

AMERICAN OSTEOPATHIC FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2025

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INDEPENDENT AUDITORS' REPORT

Board of Directors
American Osteopathic Foundation
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of AMERICAN OSTEOPATHIC FOUNDATION (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AMERICAN OSTEOPATHIC FOUNDATION 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AMERICAN OSTEOPATHIC FOUNDATION and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 AMERICAN OSTEOPATHIC FOUNDATION's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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, 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 AMERICAN OSTEOPATHIC FOUNDATION's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AMERICAN OSTEOPATHIC 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.

Warady & Davis LLP

April 11, 2026

STATEMENTS OF FINANCIAL POSITION

As of December 31	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 585,841	\$ 1,332,009
Investments	19,481,566	16,127,847
Contributions Receivable	1,365,276	1,267,006
Other Receivables	—	5,609
Prepaid Expenses	41,594	20,126
Due from American Osteopathic Association (AOA)	140,776	32,982
Total Current Assets	<u>21,615,053</u>	<u>18,785,579</u>
NONCURRENT ASSETS		
Contributions Receivable, Long-Term, net	2,737,163	3,738,354
Property and Equipment, net	54,279	5,672
Cash Surrender Value of Life Insurance	200,639	163,108
Operating Lease Right-of-Use Asset, net	217,198	267,445
Total Noncurrent Assets	<u>3,209,279</u>	<u>4,174,579</u>
	<u>\$ 24,824,332</u>	<u>\$ 22,960,158</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 25,939	\$ 56,116
Grants and Scholarships Payable	150,456	73,076
Accrued Payroll	46,604	88,700
Deferred Revenue	—	5,850
Current Portion of Operating Lease Liability	65,382	61,531
Total Current Liabilities	<u>288,381</u>	<u>285,273</u>
LONG-TERM LIABILITIES		
Long-Term Portion of Operating Lease Liability, net	<u>161,928</u>	<u>227,310</u>
Total Liabilities	<u>450,309</u>	<u>512,583</u>
NET ASSETS		
Without Donor Restrictions	4,241,302	5,798,566
Without Donor Restrictions - Board-Designated	12,575,371	10,100,690
With Donor Restrictions - Time and Purpose	5,131,355	4,430,013
With Donor Restrictions - In Perpetuity	2,425,995	2,118,306
Total Net Assets	<u>24,374,023</u>	<u>22,447,575</u>
	<u>\$ 24,824,332</u>	<u>\$ 22,960,158</u>

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31

2025

2024

	2025				2024			
	Without Donor Restrictions	With Donor Restrictions Time and Purpose Restrictions	In Perpetuity	Total	Without Donor Restrictions	With Donor Restrictions Time and Purpose Restrictions	In Perpetuity	Total
REVENUE								
Support Revenue								
Contributions and Grants	\$ 705,167	\$ 295,228	\$ 20,158	\$ 1,020,553	\$ 5,599,570	\$ 214,392	\$ 172,884	\$ 5,986,846
Special Event Revenue	898,515	5,392	250,000	1,153,907	961,568	3,144		964,712
Special Event In-Kind Contributions	61,951			61,951	62,551	465		63,016
Donated Services and In-Kind Contributions	8,300			8,300	7,750			7,750
Total Support Revenue	<u>1,673,933</u>	<u>300,620</u>	<u>270,158</u>	<u>2,244,711</u>	<u>6,631,439</u>	<u>218,001</u>	<u>172,884</u>	<u>7,022,324</u>
Other Revenues and Gains								
Grant Forfeitures	8,766			8,766	11,947			11,947
Investment Income, net of Fees	1,773,416	881,832		2,655,248	1,030,210	495,448		1,525,658
Product Sales, net of Cost of Sales of \$4,181 and \$3,363	3,854			3,854	2,214			2,214
Change in Cash Surrender Value of Life Insurance			37,531	37,531			18,485	18,485
Other Revenue	46,577			46,577	11,893			11,893
Total Other Revenues and Gains	<u>1,832,613</u>	<u>881,832</u>	<u>37,531</u>	<u>2,751,976</u>	<u>1,056,264</u>	<u>495,448</u>	<u>18,485</u>	<u>1,570,197</u>
Total Support, and Other Revenues and Gains	<u>3,506,546</u>	<u>1,182,452</u>	<u>307,689</u>	<u>4,996,687</u>	<u>7,687,703</u>	<u>713,449</u>	<u>191,369</u>	<u>8,592,521</u>
NET ASSETS RELEASED FROM RESTRICTION								
Satisfaction of Restrictions	<u>481,110</u>	<u>(481,110)</u>		<u>—</u>	<u>368,248</u>	<u>(368,248)</u>		<u>—</u>
EXPENSES AND LOSSES								
Program Services	1,399,789			1,399,789	1,191,688			1,191,688
Management and General	847,377			847,377	889,554			889,554
Fundraising								
Direct Expenses for Special Event	283,496			283,496	296,018			296,018
Other Fundraising	528,577			528,577	570,714			570,714
Total Expenses	<u>3,059,239</u>			<u>3,059,239</u>	<u>2,947,974</u>			<u>2,947,974</u>
Loss on Uncollectible Promises to Give	11,000			11,000	—			—
Total Expenses and Losses	<u>3,070,239</u>			<u>3,070,239</u>	<u>2,947,974</u>			<u>2,947,974</u>
CHANGES IN NET ASSETS	917,417	701,342	307,689	1,926,448	5,107,977	345,201	191,369	5,644,547
Net Assets, Beginning of Year	15,899,256	4,430,013	2,118,306	22,447,575	10,791,279	4,084,812	1,926,937	16,803,028
NET ASSETS, END of Year	<u>\$ 16,816,673</u>	<u>\$ 5,131,355</u>	<u>\$ 2,425,995</u>	<u>\$ 24,374,023</u>	<u>\$ 15,899,256</u>	<u>\$ 4,430,013</u>	<u>\$ 2,118,306</u>	<u>\$ 22,447,575</u>

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2025

	Program Services	Supporting Services		Direct Expenses for Special Event	Total
		Management and General	Fundraising		
Salaries	\$ 399,550	\$ 379,323	\$ 261,779	\$	\$ 1,040,652
Payroll Taxes	27,992	26,933	20,650		75,575
Benefits	66,480	74,785	37,339		178,604
Bank, Credit Card, and Processing Fees		19,541	4,906		24,447
Depreciation and Amortization		4,751			4,751
Special Event Food and Entertainment				226,086	226,086
Special Event Auction Items				16,884	16,884
Filing Fees		14,056			14,056
Equipment Rentals	45,602	6,172		16,022	67,796
Grants, Scholarships, and Awards	640,840				640,840
Information Technology and Website	32,281	38,130	54,369		124,780
Insurance	1,300	4,040	4,812		10,152
Donor Recruitment, Cultivation, and Promotion			15,030		15,030
Occupancy	24,726	25,037	11,636		61,399
Office Expenses and Supplies	8,258	19,340	13,541		41,139
Professional Services	98,535	88,993	75,212	1,086	263,826
Temporary Labor			18,408		18,408
Travel and Meetings	54,225	146,276	10,895	19,124	230,520
Miscellaneous Expenses				4,294	4,294
	\$ 1,399,789	\$ 847,377	\$ 528,577	\$ 283,496	\$ 3,059,239

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended December 31, 2024

	Program Services	Supporting Services		Direct Expenses for Special Event	Total
		Management and General	Fundraising		
Salaries	\$ 394,138	\$ 375,995	\$ 277,532	\$	\$ 1,047,665
Payroll Taxes	25,917	24,724	18,250		68,891
Benefits	51,803	68,847	39,896		160,546
Bank, Credit Card, and Processing Fees		25,968	3,180		29,148
Depreciation and Amortization	1,200	1,134	400		2,734
Special Event Food and Entertainment				197,228	197,228
Special Event Auction Items				32,904	32,904
Filing Fees		10,240			10,240
Equipment Rentals	28,496	9,864		34,829	73,189
Grants, Scholarships, and Awards	543,198				543,198
Information Technology and Website	29,891	41,218	56,762		127,871
Insurance	1,454	3,035	1,070		5,559
Donor Recruitment, Cultivation, and Promotion			34,523		34,523
Occupancy	28,482	28,842	13,403		70,727
Office Expenses and Supplies	8,105	8,099	15,415		31,619
Professional Services	31,778	187,454	78,246		297,478
Temporary Labor		3,158	12,497		15,655
Travel and Meetings	47,226	100,632	19,540	31,057	198,455
Miscellaneous Expenses		344			344
	\$ 1,191,688	\$ 889,554	\$ 570,714	\$ 296,018	\$ 2,947,974

See accompanying notes.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ 1,926,448</u>	<u>\$ 5,644,547</u>
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities		
Depreciation and Amortization	4,751	2,734
Receipt of Donated Stock	—	(9,976)
Net Realized Loss on Sale of Donated Stock	—	74
Amortization of Operating Lease Right-of-Use Asset	50,247	56,055
Donated Life Insurance Policies' Cash Surrender Value	—	(144,623)
Net Realized and Unrealized Gain on Investments	(1,997,454)	(911,638)
Changes in Assets and Liabilities:		
(Increase) Decrease in Contributions Receivable, net	902,921	(4,162,956)
(Increase) Decrease in Other Receivables	5,609	(5,012)
(Increase) Decrease in Prepaid Expenses	(21,468)	6,445
(Increase) Decrease in Due from		
American Osteopathic Association (AOA)	(107,794)	15,753
Increase in Cash Surrender Value of Life Insurance	(37,531)	(18,485)
Increase (Decrease) in Accounts Payable	(30,177)	4,237
Increase (Decrease) in Grants and Scholarships Payable	77,380	(174)
Increase (Decrease) in Accrued Payroll	(42,096)	16,034
Increase (Decrease) in Deferred Revenue	(5,850)	5,850
Decrease in Operating Lease Liability	(61,531)	(40,411)
Total Adjustments	<u>(1,262,993)</u>	<u>(5,186,093)</u>
Net Cash Provided by Operating Activities	<u>663,455</u>	<u>458,454</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(53,358)	(6,806)
Proceeds from Sales of Investments	377,947	1,761,163
Purchases of Investments	(1,015,000)	(829,976)
Reinvested Dividends and Interest	(719,212)	(681,704)
Proceeds from Sale of Donated Stock, net	—	9,902
Net Cash Provided (Used) by Investing Activities	<u>(1,409,623)</u>	<u>252,579</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(746,168)	711,033
Cash and Cash Equivalents, Beginning of Year	<u>1,332,009</u>	<u>620,976</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 585,841	\$ 1,332,009
SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING ACTIVITIES		
Donated Services	\$ 8,300	\$ 7,750
Donated Special Event Media Production	15,094	10,723
Donated Special Event Auction Items	46,857	52,293
	<u>\$ 70,251</u>	<u>\$ 70,766</u>

NOTES TO FINANCIAL STATEMENTS

NATURE OF ORGANIZATION

The mission of the American Osteopathic Foundation (the Foundation) is to support programs and services that promote osteopathic medicine and enhance patient-centered care. Contributions to the Foundation benefit thousands of osteopathic medical professionals through grants, scholarships, and awards to students, physicians, researchers, and osteopathic programs.

The purposes for which the Foundation is organized are to create, endow, and bestow scholarships, grants, and awards to support people, programs, and services that promote osteopathic medicine in the areas of education, community service, international humanitarian outreach, osteopathic recognition awards, and research. The Foundation will devote the property, real or personal, tangible or intangible, which it may receive either by gift, bequest, devise, or as it may otherwise acquire to exclusively charitable, educational, scientific, literary, and research purposes; and do all things necessary to accomplish said general and specific purposes. No part of the earnings of the Foundation shall inure to the benefit of any member or individual, nor shall the Foundation engage in, nor any of its funds or property be used for, lobbying or otherwise attempting to influence legislation.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to nonprofit organizations and have been consistently applied in the preparation of the financial statements.

BASIS OF PRESENTATION

Financial statement preparation follows the requirements of the Financial Accounting Standards Board (the FASB) Codification for “Financial Statements of Not-for-Profit Organizations”. Under the standards, the Foundation is required to report information regarding its financial position and activities into two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations plus those resources for which temporarily donor-imposed stipulations have been satisfied. Net assets without donor restrictions may be designated by action of the Board of Directors. Current board-designations are primarily for awards and scholarships.

With donor restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Foundation (purpose restrictions) and/or the passage of time (time restrictions). As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying financial statements as net assets released from restriction. In addition, certain net assets are stipulated by donors to be maintained in perpetuity as endowment funds. Endowment funds investment income is classified as net assets with donor restrictions until such amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Other revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 revenue and expenses during the reporting period. Actual results may differ from those estimates.

INVESTMENTS

The Foundation follows the provisions of the FASB Codification for accounting for investments held by not-for-profit organizations. This standard requires investments in marketable securities be accounted for at fair value. Fair value is based on quoted market prices. Realized gains and losses are the differences between the proceeds received and the cost of investments sold and unrealized gains and losses are the differences between the fair value and the cost of investments. Realized and unrealized gains and losses are included in investment income.

PROPERTY AND EQUIPMENT

Property and equipment purchases of \$3,000 or more are recorded at cost. Depreciation and amortization is calculated on the straight-line method over the estimated useful lives of the assets ranging from 3 years to 5 years. Major renewals and betterments, which extend the useful life of an asset are capitalized, while routine maintenance and repairs are expensed as incurred.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program and support services have been reported on a functional basis in the statements of activities and changes in net assets. Expenses are charged directly to programs, management and general, or fundraising categories based upon specific identification where possible. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on direct charges or appropriate allocation methods determined by management. These methods include allocation of personnel and any other related costs based on time and efforts expended by employees on the different functional categories, and allocation of occupancy and related costs using space utilization percentages occupied by the various functions.

REVENUE RECOGNITION

A substantial portion of the Foundation's revenue consists of contributions. Contributions with donor restrictions, for which the restriction is satisfied in the same year as received, are recorded as restricted revenue with a corresponding amount released from restriction. The Foundation recognizes unconditional promises to give measured at fair value in accordance with donor restrictions in the period the commitment for support is obtained. Conditional promises to give are recorded when the required conditions have been met.

The Foundation's contributions receivable balance is composed primarily of contributions committed from various donors for use in the Foundation's activities. The Foundation has not recorded a provision for doubtful accounts since management believes that such receivables are fully collectible.

The Foundation's arrangements to which the FASB Codification revenue recognition standard for exchange transactions is applicable, include certain special event revenues, program service fees, and product sales.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION (Continued)

Special event revenue includes registration fees or ticket sales, sponsorships, sales of auction items, and the amount equal to the cost of direct benefits to donors is recognized at the point in time when the event occurs, or the auction items are sold. The remainder is recognized as contribution revenue when received, unless there is a right of return if the special event does not take place, in which case, it is also deferred and recognized when the event occurs.

Product sales are recognized as revenue at the time the product is shipped, or otherwise delivered to the customer. Payment is due at the point of sale.

IN-KIND DONATIONS AND VOLUNTEER SUPPORT

Donated services are recognized as revenue at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. During the years ended December 31, 2025 and 2024, the Foundation recognized donated accounting services of \$8,300 and \$7,750, respectively. Such services are valued based on prevailing hourly rates in the Foundation's principal market for the same kind of professional services. These amounts are reflected in the statements of activities and changes in net assets as donated services and in-kind contributions, and as professional services expense in the statements of functional expenses. During the years ended December 31, 2025 and 2024, the Foundation also received donated media for special events of \$15,094 and \$10,723, respectively. Such donations were recognized at estimated fair value based on quotes from media vendors in the Foundation's principal market and are recorded in special event in-kind contributions on the statements of activities and changes in net assets. All of the above in-kind donations were utilized in the Foundation's supporting activities and special events.

The Foundation also receives items to be sold at its annual auction. Such items are monetized and recorded in special event in-kind contributions on the statements of activities and changes in net assets. Donated auction items are valued at the gross selling price received at the Foundation's special events and total \$46,857 and \$52,293 for the years ended December 31, 2025 and 2024, respectively.

There were no donor imposed restrictions associated with any of the above in-kind donations received for the years ended December 31, 2025 and 2024.

In addition, during the year ended December 31, 2024, the Foundation received an in-kind contribution of two life insurance policies, of which the Foundation became the owner and sole beneficiary. Such donations are donor-restricted in perpetuity and were recorded at the cash surrender value at the date of the gifts, which totaled \$144,623. Such assets are subsequently remeasured at their cash surrender value at the end of each reporting period with the change in cash surrender value of life insurance being reported on statements of activities and changes in net assets for each period. The total value of \$200,639 and \$163,108 at December 31, 2025 and 2024, respectively, is reported as cash surrender value of life insurance on the statements of financial position.

A number of unpaid volunteers and members of the Board of Directors donate their time to ensure success of the Foundation's activities. The value of these services is not reflected in these financial statements since they do not meet the criteria for recognition under the FASB Codification topic related to accounting for contributions received and made.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**TAX STATUS**

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3) and is similarly classified by the State of Illinois. U.S. GAAP require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities.

LEASES

The Foundation determines if an arrangement is a lease or contains a lease at the inception of the contract. The Foundation's operating lease is presented on the statements of financial position under the captions operating lease right-of-use (ROU) asset, current portion of operating lease liability, and long-term portion of operating lease liability.

Operating lease ROU asset represents the Foundation's right to use an underlying asset for the lease term and lease liability represents its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement, or subsequent lease modification dates, based on the present value of lease payments over the remaining lease term. As disclosed in Note 12, the lease payment terms and length were modified effective December 1, 2023, which required a remeasurement of the ROU asset and liability as of such date. Since the incremental borrowing rate was not readily available at commencement, management made a policy election to utilize an allowed practical expedient, using a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument with a similar maturity date as that of the lease) for the remeasurement of its operating lease liability and ROU asset.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term and reported in occupancy expense on the statements of functional expenses. The ROU asset includes any lease payments made and excludes reasonably certain lease incentives. The Foundation's new operating lease agreement contains a conditional lease incentive of up to \$50,000 of tenant improvement allowances payable in increments of up to \$10,000 annually starting April 1, 2024, and conditional on eligible tenant improvements being constructed within the twelve months of each annual \$10,000 increment's availability. The unused portion of each \$10,000 increment is forfeited annually on April 1 of the following year. The Foundation has made an accounting policy election to record these conditional lease incentives, if and when eligible expenses are incurred in the future. At that time, a receivable and a reduction of the ROU asset would be recorded for the actual costs incurred, limited to \$10,000 annually. The ROU reduction, if any, would be amortized over the remaining lease term.

NOTES TO FINANCIAL STATEMENTS

NOTE 2—LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents.....	\$ 585,841	\$ 1,332,009
Investments.....	19,481,566	16,127,847
Contributions Receivable	1,365,276	1,267,006
Other Receivables	-	5,609
Less: Net Assets Without Donor Restrictions - Board-Designated .	(12,575,371)	(10,100,690)
Less: Net Assets With Donor Restrictions	<u>(7,557,350)</u>	<u>(6,548,319)</u>
	<u>\$ 1,299,962</u>	<u>\$ 2,083,462</u>

As part of its liquidity management plan, the Foundation attempts to maintain sufficient cash to meet current operating needs. Although the Foundation does not intend to spend its board-designated net assets of \$12,575,371 at December 31, 2025, for operating purposes, such amounts could be made available for such expenditures if necessary.

NOTE 3—CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. At December 31, 2025 and 2024, the Foundation has deposits at financial institutions in excess of federally insured limits of \$272,819 and \$1,022,604, respectively. The Foundation has not experienced any losses in such accounts and therefore, management believes the Foundation is not exposed to any significant credit risk on cash.

The Foundation's investments are exposed to various risks such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the fair value of investments will occur in the near term and materially affect the amounts reported in the financial statements.

At December 31, 2025 and 2024, respectively, 83% and 87% of all receivables are due from one board member and from one private foundation whose president is also a board member. Credit risk associated with the Foundation's contributions and other receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from donors supportive of the Foundation's mission.

NOTES TO FINANCIAL STATEMENTS

NOTE 4—INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The FASB Codification provides a framework for measuring fair value using a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. 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 are described below:

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024.

Level 1 Fair Value Measurements

Mutual funds held by the Foundation are valued at their market values, which are determined daily and are based on quoted market prices in active markets for identical assets.

Level 2 Fair Value Measurements

The Foundation has no Level 2 fair value measurements.

Level 3 Fair Value Measurements

The Foundation has no Level 3 fair value measurements.

NOTES TO FINANCIAL STATEMENTS

NOTE 4—INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Investments Measured at Net Asset Value

The Foundation holds an investment in the HG Capstone Endowment Fund Peak of \$10,503,552 and \$8,965,092 as of December 31, 2025 and 2024, respectively. Such amounts represent the Foundation's share of approximately 0.6%, of Capstone's total market value of this fund as of December 31, 2025 and 2024. Investments in such fund of funds are measured at estimated fair value using the net asset value (NAV) per share practical expedient and are not categorized in one of the three levels in the fair value hierarchy.

Fair values of investments measured on a recurring basis at December 31, 2025 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Investments Measured at NAV</u>
Mutual Funds:				
Equity Funds				
Stock Market	\$ 6,716,777	\$ 3,629,946	\$ —	\$ 3,086,831
International Stock Market.....	<u>3,668,788</u>	<u>1,639,192</u>	<u>—</u>	<u>2,029,596</u>
Total Equity Funds	<u>10,385,565</u>	<u>5,269,138</u>	<u>—</u>	<u>5,116,427</u>
Fixed Income Funds				
Federal Money Market Fund	728,608	728,608	—	—
Fixed Income Blend	2,873,608	1,279,898	—	1,593,710
Short-Term	778,709	499,629	—	279,080
Immediate Term.....	781,704	781,704	—	—
Intermediate Term, International	<u>419,037</u>	<u>419,037</u>	<u>—</u>	<u>—</u>
Total Fixed Income Funds	<u>5,581,666</u>	<u>3,708,876</u>	<u>—</u>	<u>1,872,790</u>
Other/Alternative Assets				
Real Estate	293,385	—	—	293,385
Oil, Gas, and Mineral Interests.....	16,765	—	—	16,765
Private Equity	1,692,203	—	—	1,692,203
Marketable Alternatives.....	852,913	—	—	852,913
Private Infrastructure	204,322	—	—	204,322
Private Credit.....	319,580	—	—	319,580
Liquid Real Assets	<u>135,167</u>	<u>—</u>	<u>—</u>	<u>135,167</u>
Total Other/Alternative Assets	<u>3,514,335</u>	<u>—</u>	<u>—</u>	<u>3,514,335</u>
Total Investments.....	<u>\$ 19,481,566</u>	<u>\$ 8,978,014</u>	<u>\$ —</u>	<u>\$ 10,503,552</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4—INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair values of investments measured on a recurring basis at December 31, 2024 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Measured at NAV
Mutual Funds:				
Equity Funds				
Stock Market	\$ 5,648,255	\$ 3,225,030	\$ —	\$ 2,423,225
International Stock Market.....	<u>3,094,730</u>	<u>1,240,148</u>	<u>—</u>	<u>1,854,582</u>
Total Equity Funds	<u>8,742,985</u>	<u>4,465,178</u>	<u>—</u>	<u>4,277,807</u>
Fixed Income Funds				
Federal Money Market Fund	17,432	17,432	—	—
Fixed Income Blend	2,525,109	1,137,083	—	1,388,026
Short-Term	649,794	440,908	—	208,886
Immediate Term.....	695,168	695,168	—	—
Intermediate Term, International	<u>406,986</u>	<u>406,986</u>	<u>—</u>	<u>—</u>
Total Fixed Income Funds	<u>4,294,489</u>	<u>2,697,577</u>	<u>—</u>	<u>1,596,912</u>
Other/Alternative Assets				
Real Estate	471,929	—	—	471,929
Oil, Gas, and Mineral Interests.....	19,701	—	—	19,701
Private Equity	1,429,219	—	—	1,429,219
Marketable Alternatives.....	642,970	—	—	642,970
Private Infrastructure	51,939	—	—	51,939
Private Credit.....	205,965	—	—	205,965
Liquid Real Assets	<u>268,650</u>	<u>—</u>	<u>—</u>	<u>268,650</u>
Total Other/Alternative Assets	<u>3,090,373</u>	<u>—</u>	<u>—</u>	<u>3,090,373</u>
Total Investments.....	<u>\$ 16,127,847</u>	<u>\$ 7,162,755</u>	<u>\$ —</u>	<u>\$ 8,965,092</u>

Investment income is as follows for the years ended December 31:

	2025	2024
Dividends and Interest.....	\$ 750,741	\$ 705,183
Net Realized Gain.....	2,553	173,675
Net Unrealized Gain.....	1,994,901	737,963
Less: Investment Fees	<u>(92,947)</u>	<u>(91,163)</u>
Total.....	<u>\$ 2,655,248</u>	<u>\$ 1,525,658</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5—CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional promises to give and consist of amounts receivable at December 31:

	<u>2025</u>	<u>2024</u>
Less than One Year	\$ 1,365,276	\$ 1,267,006
One to Five Years	2,879,425	3,896,963
More than Five Years	<u>70,000</u>	<u>205,000</u>
	4,314,701	5,368,969
Less: Discount to Net Present Value	<u>212,262</u>	<u>363,609</u>
Net Pledges Receivable	4,102,439	5,005,360
Less: Current Portion	<u>1,365,276</u>	<u>1,267,006</u>
Long-Term Portion	<u>\$ 2,737,163</u>	<u>\$ 3,738,354</u>

The discount rate used in determining the net present value of unconditional promises to give varied from 1.55% to 4.79% during the years ended December 31, 2025 and 2024. Management believes amounts are fully collectible at December 31, 2025 and 2024, and that no allowance for uncollectible receivables is necessary.

NOTE 6—CONDITIONAL GRANTS PAYABLE

The Foundation has made a conditional promise to give up to \$40,000 for training physician residents in current health policy. At December 31, 2024, up to \$10,000 of the award is still conditional on a final program-related report and the grantees' submitting their final projects due no later than October 31, 2025. Accordingly, \$10,000 had not been recorded as an expense or obligation as of December 31, 2024, because the underlying conditions had not yet been met. During 2025, the conditions were satisfied and the remaining \$10,000 was recognized as grant expense. There were no conditional grants payable at December 31, 2025.

NOTE 7—BOARD-DESIGNATED NET ASSETS

As of December 31, the Board of Directors has designated certain net assets without donor restrictions as follows:

	<u>2025</u>	<u>2024</u>
Board-Designated Endowment Funds:		
Grants and Scholarships		
Education	\$ 4,468,999	\$ 2,439,173
Community Service Projects	94,124	81,780
Research	264,114	237,856
Industry Recognition	151,869	134,006
International	1,140,460	1,084,879
Osteopathic Enrichment Fund	<u>6,455,805</u>	<u>6,122,996</u>
Total	<u>\$ 12,575,371</u>	<u>\$ 10,100,690</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Purpose Restrictions:		
Grants and Scholarships		
Education.....	\$ 3,861,531	\$ 3,190,678
Community Service Projects	74,883	134,227
Research.....	403,321	343,158
Industry Recognition.....	<u>108,098</u>	<u>94,001</u>
	4,447,833	3,762,064
Student Osteopathic Medical Association Foundation	288,942	249,393
Education – Student Loans.....	124,175	124,175
International.....	227,462	253,105
AOF Disaster Relief.....	42,943	41,247
NOMA Health Fair Support	<u>—</u>	<u>29</u>
Total Purpose and Time-Restricted Net Assets.....	<u>\$ 5,131,355</u>	<u>\$ 4,430,013</u>
Donor-Restricted Endowment – In Perpetuity	<u>\$ 2,425,995</u>	<u>\$ 2,118,306</u>

Net assets released from restriction for the years ended December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Purpose and Time Restrictions:		
Grants and Scholarships		
Education.....	\$ 249,298	\$ 200,469
Community Service Projects	78,307	63,205
Research.....	8,269	35,509
Industry Recognition.....	<u>3,438</u>	<u>23,141</u>
	339,312	322,324
Student Osteopathic Medical Association Foundation.....	39,948	33,417
Education – Student Loans.....	18,605	1,256
International.....	73,292	7,054
AOF Disaster Relief.....	9,924	3,397
NOMA Health Fair Support	<u>29</u>	<u>800</u>
Total Purpose and Time-Restricted Net Assets.....	<u>\$ 481,110</u>	<u>\$ 368,248</u>

NOTE 9—DONOR-RESTRICTED AND BOARD-DESIGNATED ENDOWMENTS

The Foundation's endowment includes six donor-restricted endowment funds and nineteen funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowment funds are to provide grants and scholarships.

NOTES TO FINANCIAL STATEMENTS

NOTE 9—DONOR-RESTRICTED AND BOARD-DESIGNATED ENDOWMENTS (Continued)

INTERPRETATION OF RELEVANT LAW

The board of directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as not requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds, that is not classified as net assets with donor restrictions - in perpetuity, is classified as net assets with donor restrictions - time and purpose, until such amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Endowment net asset composition by type of fund as of December 31, 2025 is as follows:

	Without Donor <u>Restrictions</u>	<u>With Donor Restrictions</u>		Total Endowment <u>Net Assets</u>
		Time and <u>Purpose</u>	<u>In Perpetuity</u>	
Donor-Restricted Endowment Funds	\$ —	\$ 832,015	\$ 2,425,995	\$ 3,258,010
Board-Designated Endowment Funds	<u>12,575,371</u>	<u>—</u>	<u>—</u>	<u>12,575,371</u>
Total Endowment Net Assets	<u>\$ 12,575,371</u>	<u>\$ 832,015</u>	<u>\$ 2,425,995</u>	<u>\$ 15,833,381</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9—DONOR-RESTRICTED AND BOARD-DESIGNATED ENDOWMENTS (Continued)

Changes in endowment net assets for the year ended December 31, 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total Endowment Net Assets
		Time and Purpose	In Perpetuity	
Endowment Net Assets, Beginning of Year	\$ 10,100,690	\$ 597,122	\$ 2,118,306	\$ 12,816,118
Investment Return:				
Dividends and Interest, net	344,404	81,958	—	426,362
Net Appreciation (Realized and Unrealized)	1,245,606	206,060	—	1,451,666
Contributions	—	8,717	270,158	278,875
Change in Cash Surrender Value of Life Insurance	—	—	37,531	37,531
Appropriation of Endowment Assets for Expenditure	(616,728)	(61,842)	—	(678,570)
Transfer from Undesignated	<u>1,501,399</u>	<u>—</u>	<u>—</u>	<u>1,501,399</u>
Endowment Net Assets, End of Year	<u>\$ 12,575,371</u>	<u>\$ 832,015</u>	<u>\$ 2,425,995</u>	<u>\$ 15,833,381</u>

Endowment net asset composition by type of fund as of December 31, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions		Total Endowment Net Assets
		Time and Purpose	In Perpetuity	
Donor-Restricted Endowment Funds	\$ —	\$ 597,122	\$ 2,118,306	\$ 2,715,428
Board-Designated Endowment Funds	<u>10,100,690</u>	<u>—</u>	<u>—</u>	<u>10,100,690</u>
Total Endowment Net Assets	<u>\$ 10,100,690</u>	<u>\$ 597,122</u>	<u>\$ 2,118,306</u>	<u>\$ 12,816,118</u>

Changes in endowment net assets for the year ended December 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total Endowment Net Assets
		Time and Purpose	In Perpetuity	
Endowment Net Assets, Beginning of Year	\$ 10,069,954	\$ 447,588	\$ 1,926,937	\$ 12,444,479
Investment Return:				
Dividends and Interest, net	353,199	68,564	—	421,763
Net Appreciation (Realized and Unrealized)	560,672	101,169	—	661,841
Contributions	—	59,322	172,884	232,206
Change in Cash Surrender Value of Life Insurance	—	—	18,485	18,485
Appropriation of Endowment Assets for Expenditure	(538,455)	(79,521)	—	(617,976)
Transfer to Undesignated	<u>(344,680)</u>	<u>—</u>	<u>—</u>	<u>(344,680)</u>
Endowment Net Assets, End of Year	<u>\$ 10,100,690</u>	<u>\$ 597,122</u>	<u>\$ 2,118,306</u>	<u>\$ 12,816,118</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9—DONOR-RESTRICTED AND BOARD-DESIGNATED ENDOWMENTS (Continued)

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such funds with deficiencies as of December 31, 2025 and 2024.

RETURN OBJECTIVES AND RISK PARAMETERS

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under these policies, the endowment assets are invested in a manner that is intended to produce results that meet or exceed the objectives set forth in the Foundation's Investment Policy Statement. The overriding objective is to maximize total return, within the confines of stated risk tolerance and asset allocation, from capital appreciation, and dividend and interest income. The secondary objective is the preservation of capital. The long-term target return is 4 percent over inflation per the Consumer Price Index, measured against the same time period as the return. Actual returns in any given year may vary from this amount. Asset classes include equities, fixed-income investments, other/alternative assets, and cash.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

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 (dividends and interest). Investments are diversified among asset classes and with multiple investment managers to minimize the risk of large losses. It is expected that over periods of three years or longer, each investment manager will rank above median in an appropriate universe (benchmark) as determined by both the Foundation and the investment manager.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Foundation has a policy of appropriating for distribution each year, no greater than 5 percent of its endowment funds' average fair value over the prior 20 consecutive quarters immediately preceding the current fiscal year end. The first 1 percent of the distribution will be allocated to the general fund to assist with operating expenses and up to 4% may be distributed for program spending. Fund spending may however exceed the above-mentioned expenditure amount, if agreed to by the Board of Directors. In establishing this policy, the Foundation considered the long-term expected return on its endowment, the objective of preservation of capital, and strategic spending objectives.

NOTE 10—EMPLOYEE BENEFIT PLAN

The Foundation's employees are covered under American Osteopathic Association (AOA)'s 401(k) defined contribution plan (the Plan). The Plan covers substantially all employees, age 21 or older, and participants can elect to have up to 100 percent of their salaries contributed to the Plan subject to annual IRS limitations. The Foundation contributes 4 percent of each participant's salary to the Plan on an annual basis, as well as matches 50 percent of the first 6 percent contributed by each participant. Participating employees are not vested in the employer portion of their 401(k) contributions for the first three years and become fully vested after 3 full years of eligible service. Plan contributions by the Foundation totaled \$59,175 and \$55,557 for the years ended December 31, 2025 and 2024, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 11—TRANSACTIONS WITH AFFILIATE

Administrative services provided by AOA include support services, postage, information technology, and other costs incurred on behalf of the Foundation. In addition, as further described in Note 12, the Foundation leases its facilities from AOA and pays rent, plus its share of operating expenses and real estate taxes. The reimbursement billings for the administrative services and lease expenses for the years ended December 31, 2025 and 2024 were \$151,896 and \$129,433, respectively. Contributions from AOA were \$80,632 and \$32,750 for the years ended December 31, 2025 and 2024, respectively. Additionally, AOA’s payroll service processes the Foundation’s payroll, which was previously paid out of AOA’s bank account. Beginning in November 2024, employee payroll deposits, payroll taxes and direct payroll processing fees began being paid directly from the Foundation’s bank account. The balance of payroll related expenses are still paid by AOA and billed monthly to the Foundation. The Foundation subsequently repays AOA and such repayments totaled \$151,238 and \$1,136,603 for the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, the outstanding payable to AOA for administrative services and lease expenses was \$628 and \$64,640, respectively. As of December 31, 2025 and 2024, the Foundation has a receivable from AOA, primarily for contributions that AOA collects from its members on behalf of the Foundation of \$141,404 and \$97,622, respectively. The balances due from and to AOA as of the end of each year are offset and presented as net amounts on the statements of financial position, and amounted to due from AOA of \$140,776 and \$32,982, as of December 31, 2025 and 2024, respectively.

NOTE 12—LEASES

The Foundation entered into a 5-year lease agreement with AOA for office space located in Chicago, Illinois commencing April 1, 2019 and expiring March 31, 2024. The lease included a remodeling allowance of \$8,000 and called for base rent payments of \$69,939 per annum with annual increases, and additional payments for real estate tax and operating expenses. The base monthly rentals ranged from \$5,828 to \$6,237 over the term of the lease. Effective December 1, 2023, the lease was modified before its original expiration date, changing the payments terms and extending the lease through March 31, 2029. The new lease includes initial rent abatement for the first four months through March 31, 2024, and a remodeling allowance of up to \$50,000, payable in annual increments of up to \$10,000 starting April 1, 2024. The remodeling reimbursements are conditional on the Foundation incurring eligible expenses of up to \$10,000 annually with any unspent portion of the increment being forfeited on April 1 of the following year. As of December 31, 2025 and 2024, respectively, \$10,651 and \$0- of the remodeling allowance has been used. The lease calls for base rent payments of \$71,166 per annum, commencing April 1, 2024, with annual increases. The base monthly rentals range from \$5,931 to \$6,340 over the term of the lease. The lease also calls for additional monthly payments for real estate tax and operating expenses. For the remeasurement of the lease ROU asset and liability at the December 1, 2023 lease modification date, management made a policy election to utilize an allowed practical expedient, using a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument with a similar maturity date as that of the lease) to discount the remaining lease payments under the modified lease terms. That risk-free rate used was 4.14% per annum.

Lease expense consists of a fixed base rent, plus a variable component which includes operating expenses and real estate taxes. The components of lease expense included in occupancy on the statements of functions expenses are comprised of the following for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Fixed Operating Lease Cost.....	\$ 50,151	\$ 69,019
Variable Operating Lease Expense	5,790	507
Total Operating Lease Cost (Rent).....	<u>\$ 55,941</u>	<u>\$ 69,526</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 12—LEASES (Continued)

The ROU asset and the lease liability balances are the following for the years ended December 31:

	2025	2024
Operating Lease Right-of-Use Asset	\$ 217,198	\$ 267,445
Operating Lease Liability	\$ 227,310	\$ 288,841
Less: Current Portion	65,382	61,531
Long-Term Portion	\$ 161,928	\$ 227,310
Weighted-Average Remaining Lease Term (Years)	3.25	4.25
Weighted Average Discount Rate	4.14%	4.14%
Cash Paid for Amounts Included in Measuring Operating Lease Liability		
Operating Cash Flows from Operating Lease	\$ 72,086	\$ 53,375

Future minimum lease payments of the operating lease are as follows:

Year Ending December 31:		
2026		\$ 73,313
2027		74,540
2028		75,767
2029		19,019
		242,639
Less: Discount to Net Present Value		15,329
Present Value of Lease Liability		\$ 227,310

NOTE 13—RELATED-PARTY TRANSACTIONS

During the years ended December 31, 2025 and 2024, the Foundation received contributions from board members and board member foundations, net of discounts to present value, totaling \$125,206 and \$5,633,423, respectively.

NOTE 14—SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 11, 2026, the date which the financial statements were available for issuance. There were no subsequent events which require disclosure.