significantly from the previous year. Settled claims from these risks did not exceed commercial insurance coverage for any of the periods presented.

In the ordinary course of business, FoundCare is a party to claims and legal actions. While the outcome cannot be determined at this time, management’s opinion is the liability, if any, from these actions will not have a material adverse effect on FoundCare’s financial position.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Note 19 – Contingencies and Regulatory Risks, Continued

Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement received for patient services provided. While FoundCare is subject to similar regulatory reviews, there are no reviews currently under way, and management believes that the outcome of any potential regulatory review will not have a material adverse effect on FoundCare’s financial position.

Management believes that FoundCare has generally complied with applicable laws and regulations that could have a material impact on the financial statements of FoundCare and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing or noncompliance.

FoundCare receives a substantial amount of its revenue and support from federal program funding which is passed through various state and local governmental entities. A significant reduction in the level of this support, if this were to occur, would have a significant effect on FoundCare’s services and activities. Other grants represent amounts received from the local grant funding agencies.

Legal matters

From time to time, and in the ordinary course of business, various matters occur that may or do result in legal action. FoundCare evaluates such claims and allegations based on the advice of legal counsel and, if a loss is both probable and reasonably estimated, reserves for such losses. No such loss reserve for legal matters was recorded as of December 31, 2025 and 2024.

Note 20 – Concentration Risks

FoundCare maintains its cash and cash equivalents with two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) and FoundCare has not experienced any losses in such accounts. FoundCare has an arrangement with a financial institution, whereby it maintains a fully insured reciprocal depository arrangement with multiple financial institutions in order to maintain the related savings account balances within federally insured limits. As of December 31, 2025, cash and cash and equivalents did not exceed federally insured limits. As of December 31, 2024, cash and cash equivalents exceeded federally insured limits by approximately $928,000.

FoundCare grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor arrangements. The mix of receivables from patients and third-party payors at December 31, 2025 and 2024, was:

	2025	2024
Self-pay, pharmacy, private insurers, and other	71%	79%
Medicare	10%	2%
Medicaid	19%	19%
	100%	100%

For the years ended December 31, 2025 and 2024, federal grant awards received directly or passed through from the U.S. Department of Health and Human Services represented approximately 92% and 100%, respectively, of public support.

The current economic environment presents community health centers with difficult circumstances and challenges. As employers make adjustments to health insurance plans or more patients become unemployed, certain patients may find it difficult to pay for services rendered. Further, the effect of economic conditions on federal and state budgets could impact the grant revenues available to community health centers and the programs they administer. Each of these factors could have an adverse impact on FoundCare’s future operating results.

Note 21 – Health Care Reform

The Patient Protection and Affordable Care Act (ACA) allowed for the expansion of Medicaid members in the State of Florida. Any further federal or state changes in funding could have an impact on FoundCare.

Note 22 – Net Assets

Net assets with donor restrictions at December 31, 2025 and 2024, are available to support the following purposes:

	2025	2024
Purpose and time restrictions:		
Capital campaign	$ 95,029	$ 2,584,708
Land under lease	2,710,681	-
	$ 2,805,710	$ 2,584,708

Net assets released from restrictions

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events as specified by the donors.

Net assets were released from restrictions during the years ended December 31, 2025 and 2024, for the following purposes:

	2025	2024
Capital campaign - Riviera Beach project	$ 6,003,477	$ 3,305,793
Land under lease	128,758	-
	$ 6,132,235	$ 3,305,793

Board-designated net assets

The Board of Directors of FoundCare, Inc. has designated net assets without donor restrictions for the following purposes as of December 31, 2025 and 2024:

	2025	2024
Operating reserves	$ 10,802,085	$ 10,476,465
Riviera Beach Initiative	-	2,000,000
	$ 10,802,085	$ 12,476,465

Reserves designated by the Board of Directors of FoundCare include an allocation for unanticipated expenses in FoundCare's health programs, operating reserves, reserves for capital and program development as well as a capital reserve to fund construction and start-up costs for FoundCare's Riviera Beach Initiative.

Note 23 – Subsequent Events

Management evaluated events occurring subsequent to December 31, 2025 through September 10, 2026, the date on which the financial statements were available to be issued, for matters that should be recorded in the financial statements or disclosed in the footnotes thereto.

SUPPLEMENTARY INFORMATION

FOUNDCARE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2025

Federal Grantor / Pass-Through Grantor / Program Title for the year ended December 31, 2025	Federal CFDA Number	Grant or Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Direct awards:			
Health Center Cluster (February 2024- January 2025)	93.224		$ 218,648
Health Center Cluster (February 2025 - January 2026)	93.224		3,024,146
Total Health Center Cluster			3,242,794
HIV Prevention Activities Non-Governmental Organization Based	93.939	NU62PS924717-02	441,625
Total U.S. Department of Health and Human Services - Direct Awards			3,684,419
Total Direct Awards			**3,684,419**
Federal Pass-Through Promise Fund of Florida Inc.			
Congressional Directives	93.493		**610,000**
U.S. Department of Health and Human Services:			
Indirect awards passed through:			
Palm Beach County, Board of County Commissioners:			
Ryan White HIV/AIDS Treatment Modernization Act - Part A	93.914	R2022-1009 Amend.	584,606
Ryan White HIV/AIDS Treatment Modernization Act - Part A	93.914	R2023-1009 Amend.	2,465,929
Total Ryan White HIV/AIDS Treatment Modernization Act			3,050,535
Health Services and Resource Administration; Passed through State of Florida Department of Health:			
Ryan White Care Act Part B / Minority AIDS Initiative/ARTAS	93.917	CODRL	137,500
Total Ryan White CARE Act Part B / Minority AIDS Initiative/ARTAS			137,500
Health Department Based:			
Centers for Disease Control - HIV Prevention Activities	93.940	CODPG	162,500
Substance Abuse and Mental Health Services Administration:			
Integrating Behavioral Health Services with HIV Primary Care	93.243	6H79SM086188-02	372,553
Integrating Behavioral Health Services with HIV Primary Care	93.243	6H79SM086188-03	112,367
Total Subtance Abuse and Mental Health Services Administration			484,920
Total Indirect Awards			**3,835,455**
Total Expenditures of Federal Awards			**$ 8,129,874**

None of the expenditures presented in this schedule were provided to subrecipients, were for loan or loan guarantee programs or noncash assistance.

See accompanying notes to schedule of expenditures of federal awards.

FOUNDCARE, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of FoundCare, Inc. (FoundCare, Inc. or the Organization) under programs of the federal government for the year ended December 31, 2025, and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of FoundCare, Inc., it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of FoundCare, Inc.

Note 2 – Summary of Significant Accounting Policies for Federal Award Expenditures

FoundCare, Inc. and federal agencies use an indirect cost rate to charge indirect costs to individual sponsored projects. The rate is the result of a number of cost allocation procedures that FoundCare, Inc. uses to allocate its indirect costs to both sponsored and non-sponsored activities. The indirect costs allocated to sponsored projects are divided by the direct costs of sponsored projects to arrive at a rate. The U.S. Department of Health and Human Services (HHS) must approve the rate before FoundCare, Inc. can use it to charge indirect costs to federally sponsored projects.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Expenditures consist of direct and indirect costs. Direct costs are those that can be readily identified with an individual federally sponsored project.

Note 3 – Indirect Cost Rate

FoundCare, Inc. has elected not to use the 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance unless it is contractually required to use the 15 percent de minimis indirect cost rate in which case it applied the 10 percent de minimis cost rate.

Note 4 – Loan

FoundCare, Inc. did not expend federal awards related to loans or loan guarantees during the year.

Note 5 – Federally Funded Insurance

FoundCare, Inc. has no federally funded insurance.

Note 6 – Subrecipients

There were no payments to subrecipients for the year ended December 31, 2025.

Note 7 – Noncash Assistance

FoundCare, Inc. did not receive any federal noncash assistance for the year ended December 31, 2025.

Templeton

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
FoundCare, Inc.
West Palm Beach, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of FoundCare, Inc., a non-profit organization, (FoundCare), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 10, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered FoundCare's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FoundCare's internal control. Accordingly, we do not express an opinion on the effectiveness of FoundCare's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether FoundCare's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Templeton & Company, LLP

West Palm Beach, Florida
September 10, 2026

templetonadvisors.com

Templeton

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
FoundCare, Inc.
West Palm Beach, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited FoundCare, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of FoundCare, Inc.'s major federal programs for the year ended December 31, 2025. FoundCare, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, FoundCare, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of FoundCare, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of FoundCare, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to FoundCare, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on FoundCare, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about FoundCare, Inc.'s compliance with the requirements of each major federal program as a whole.

222 Lakeview Avenue
Suite 1200
West Palm Beach
Florida 33401

201 East Las Olas Boulevard
Suite 1650
Fort Lauderdale
Florida 33301

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 FoundCare, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of FoundCare, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of FoundCare, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Templeton & Company, LLP

West Palm Beach, Florida
September 10, 2026

FOUNDCARE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2025

Part I – Summary of Auditor's Results:

Financial statements:	
Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No
Federal awards:	
Type of auditor's report on compliance for major programs	Unmodified
Internal control over compliance for major programs:	
Material weaknesses identified?	No
Reportable condition(s) identified not considered to be material weaknesses?	None reported
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
Identification of major programs:	
Dollar threshold used to distinguish Type A and Type B Program	$1,000,000
Auditee qualified as low-risk auditee?	Yes

CFDA Number(s)	Name of Federal Program or Cluster
93..224	Health Center Cluster

Part II – Financial Statement Findings and Questioned Costs

We noted no material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.*

Part III – Federal Award Findings and Questioned Costs

This section identifies reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance as well as the status of prior year findings and questioned costs.

Current Year's Findings and Questioned Costs

No reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance, were reported for the year ended December 31, 2025.

Prior Year Findings and Questioned Costs

No reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance, were reported for the year ended December 31, 2024.