The Winston-Salem Foundation and Subsidiaries

Independent Auditor's Report, Combined Financial Statements (Modified Cash Basis), and Supplementary Combining Information

December 31, 2025 and 2024

The Winston-Salem Foundation and Subsidiaries
Contents
December 31, 2025 and 2024

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Independent Auditor's Report

Audit Committee
The Winston-Salem Foundation and Subsidiaries
Winston-Salem, North Carolina

Opinion

We have audited the accompanying combined financial statements (modified cash basis) of The Winston-Salem Foundation and subsidiaries (the "Foundation") which comprise the combined statements of assets, liabilities and net assets (modified cash basis) as of December 31, 2025, and 2024, and the related combined statements of receipts, disbursements and changes in net assets (modified cash basis) for the years then ended, and the related notes to the combined financial statements (modified cash basis).

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, and the results of its operations for the years then ended in accordance with the modified cash basis of accounting, described in Note 1.

Basis for Opinion

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the combined financial statements (modified cash basis), which describes the basis of accounting. These combined financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with the modified cash basis of accounting, as described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the combined financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the combined 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 GAAS 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 combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Forvis Mazars, LLP

Greenville, South Carolina
July 28, 2026

The Winston-Salem Foundation and Subsidiaries
Combined Statements of Assets, Liabilities and Net Assets (Modified Cash Basis)
December 31, 2025 and 2024

		2025		2024
ASSETS				
Cash and cash equivalents	$	39,224,411	$	26,403,704
Securities - Note 3		606,281,841		576,901,457
Receivables				
Student loans		21,055		26,355
Notes		1,414,000		1,414,000
Due from WSF and investment manager		2,816		-
Assets held in trust - Note 6		2,448,017		2,487,089
Investments in partnerships - Note 7		22,773,110		22,286,580
Building, leasehold improvements and equipment		1,308,523		1,308,523
Other assets		442,401		594,192
Total Assets	$	673,916,174	$	631,421,900
LIABILITIES AND NET ASSETS				
Liabilities				
Amounts withheld from employees	$	2,147	$	11,284
Deferred compensation liability		132,601		115,067
Agency deposits		34,776,000		28,916,383
Total Liabilities		34,910,748		29,042,734
Net Assets				
Without donor restrictions - Note 8		639,005,426		602,379,166
Total Net Assets		639,005,426		602,379,166
Total Liabilities and Net Assets	$	673,916,174	$	631,421,900

The Winston-Salem Foundation and Subsidiaries
Combined Statements of Receipts, Disbursements and Changes in Net Assets (Modified Cash Basis)
Years Ended December 31, 2025 and 2024

	2025	2024
Receipts		
Donations and bequests	$ 60,710,842	$ 26,923,439
Interest, dividends, and other investment income	12,229,589	12,519,711
Fees assessed on agency deposits	290,678	276,523
Other receipts	39,836	31,582
Total Receipts	73,270,945	39,751,255
Disbursements		
Grants	98,067,369	91,943,420
Executive office operations	6,134,578	5,745,281
Trustee banks' and investment management fees	1,886,529	1,826,194
Brokerage fees	20,114	18,854
Other disbursements	333,289	221,769
Total Disbursements	106,441,879	99,755,518
Receipts Under Disbursements Before Net Realized and Unrealized Gains	(33,170,934)	(60,004,263)
Net realized and unrealized gains - Note 11	69,797,194	47,196,047
Increase (Decrease) in Net Assets Without Donor Restrictions	36,626,260	(12,808,216)
Net assets without donor restrictions, beginning of year	602,379,166	615,187,382
Net Assets Without Donor Restrictions, End of Year	$ 639,005,426	$ 602,379,166

Note 1. Nature of Operations and Summary of Significant Accounting Policies

The Winston-Salem Foundation is a publicly supported community trust established in 1919 for the receipt and distribution of charitable funds. Its assets are held in trust funds maintained by various trustees.

The Winston-Salem Foundation, Inc. was established on January 1, 1984, for the purpose of processing certain charitable receipts and distributions previously processed by the trustees and for maintaining the operations of the executive office of The Winston-Salem Foundation.

The WSF Land Holding Company was established on June 9, 1998, as a component part of The Winston-Salem Foundation. Its primary purpose is to hold real property gifted to The Winston-Salem Foundation and limit potential liabilities until such property is converted to cash.

In addition, The Winston-Salem Foundation has a relationship with a supporting organization. The Millennium Fund is a nonprofit organization established in 2002 to address the private sector's responsibilities in dealing with the needs of the Winston-Salem community with a focus towards community development.

Combined Financial Statement Presentation

The combined financial statements include the accounts of The Winston-Salem Foundation, The Winston-Salem Foundation, Inc., the WSF Land Holding Company, and The Millennium Fund (collectively, the "Foundation"). Inter-entity transactions have been eliminated in combination.

Modified Basis of Accounting

The Foundation prepares its combined financial statements on the basis of cash receipts and disbursements modified to record securities and other investments at fair value and to record contributed assets when received and the Foundation has the right to use those assets to meet its charitable purpose. Under this basis, revenues and the related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Furthermore, the capitalized costs of buildings, leasehold improvements and equipment are not depreciated. Instead, these assets are written off when they are no longer in service or no longer have value to the Foundation.

Agency Deposits

The Foundation's method of accounting for agency deposits conforms with authoritative guidance under generally accepted accounting principles relating to the transfer of assets to a not-for-profit organization that raises or holds contributions for others. This guidance requires a recipient organization that accepts cash or other financial assets from a donor and agrees to use those assets on behalf of or to transfer those assets, the return on investment of those assets, or both to the donor or an affiliated beneficiary, to recognize the fair value of those assets as a liability to the beneficiary concurrent with recognition of the assets received from the donor.

Classification of Net Assets

The state of North Carolina adopted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") effective March 23, 2009. The Winston-Salem Foundation Committee, (the "Committee"), on the advice of legal counsel, has determined that the Foundation's net assets do not meet the definition of endowment under UPMIFA. The Foundation is governed subject to The Winston-Salem Foundation 1993 Amended and Restated Declaration of Trust ("ARDT") and most contributions are subject to its terms. Certain contributions are received subject to other trust instruments, or are subject to specific agreements with the Foundation.

Under the terms of the ARDT, The Winston-Salem Foundation Committee has the ability to distribute as much of the corpus of any trust or separate gift, devise, bequest, or fund as the Committee in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions unrelated to the Foundation's supporting organizations are classified as net assets without donor restrictions for financial statement purposes. As of December 31, 2025 and 2024, the Foundation's supporting organizations do not hold any net assets with donor restrictions.

Net assets without donor restrictions consist of assets, net of liabilities, related to the Foundation's regular activities, which are available at the discretion of The Winston-Salem Foundation Committee. These are amounts that are available for use in carrying out the mission of the Foundation consisting of expendable resources, including funds designated for special use by the Committee and funds subject to the variance power established by the ARDT, and unextendible resources invested in property and equipment. Variance power provides the Foundation with the ability to modify donor stipulations that are incapable of fulfillment or inconsistent with the charitable purposes of the Foundation.

Endowment Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowed assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. The Foundation's investment and spending policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current objective is a 7.5% nominal return, net of investment fees. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk parameters.

The current spending policy is to distribute an amount equal to 4% of a moving three-year average of the endowment market value, plus an additional amount to cover the Foundation's administrative fees which average 1% annually.

Cash and Cash Equivalents

The Foundation considers all unrestricted, highly liquid investments with an initial maturity of three months or less when purchased to be cash and cash equivalents.

At times, the Foundation maintains cash deposits with financial institutions which exceed federally insured limits. Management monitors the stability of these financial institutions and believes the Foundation's risk is negligible.

Securities

Investments in securities are stated at fair market value. Realized and unrealized gains (losses) are computed based on the cost of purchased securities or the estimated fair value of donated securities at the date of receipt using the average cost method. Investments in hedge funds are recorded at net asset value ("NAV"), as a practical expedient, to determine fair value of the investments.

Fair Value Measurements

Fair value is defined as an exit price representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes market data or assumptions that market participants would use in pricing the asset or liability and establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Student Loans and Notes Receivable

Student loans and notes receivable are evaluated periodically for collectability by management. Amounts deemed ultimately uncollectible are charged to disbursements in the period such determination is made.

Building, Leasehold Improvements, and Equipment

Purchased property and equipment are stated at cost. Property and equipment received as donations and bequests are stated at estimated fair values at the date of receipt by the Foundation. Property and equipment are not depreciated; however, such assets are written off when they are no longer used by, or of no further value to, the Foundation. The Foundation capitalizes all fixed asset purchases over $10,000.

Use of Estimates

The preparation of combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from these estimates.

Evaluation of Subsequent Events

The Foundation evaluated the effect subsequent events would have on the combined financial statements through July 28, 2026, which is the date the combined financial statements were available to be issued.

Note 2. Liquidity and Availability

As part of its liquidity management, the Foundation has a policy to maintain sufficient financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily operating funds in short-term investments such as money market funds.

The following schedule explains the Foundation's financial assets available to meet cash needs for general expenditures within one year as of December 31. The financial assets were derived from the total assets on the combined statements of assets, liabilities and net assets (modified cash basis) by excluding the assets that are unavailable for general expenditures. The Foundation seeks to maintain sufficient liquid assets to cover three months' operating and capital expenditures.

	2025	2024
Cash and cash equivalents	$ 39,224,411	$ 26,403,704
Securities	53,890,778	71,698,400
	$ 93,115,189	$ 98,102,104

The Foundation has budgeted to spend an estimated $93,115,189 and $98,102,104 as of December 31, 2025 and 2024, respectively, from cash and cash equivalents and securities for general expenditures, including grants, within future years. Accordingly, these assets have been included in the qualitative information above. Additionally, the Foundation has other investments that could be made available, if necessary.

Note 3. Securities

Securities are presented in the combined financial statements in the aggregate at fair value. Securities as of December 31 are comprised of the following:

	2025		2024	
	Fair Value	Assigned Value	Fair Value	Assigned Value
Individual securities:				
Domestic equity	$ 36,318,240	$ 26,246,724	$ 32,826,443	$ 24,935,132
International equity	5,307,556	4,603,328	6,527,980	5,996,833
Domestic fixed income	21,744,466	21,635,770	61,600,202	64,755,453
	63,370,262	52,485,822	100,954,625	95,687,418
Mutual funds and ETFs:				
Domestic equity	106,158,574	76,107,479	81,328,382	59,140,535
International equity	37,533,187	31,626,727	32,047,255	31,526,774
Global equity	13,894,032	12,690,653	16,948,801	15,167,182
Domestic fixed income	18,316,214	18,420,703	19,778,839	20,321,517
International fixed income	4,005,966	4,463,455	3,297,855	4,017,444
Global fixed income	26,308,830	26,708,422	25,975,967	27,193,538
Equity/fixed income blend	3,246,194	2,745,454	2,871,232	2,651,765
Special purpose	10,096,472	10,592,733	10,670,946	11,314,213
	219,559,469	183,355,626	192,919,277	171,332,968
Commingled funds:				
Domestic equity	6,630,190	3,482,723	6,609,430	3,962,238
International equity	5,648,614	4,645,208	3,910,828	3,633,848
Domestic fixed income	8,456,902	8,439,988	9,273,006	9,595,193
Special purpose	102,046	99,367	195,842	200,470
	20,837,752	16,667,286	19,989,106	17,391,749
Hedge funds:				
Multi-strategy	272,634,934	113,780,724	240,122,804	121,354,344
Private equity	5,496,525	3,923,469	5,053,386	3,551,713
Real estate	2,098,944	1,864,868	2,077,700	1,745,221
Special purpose	22,283,955	19,408,293	15,784,559	13,709,507
	302,514,358	138,977,354	263,038,449	140,360,785
Total securities	$ 606,281,841	$ 391,486,088	$ 576,901,457	$ 424,772,920

Note 4. Endowments

The Foundation's endowments consist of approximately 1,062 individual funds established for a variety of purposes.

As of December 31, 2025 and 2024, all endowment funds were designated by The Winston-Salem Foundation Committee as general endowment funds to support the mission of the Foundation. Since all endowment funds resulted from an internal designation and are not donor-restricted, all endowment funds are classified and reported as net assets without donor restrictions.

Changes in endowment net assets for the years ended December 31:

	2025	2024
Endowment net assets, beginning of year	$ 490,464,851	$ 459,379,536
Contributions	41,968,472	11,218,582
Principal withdrawals	(16,336,114)	(11,519,999)
Investment income	10,129,836	9,344,626
Net appreciation	65,093,792	41,245,129
Amounts appropriated for expenditure	(14,942,554)	(14,471,171)
Winston-Salem Foundation fees assessed to endowments	(5,034,351)	(4,731,852)
Endowment net assets, end of year	$ 571,343,932	$ 490,464,851

Note 5. Disclosure About Fair Value of Assets

The Foundation applies fair value accounting for all financial assets that are recognized or disclosed at fair value in the combined financial statements on a recurring basis. The Foundation defines fair value as the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets, which are recorded at fair value, the Foundation considers the market-based risk measurements or assumptions that market participants would use in pricing the asset, such as inherent risk, transfer restrictions, and credit risk.

The Foundation applies the fair value hierarchy, as described in Note 1.

Level 1 Investment Categories

The Foundation invests in individual securities, mutual funds, and exchange traded funds that are publicly traded and readily available in active markets in which the securities are traded. The investment accounts held by the Foundation which include these securities have daily quoted active market prices accessible by the Foundation.

Level 2 Investment Categories

The Foundation invests in fixed income obligations and certain commingled funds that are not publicly traded in active markets. Fixed income obligations are valued at the mid-point of two or more bid and ask indicative quotations obtained from unaffiliated market makers and other financial institutions that regularly trade such securities and from relevant pricing services where the mid-point of the bid-ask spread or range is most representative of fair value. Shares of commingled funds do not have daily quoted active market values, however the Foundation has access to a detailed listing of the underlying assets of these funds, the majority of which are publicly traded and readily available in active markets. Investments in these funds are valued per share based on the market prices of the underlying assets.

Level 3 Investment Categories

The Foundation holds no assets or liabilities that are categorized as level 3 investments.

The determination of fair value above incorporates various factors including the credit standing of the counterparties involved and the impact of credit enhancements.

The Foundation invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. These funds have investments in assets located both in and outside the United States. In accordance with Accounting Standards Update (“ASU”) 2015-07, investments in this category are not classified within the fair value hierarchy but are included in total to permit reconciliation of the fair value hierarchy to the combined statements of assets, liabilities and net assets (modified cash basis). As of December 31, 2025 and 2024, the Foundation holds $302,514,358 and $263,038,449 in hedge funds, respectively. The fair values of these investments have been estimated using the net asset value per share of the investments as provided by the hedge fund managers. Redemptions are generally permitted after some period of time after initial investment, either on a monthly, quarterly, semi-annual, or annual basis, subject to certain restrictions, which include a redemption period of 30-100 days.

The Foundation has $39,224,411 and $26,403,704 in cash and cash equivalents as of December 31, 2025 and 2024, respectively, which are not classified in the fair value hierarchy.

Recurring Measurements

The following tables set forth by level within the fair value hierarchy the Foundation’s assets accounted for at fair value on a recurring basis as of December 31, 2025 and 2024. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation’s assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels. As of December 31, 2025 and 2024, there were no liabilities accounted for at fair value with the exception of agency deposits (Note 1).

	2025				
		Fair Value Measurements Using			
Asset Class	**Total Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobserv-able Inputs (Level 3)**	**Investments Measured at NAV(A)**
Individual securities:					
Domestic equity	$ 36,318,240	$ 36,318,240	$ -	$ -	$ -
International equity	5,307,556	5,307,556	-	-	-
Domestic fixed income	21,744,466	-	21,744,466	-	-
Mutual funds and ETFs:					
Domestic equity	106,158,574	106,158,574	-	-	-
International equity	37,533,187	37,533,187	-	-	-
Global equity	13,894,032	13,894,032	-	-	-
Domestic fixed income	18,316,214	18,316,214	-	-	-
International fixed income	4,005,966	4,005,966	-	-	-
Global fixed income	26,308,830	26,308,830	-	-	-
Equity/fixed income blend	3,246,194	3,246,194	-	-	-
Special purpose	10,096,472	10,096,472	-	-	
Commingled funds:					
Domestic equity	6,630,190	-	6,630,190	-	-
International equity	5,648,614	-	5,648,614	-	-
Domestic fixed income	8,456,902	-	8,456,902	-	-
Special purpose	102,046	-	102,046	-	-
Hedge funds:					
Multi-strategy	272,634,934	-	-	-	272,634,934
International Equity	5,496,525	-	-	-	5,496,525
Real estate	2,098,944	-	-	-	2,098,944
Special purpose	22,283,955	-	-	-	22,283,955
Total investments	$ 606,281,841	$ 261,185,265	$ 42,582,218	$ -	$ 302,514,358

	2024				
		Fair Value Measurements Using			
Asset Class	**Total Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobserv-able Inputs (Level 3)**	**Investments Measured at NAV[(A)]**
Individual securities:					
Domestic equity	$ 32,826,443	$ 32,826,443	$ -	$ -	$ -
International equity	6,527,980	6,527,980	-	-	-
Domestic fixed income	61,600,202	-	61,600,202	-	-
Mutual funds and ETFs:					
Domestic equity	81,328,382	81,328,382	-	-	-
International equity	32,047,255	32,047,255	-	-	-
Global equity	16,948,801	16,948,801	-	-	-
Domestic fixed income	19,778,839	19,778,839	-	-	-
International fixed income	3,297,855	3,297,855	-	-	-
Global fixed income	25,975,967	25,975,967	-	-	-
Equity/fixed income blend	2,871,232	2,871,232	-	-	-
Special purpose	10,670,946	10,670,946	-	-	
Commingled funds:					
Domestic equity	6,609,430	-	6,609,430	-	-
International equity	3,910,828	-	3,910,828	-	-
Domestic fixed income	9,273,006	-	9,273,006	-	-
Special purpose	195,842	-	195,842	-	-
Hedge funds:					
Multi-strategy	240,122,804	-	-	-	240,122,804
International Equity	5,053,386	-	-	-	5,053,386
Real estate	2,077,700	-	-	-	2,077,700
Special purpose	15,784,559	-	-	-	15,784,559
Total investments	$ 576,901,457	$ 232,273,700	$ 81,589,308	$ -	$ 263,038,449

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Note 6. Assets Held in Trust

Assets held in trust primarily consist of community properties maintained by various occupant agencies. There was no rental income and minimal disbursements related to these properties during the years ended December 31, 2025 or 2024. As of December 31, 2025 and 2024, the value based on historical cost of these assets was $2,448,017 and $2,487,089, respectively.

Note 7. Investments in Partnerships

The Foundation is the recipient of two gifts that are ownership interests in limited partnerships. The primary purpose of these partnerships is to acquire, own, manage and sell or otherwise dispose of property for investment purposes. The Foundation shares in the profits and losses at the rate of its partnership interest which is 98 percent. The Foundation's share in the combined value of two partnerships was $21,223,110 and $20,736,580 as of December 31, 2025 and 2024, respectively. The value of these partnership investments as of December 31, 2025 and 2024 was estimated based upon the sum of outstanding loans and accrued interest receivable from the partners, along with cash and equity investments held in the partnerships multiplied by the Foundation's partnership interest. The partnership interests may be sold to another partner at any time at a mutually agreed upon price, but it is the Foundation's intention to hold these assets until the partnerships dissolve in the year 2050 when full redemption at fair value of the investment is expected. These amounts consisted of cash and cash equivalents of $8,721 and $19,337, investments in debt and equity securities of $540,163 and $456,428, and notes receivable of $10,445,511, plus accrued interest of $10,228,715 and $9,815,304 as of December 31, 2025 and 2024, respectively.

In 2009, the Foundation invested $1,000,000 and the Millennium Fund invested $300,000 in the Series A shares of a real estate LLC. In addition, the Foundation received gifts valued at $250,000 in the LLC since December 31, 2009. The total $1,550,000 investment held as of December 31, 2025 and 2024 represents a 26% interest in the entity, respectively. A certified appraiser assisted in the determination of the per share value of the LLC. The per share value of the LLC was estimated using the income approach based on expected cash flows to be received by the investors of the LLC over a 25-year period. The income approach employed a discount rate of approximately 11.5% that resulted in a valuation of $1.00 per share.

These investments are measured at cost less any identified impairments. These investments are reviewed on an ongoing basis for impairment. There were no such adjustments during the years ended December 31, 2025 or 2024.

Note 8. Net Assets Without Donor Restrictions

Gifts received by the Foundation are accounted for in certain net asset classes without donor restriction, which have been combined for presentation purposes as follows:

Discretionary

Represent gifts, the income from which may be distributed solely at the discretion of the Foundation Committee.

Field of Interest

Represent gifts, the income from which may be distributed to support programs operating in a specific field of interest in accordance with the donor's intent.

Scholarship

Represent gifts, the income from which may be distributed to assist students attending post-secondary educational institutions.

Student Loan

Represent gifts, the income/principal from which may be loaned to assist students attending post-secondary educational institutions. Students are required to repay these funds plus interest charged.

Donor Advised

Represent gifts, the income from which may be distributed for purposes consistent with the Foundation Committee's policies. Some funds also allow the disbursement of principal. Donors have an opportunity to make suggestions for the disbursements of these funds.

Donor Designated

Represent gifts, the income from which may be distributed to specific nonprofit organizations in accordance with the donor's intent. The Foundation Committee monitors beneficiary compliance with any fund requirements and assesses whether the funds could be used more appropriately elsewhere, as well as maintains variance power.

Real Estate

Represent gifts of cash and real estate titled to the Foundation for use by nonprofit organizations. The Foundation provides continuing oversight of the use and care of the property as well as responsibility for disposition should the designated use become impractical or undesirable.

Administrative

Represents gifts, investment income and management fees assessed by the Foundation on the above funds and office equipment to provide administrative support.

Net assets without donor restrictions reported by group classification are as follows at December 31:

	2025	2024
Discretionary	$ 63,038,928	$ 56,770,221
Field of interest	47,079,733	41,280,695
Scholarship	55,083,698	48,430,530
Student loan	70,391	67,921
Donor advised	236,117,426	261,765,543
Donor designated	225,213,455	183,530,334
Real estate	1,941,524	1,939,521
Administrative	10,460,271	8,594,401
Total net assets without donor restrictions	$ 639,005,426	$ 602,379,166

Note 9. Grant Commitments

Unpaid grant commitments from endowed funds approved by The Winston-Salem Foundation Committee amounted to $2,417,934 and $2,783,045 at December 31, 2025 and 2024, respectively. There were no unpaid grant commitments approved by the Millennium Fund Oversight Committee at December 31, 2025 or 2024.

Note 10. Lease Commitments

The Foundation leases office space under an operating lease agreement entered into in 2015. The lease agreement is for 10.75 years and gives the Foundation the option to extend the lease for two additional terms of five years each, subject to various contingencies. The original lease agreement includes nine months of deferred rent with payments beginning in 2015 that escalate in future years. The Foundation exercised their option to extend the lease for an additional five years in 2025. Payments made under this lease agreement were $437,927 in 2025 and $433,377 in 2024.

The remaining future commitments under the original lease agreement are as follows for the years ending December 31:

2026	$ 396,311
2027	397,424
2028	403,785
2029	410,853
2030	138,953
	$ 1,747,326

Note 11. Realized and Unrealized Gains (Losses)

Net realized and unrealized gains (losses) on securities, assets held in trust, and partnership interests are summarized as follows:

	Year Ended December 31,			
	2025		2024	
	Net Realized Gains (Losses)	Net Change in Unrealized Appreciation (Depreciation)	Net Realized Gains (Losses)	Net Change in Unrealized Appreciation (Depreciation)
Individual securities:				
Domestic equity	$ 3,241,760	$ 2,180,205	$ 2,781,082	$ 2,618,813
International equity	744,829	173,081	169,080	(60,248)
Domestic fixed income	(2,231,549)	3,263,947	(2,865,316)	4,437,545
Mutual funds and ETFs:				
Domestic equity	4,085,831	7,863,248	3,725,375	8,032,429
International equity	1,386,992	5,385,979	556,289	174,044
Global equity	1,142,412	(578,240)	89,246	1,670,709
Domestic fixed income	(61,520)	438,189	(734,328)	365,907
International fixed income	(13,044)	262,100	(4,451)	15,265
Global fixed income	(347,227)	817,979	(217,798)	410,014
Equity/fixed income blend	30,802	281,273	27,673	135,281
Special purpose	496,703	147,006	(581,997)	588,628
Commingled funds:				
Domestic equity	440,485	500,275	322,215	817,715
International equity	306,360	726,426	191,250	(905)
Domestic fixed income	(109,115)	339,101	(169,929)	37,118
Special purpose	(1,103)	7,307	470	(4,628)
Hedge funds:				
Multi-strategy	784,488	40,085,750	2,258,636	22,740,850
International equity	155,053	71,383	149,422	(19,606)
Real estate	86,711	(98,403)	94,237	(191,558)
Special purpose	1,021,612	800,610	(55,682)	1,255,929
Partnership interests	-	486,530	-	465,395
Other Assets				
Real estate	56,389	-	687,324	-
	11,216,869	63,153,746	6,422,798	43,488,697
Less amounts related to agency deposits	-	4,573,421	-	2,715,448
	$ 11,216,869	$ 58,580,325	$ 6,422,798	$ 40,773,249

Note 12. Tax Status

The Foundation has been granted tax-exempt status under Section 501(c)(3) of the U.S. Internal Revenue Code and a similar provision of state law. Accordingly, no provision for income taxes has been reflected in these combined financial statements. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2025 or 2024.

Note 13. Postretirement Benefit Plan

Defined Contribution Plan

The Foundation provides a defined contribution retirement plan for all full-time employees meeting certain eligibility requirements. The Foundation contributes 10% of each participant's salary to this plan annually. Participants may also make contributions to the plan through payroll deferral up to annual maximums allowed by the Internal Revenue Code. The Foundation's contributions to the plan were $294,968 and $265,282 during the years ended December 31, 2025 and 2024, respectively.

The Foundation established a defined contribution retirement plan effective January 1, 2017 that provides benefits to an executive of the Foundation. Contributions to the plan are made annually as long as the executive remains in continuous service to the Foundation. The executive is fully vested in the plan from inception. The annual contributions are made based on the lesser of a fixed payment schedule or the allowable amount under section 457(b)(2) of the Internal Revenue Code. The former executive resigned in 2020, therefore no contributions were made to the plan during the years ended December 31, 2025 or 2024.

Note 14. Deferred Gifts

The Foundation serves as trustee for several charitable remainder trusts, the assets of which are not included in the Foundation's combined financial statements. These deferred gifts represent principal held in trust for the life of a beneficiary who receives the income generated during his/her lifetime. At the death of the beneficiary, the principal earmarked for the Foundation will be recorded as an outright gift. Deferred gifts as of December 31 were as follows:

	2025	2024
Total fair value	$ 21,063,718	$ 21,801,791
Portion designated for the Foundation	$ 19,914,969	$ 20,714,040

Supplementary Combining Information
(Modified Cash Basis)

Forvis Mazars, LLP
11 Brendan Way, Suite 200
Greenville, SC 29615
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Independent Auditor's Report on Supplementary Combining Information

Audit Committee
The Winston-Salem Foundation and Subsidiaries
Winston-Salem, North Carolina

Our audits were conducted for the purpose of forming an opinion on the combined financial statements (modified cash basis) that collectively comprise the Foundation's basic combined financial statements (modified cash basis). The supplementary combining information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic combined financial statements (modified cash basis). 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 basic combined financial statements (modified cash basis).

The supplementary combining information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements (modified cash basis) and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic combined financial statements (modified cash basis) or to the basic combined financial statements (modified cash basis) themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic combined financial statements (modified cash basis) as a whole.

Forvis Mazars, LLP

Greenville, South Carolina
July 28, 2026

The Winston-Salem Foundation and Subsidiaries
Combining Schedule of Assets, Liabilities and Net Assets Information (Modified Cash Basis)
December 31, 2025

	The Winston-Salem Foundation Combined	The Millennium Fund	Total	Combination Adjustments	Combined
ASSETS					
Cash and cash equivalents	$ 39,224,411	$ 217,907	$ 39,442,318	$ (217,907)	$ 39,224,411
Securities	606,281,841	-	606,281,841	-	606,281,841
Receivables					
Student loans	21,055	-	21,055	-	21,055
Notes	75,000	1,339,000	1,414,000	-	1,414,000
Earnest money deposits	-	-	-	-	-
Due from WSF and investment manager	2,816	-	2,816	-	2,816
Assets held in trust	2,448,017	-	2,448,017	-	2,448,017
Investments in partnerships	22,773,110	300,000	23,073,110	(300,000)	22,773,110
Building, leasehold improvements, and equipment	1,308,523	-	1,308,523	-	1,308,523
Other assets	442,401	-	442,401	-	442,401
Total Assets	$ 672,577,174	$ 1,856,907	$ 674,434,081	$ (517,907)	$ 673,916,174
LIABILITIES AND NET ASSETS					
Liabilities					
Amounts withheld from employees	$ 2,147	$ -	$ 2,147	$ -	$ 2,147
Deferred compensation liability	132,601	-	132,601	-	132,601
Agency deposits	35,293,907	-	35,293,907	(517,907)	34,776,000
Total Liabilities	35,428,655	-	35,428,655	(517,907)	34,910,748
Net Assets					
Without donor restrictions	637,148,519	1,856,907	639,005,426	-	639,005,426
Total Net Assets	637,148,519	1,856,907	639,005,426	-	639,005,426
Total Liabilities and Net Assets	$ 672,577,174	$ 1,856,907	$ 674,434,081	$ (517,907)	$ 673,916,174

The Winston-Salem Foundation and Subsidiaries
Combining Schedule of Assets, Liabilities and Net Assets Information (Modified Cash Basis)
December 31, 2024

	The Winston-Salem Foundation Combined	The Millennium Fund	Total	Combination Adjustments	Combined
ASSETS					
Cash and cash equivalents	$ 26,403,704	$ 361,228	$ 26,764,932	$ (361,228)	$ 26,403,704
Securities	576,901,457	-	576,901,457	-	576,901,457
Receivables:					
Student loans	26,355	-	26,355	-	26,355
Notes	75,000	1,339,000	1,414,000	-	1,414,000
Assets held in trust	2,487,089	-	2,487,089	-	2,487,089
Investments in partnerships	22,286,580	300,000	22,586,580	(300,000)	22,286,580
Building, leasehold improvements, and equipment	1,308,523	-	1,308,523	-	1,308,523
Other assets	594,192	-	594,192	-	594,192
Total Assets	$ 630,082,900	$ 2,000,228	$ 632,083,128	$ (661,228)	$ 631,421,900
LIABILITIES AND NET ASSETS					
Liabilities					
Amounts withheld from employees	$ 11,284	$ -	$ 11,284	$ -	$ 11,284
Deferred compensation liability	115,067	-	115,067	-	115,067
Agency deposits	29,577,611	-	29,577,611	(661,228)	28,916,383
Total Liabilities	29,703,962	-	29,703,962	(661,228)	29,042,734
Net Assets					
Without donor restrictions	600,378,938	2,000,228	602,379,166	-	602,379,166
Total Net Assets	600,378,938	2,000,228	602,379,166	-	602,379,166
Total Liabilities and Net Assets	$ 630,082,900	$ 2,000,228	$ 632,083,128	$ (661,228)	$ 631,421,900

The Winston-Salem Foundation and Subsidiaries
Combining Schedule of Receipts, Disbursements and Changes in Net Assets Information (Modified Cash Basis)
Year Ended December 31, 2025

	The Winston-Salem Foundation Combined	The Millennium Fund	Total	Combination Adjustments	Combined
Receipts					
Donations and bequests	$ 60,710,842	$ -	$ 60,710,842	$ -	$ 60,710,842
Interest, dividends, and other investment income	12,203,410	26,179	12,229,589	-	12,229,589
Fees assessed on agency deposits	290,678	-	290,678	-	290,678
Other receipts	39,836	-	39,836	-	39,836
Total Receipts	73,244,766	26,179	73,270,945	-	73,270,945
Disbursements					
Grants	97,912,369	155,000	98,067,369	-	98,067,369
Executive office operations	6,120,078	14,500	6,134,578	-	6,134,578
Trustee banks' and investment management fees	1,886,529	-	1,886,529	-	1,886,529
Brokerage fees	20,114	-	20,114	-	20,114
Other disbursements	333,289	-	333,289	-	333,289
Total Disbursements	106,272,379	169,500	106,441,879	-	106,441,879
Receipts Under Disbursements Before Net Realized and Unrealized Gains	(33,027,613)	(143,321)	(33,170,934)	-	(33,170,934)
Net realized and unrealized gains	69,797,194	-	69,797,194	-	69,797,194
Increase (Decrease) in Net Assets Without Donor Restrictions	36,769,581	(143,321)	36,626,260	-	36,626,260
Net assets without donor restrictions, beginning of year	600,378,938	2,000,228	602,379,166	-	602,379,166
Net Assets Without Donor Restrictions, End of Year	$ 637,148,519	$ 1,856,907	$ 639,005,426	$ -	$ 639,005,426

The Winston-Salem Foundation and Subsidiaries
Combining Schedule of Receipts, Disbursements and Changes in Net Assets Information (Modified Cash Basis)
Year Ended December 31, 2024

	The Winston-Salem Foundation Combined	The Millennium Fund	Total	Combination Adjustments	Combined
Receipts					
Donations and bequests	$ 26,923,439	$ 200,000	$ 27,123,439	$ (200,000)	$ 26,923,439
Interest, dividends, and other investment income	12,468,379	51,332	12,519,711	-	12,519,711
Fees assessed on agency deposits	276,523	-	276,523	-	276,523
Other receipts	31,582	-	31,582	-	31,582
Total Receipts	39,699,923	251,332	39,951,255	(200,000)	39,751,255
Disbursements					
Grants	90,748,420	1,395,000	92,143,420	(200,000)	91,943,420
Executive office operations	5,728,931	16,350	5,745,281	-	5,745,281
Trustee banks' and investment management fees	1,826,194	-	1,826,194	-	1,826,194
Brokerage fees	18,854	-	18,854	-	18,854
Other disbursements	221,769	-	221,769	-	221,769
Total Disbursements	98,544,168	1,411,350	99,955,518	(200,000)	99,755,518
Receipts Under Disbursements Before Net Realized and Unrealized Gains	(58,844,245)	(1,160,018)	(60,004,263)	-	(60,004,263)
Net realized and unrealized gains	47,196,047	-	47,196,047	-	47,196,047
Decrease in Net Assets Without Donor Restrictions	(11,648,198)	(1,160,018)	(12,808,216)	-	(12,808,216)
Net assets without donor restrictions, beginning of year	612,027,136	3,160,246	615,187,382	-	615,187,382
Net Assets Without Donor Restrictions, End of Year	$ 600,378,938	$ 2,000,228	$ 602,379,166	$ -	$ 602,379,166