American Academy of Family Physicians Foundation and Subsidiary

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2025 and 2024

American Academy of Family Physicians Foundation and Subsidiary
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December 31, 2025 and 2024

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Forvis Mazars, LLP
1401 50th Street, Suite 350
West Des Moines, IA 50266
P 515.223.0159 | F 515.223.5429
forvismazars.us

Independent Auditor's Report

Board of Trustees
American Academy of Family Physicians Foundation and Subsidiary
Leawood, Kansas

Opinion

We have audited the consolidated financial statements of American Academy of Family Physicians Foundation and subsidiary, which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses and cash flow for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of American Academy of Family Physicians Foundation and subsidiary as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are required to be independent of American Academy of Family Physicians Foundation and subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Academy of Family Physicians Foundation and subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Academy of Family Physicians and subsidiary's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the December 31, 2024, consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 28, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Forvis Mazars, LLP

West Des Moines, Iowa
April 27, 2026

American Academy of Family Physicians Foundation and Subsidiary
Consolidated Statement of Financial Position with Consolidating Information
December 31, 2025 (with Comparative Totals for 2024)

	2025				
	Foundation	Insurance Services	Eliminations	Consolidated Total	Comparative Totals for 2024
ASSETS					
Cash and cash equivalents	$ 2,475,160	$ 1,277,594	$ -	$ 3,752,754	$ 3,916,258
Cash and cash equivalents - premium account	-	2,663,720	-	2,663,720	2,707,601
Accounts receivable - trade	-	209,664	-	209,664	139,107
Accounts receivable - support	95,254	-	-	95,254	99,874
Prepaid expenses	103,726	14,034	-	117,760	188,223
Income tax receivable	-	60,131	-	60,131	63,861
Investments at fair value	27,350,379	-	-	27,350,379	23,549,558
Investment in subsidiary	1,798,782	-	(1,798,782)	-	-
Contributions receivable	163,213	-	-	163,213	168,577
Beneficial interest in trust assets	68,201	-	-	68,201	64,065
Deferred tax asset	-	74,700	-	74,700	71,000
Office equipment, furniture and fixtures, net of accumulated depreciation; 2025 - $1,069,856, 2024 - $1,023,062	52,841	8,699	-	61,540	55,769
Right of use assets - operating leases	-	238,685	-	238,685	233,833
	$ 32,107,556	$ 4,547,227	$ (1,798,782)	$ 34,856,001	$ 31,257,726
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	$ 678,211	$ 38,966	$ -	$ 717,177	$ 1,137,072
Premiums payable	-	2,191,084	-	2,191,084	2,219,946
Grant awards payable	175,020	-	-	175,020	95,021
Deferred revenue and advances	6,520	275,087	-	281,607	289,627
Liabilities under split-interest agreements	153,334	-	-	153,334	146,071
Operating lease liabilities	-	243,308	-	243,308	237,466
Total Liabilities	1,013,085	2,748,445	-	3,761,530	4,125,203
Net Assets					
Without donor restrictions					
Undesignated	8,882,634	1,798,782	(1,798,782)	8,882,634	7,668,443
Designated by the Board					
Endowment	13,726,286	-	-	13,726,286	12,334,388
Special projects and programs	15,366	-	-	15,366	15,366
Total net assets without donor restrictions	22,624,286	1,798,782	(1,798,782)	22,624,286	20,018,197
With donor restrictions	8,470,185	-	-	8,470,185	7,114,326
Total Net Assets	31,094,471	1,798,782	(1,798,782)	31,094,471	27,132,523
Total Liabilities and Net Assets	$ 32,107,556	$ 4,547,227	$ (1,798,782)	$ 34,856,001	$ 31,257,726

American Academy of Family Physicians Foundation and Subsidiary
Consolidated Statement of Activities with Consolidating Information
December 31, 2025 (with Comparative Totals for 2024)

	2025				
	Foundation	Insurance Services	Eliminations	Consolidated Total	Comparative Totals for 2024
Net Assets Without Donor Restrictions					
Revenues, gains and other support					
Grant revenue	$ 26,892	$ -	$ -	$ 26,892	$ 4,800
Corporate and chapter support	564,000	-	-	564,000	1,194,000
Individual contributions	496,776	-	-	496,776	539,804
Special events, net of direct expenses of $7,014 in 2025 and $7,847 in 2024	76,095	-	-	76,095	83,561
Investment return	2,725,982	-	-	2,725,982	1,495,722
Insurance agreement revenues	-	3,525,683	-	3,525,683	3,801,713
Employee Retention Credit	-	123,149	-	123,149	-
Net assets released from restrictions	715,552	-	-	715,552	1,016,075
Total revenues, gains and other support	4,605,297	3,648,832	-	8,254,129	8,135,675
Expenses and losses					
Insurance services	-	2,193,579	-	2,193,579	2,362,013
Family Medicine Chapter Alliance	146,093	-	-	146,093	143,519
Center for the History of Family Medicine	142,705	-	-	142,705	125,152
Family Medicine Cares	417,514	-	-	417,514	432,288
Family Medicine Leads	309,006	-	-	309,006	307,583
Family Medicine Discovers	301,717	-	-	301,717	275,967
Research grants and awards	44,126	-	-	44,126	44,001
AAFP program grants	261,652	-	-	261,652	931,362
Program evaluation and support	363,199	-	-	363,199	399,290
Management and general	535,488	-	-	535,488	519,831
Fundraising and development	932,961	-	-	932,961	1,005,054
Total expenses and losses	3,454,461	2,193,579	-	5,648,040	6,546,060
Change in net assets without donor restrictions	1,150,836	1,455,253	-	2,606,089	1,589,615
Net Assets With Donor Restrictions					
Grant revenues	311,480	-	-	311,480	546,896
Corporate and chapter support	50,000	-	-	50,000	49,000
Individual contributions	655,768	-	-	655,768	470,344
Investment return	1,054,163	-	-	1,054,163	566,768
Net assets released from restrictions	(715,552)	-	-	(715,552)	(1,016,075)
Change in net assets with donor restrictions	1,355,859	-	-	1,355,859	616,933
Increase in Net Assets Before Earnings of Subsidiary and Dividends Paid	2,506,695	1,455,253	-	3,961,948	2,206,548
Earnings of Subsidiary	1,455,253	-	(1,455,253)	-	-
Dividends Paid	-	(1,375,000)	1,375,000	-	-
Increase in Net Assets	3,961,948	80,253	(80,253)	3,961,948	2,206,548
Net Assets, Beginning of Year	27,132,523	1,718,529	(1,718,529)	27,132,523	24,925,975
Net Assets, End of Year	$ 31,094,471	$ 1,798,782	$ (1,798,782)	$ 31,094,471	$ 27,132,523

American Academy of Family Physicians Foundation and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended December 31, 2025

	American Academy of Family Physicians Foundation												
	Family Medicine Chapter Alliance	Center for the History of Family Medicine	Family Medicine Cares	Family Medicine Leads	Family Medicine Discovers	Research Grants and Awards	AAFP Program Grants	Program Evaluation and Support	Total Program Expenses	Management and General	Fundraising and Development	AAFP Insurance Services	Total Expenses
Chapter grants	$ 81,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 81,000	$ -	$ -	$ -	$ 81,000
Disaster Relief disbursements	-	-	-	-	-	-	-	21,059	21,059	-	-	-	21,059
Emerging Leader Institute scholarships and awards	-	-	-	43,000	-	-	-	11,650	54,650	-	-	-	54,650
Externship grants	-	-	-	-	-	28,750	-	-	28,750	-	-	-	28,750
Family Medicine Cares USA clinic grants	-	-	150,000	-	-	-	-	-	150,000	-	-	-	150,000
Fellowships, lectureships and awards	-	13,800	-	-	-	-	-	6,209	20,009	-	-	-	20,009
Family Medicine Discovers -RAPSdi	-	-	-	-	80,000	-	-	-	80,000	-	-	-	80,000
International disbursements	-	-	5,000	-	-	-	-	-	5,000	-	-	-	5,000
National Conference scholarships	-	-	-	123,600	-	-	-	-	123,600	-	-	-	123,600
Salaries	-	-	-	-	-	-	-	-	-	-	-	703,898	703,898
Payroll Taxes	-	-	-	-	-	-	-	-	-	-	-	37,235	37,235
Profit sharing plan and 401(k) plan	-	-	-	-	-	-	-	-	-	-	-	66,617	66,617
Robert Graham Center Disb	-	-	-	-	-	-	-	30,000	30,000	-	-	-	30,000
Resident Service Awards	-	-	34,000	-	-	-	-	-	34,000	-	-	-	34,000
Incorporating Lifestyle Medicine into Practice	-	-	-	-	-	-	261,652	-	261,652	-	-	-	261,652
Board of Trustees	-	-	-	-	-	-	-	3,075	3,075	14,925	3,075	10,352	31,427
Professional Services	-	-	-	-	-	-	-	-	-	37,275	1,043	22,586	60,904
Contracted fees for service	59,498	100,126	203,275	111,913	215,493	15,368	-	244,812	950,485	389,878	615,599	-	1,955,962
Advertising and promotion	-	-	-	5,888	1,441	-	-	-	7,329	3,573	13,866	428,295	453,063
Office expenses	29	32	1,697	(1,646)	-	8	-	-	120	1,033	14,851	747	16,751
Information technology	-	8,473	-	-	-	-	-	1,125	9,598	3,667	79,325	32,756	125,346
Rent - office space	-	-	-	-	-	-	-	-	-	-	-	50,473	50,473
Travel	2,272	6,024	9,868	4,323	4,783	-	-	16,232	43,502	39,382	13,404	2,988	99,276
Conferences and meetings	3,234	1,500	6,366	17,142	-	-	-	3,284	31,526	26,988	88,495	-	147,009
Depreciation	-	3,786	-	-	-	-	-	25,320	29,106	-	-	17,707	46,813
Insurance	-	5,155	-	-	-	-	-	-	5,155	8,968	-	114,506	128,629
Design and printing	60	1,323	6,808	4,786	-	-	-	73	13,050	3,099	70,939	3,715	90,803
Training and development	-	1,926	500	-	-	-	-	360	2,786	3,400	-	363	6,549
Credit card fees and bank charges	-	-	-	-	-	-	-	-	-	-	15,950	-	15,950
Commission and royalty	-	-	-	-	-	-	-	-	-	-	-	55,226	55,226
Income tax	-	-	-	-	-	-	-	-	-	-	-	524,800	524,800
Other	-	560	-	-	-	-	-	-	560	3,300	16,414	121,315	141,589
	$ 146,093	$ 142,705	$ 417,514	$ 309,006	$ 301,717	$ 44,126	$ 261,652	$ 363,199	$ 1,986,012	$ 535,488	$ 932,961	$ 2,193,579	$ 5,648,040

American Academy of Family Physicians Foundation and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	American Academy of Family Physicians Foundation												
	Family Medicine Chapter Alliance	Center for the History of Family Medicine	Family Medicine Cares	Family Medicine Leads	Family Medicine Discovers	Research Grants and Awards	AAFP Program Grants	Program Evaluation and Support	Total Program Expenses	Management and General	Fundraising and Development	AAFP Insurance Services	Total Expenses
Center for Diversity and Health Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ 100,000	$ -	$ 100,000	$ -	$ -	$ -	$ 100,000
Center for Global Health Initiatives	-	-	-	-	-	-	45,000	-	45,000	-	-	-	45,000
Chapter Executive Leadership Program	-	-	-	-	-	-	65,000	-	65,000	-	-	-	65,000
Chapter grants	80,000	-	-	-	-	-	-	-	80,000	-	-	-	80,000
Disaster Relief disbursements	-	-	-	-	-	-	-	117,400	117,400	-	-	-	117,400
Emerging Leader Institute scholarships and awards	-	-	-	48,000	-	-	-	10,850	58,850	-	-	-	58,850
Externship grants	-	-	-	-	-	28,750	-	-	28,750	-	-	-	28,750
Family Medicine Cares USA clinic grants	-	-	150,000	-	-	-	-	-	150,000	-	-	-	150,000
Family Medicine Student Grant Program	-	-	-	-	-	-	44,167	-	44,167	-	-	-	44,167
Familydoctor.org	-	-	-	-	-	-	100,000	-	100,000	-	-	-	100,000
Fellowships, lectureships and awards	-	9,000	607	-	-	-	-	7,750	17,357	-	802	-	18,159
Family Medicine Discovers -RAPSdi	-	-	-	-	80,000	-	-	-	80,000	-	-	-	80,000
International disbursements	-	-	6,500	-	-	-	-	-	6,500	-	-	-	6,500
National Conference scholarships	-	-	-	137,400	-	-	-	-	137,400	-	-	-	137,400
Salaries	-	-	-	-	-	-	-	-	-	-	-	726,817	726,817
Payroll Taxes	-	-	-	-	-	-	-	-	-	-	-	37,034	37,034
Profit sharing plan and 401(k) plan	-	-	-	-	-	-	-	-	-	-	-	69,550	69,550
Robert Graham Center Disb	-	-	-	-	-	-	50,000	-	50,000	-	-	-	50,000
Resident Service Awards	-	-	33,000	-	-	-	-	-	33,000	-	-	-	33,000
Incorporating Lifestyle Medicine into Practice	-	-	-	-	-	-	527,195	-	527,195	-	-	-	527,195
Board of Trustees	-	-	-	-	-	-	-	2,800	2,800	14,950	2,800	12,446	32,996
Professional Services	-	-	-	-	-	-	-	-	-	35,793	5,482	19,425	60,700
Contracted fees for service	58,040	100,603	215,612	88,732	191,014	15,243	-	203,774	873,018	374,218	650,818	-	1,898,054
Advertising and promotion	-	530	2,016	2,400	-	-	-	-	4,946	6,326	29,228	547,575	588,075
Office expenses	24	157	360	2,326	-	8	-	-	2,875	1,104	22,905	1,115	27,999
Information technology	-	4,504	-	-	-	-	-	1,115	5,619	3,625	60,893	26,816	96,953
Rent - office space	-	-	-	-	-	-	-	-	-	-	-	73,725	73,725
Travel	2,673	2,383	10,329	2,170	4,800	-	-	13,964	36,319	53,114	21,110	19,527	130,070
Conferences and meetings	2,723	129	13,180	23,008	-	-	-	-	39,040	11,701	124,477	-	175,218
Depreciation	-	2,033	-	-	-	-	-	37,440	39,473	-	-	17,008	56,481
Insurance	-	4,145	-	-	-	-	-	-	4,145	6,587	-	107,072	117,804
Design and printing	59	191	684	3,547	153	-	-	-	4,634	3,106	59,174	11,142	78,056
Training and development	-	703	-	-	-	-	-	4,197	4,900	6,458	-	133	11,491
Credit card fees and bank charges	-	-	-	-	-	-	-	-	-	10	16,551	-	16,561
Commission and royalty	-	-	-	-	-	-	-	-	-	-	-	62,848	62,848
Income tax	-	-	-	-	-	-	-	-	-	-	-	523,853	523,853
Other	-	774	-	-	-	-	-	-	774	2,839	10,814	105,927	120,354
	$ 143,519	$ 125,152	$ 432,288	$ 307,583	$ 275,967	$ 44,001	$ 931,362	$ 399,290	$ 2,659,162	$ 519,831	$ 1,005,054	$ 2,362,013	$ 6,546,060

American Academy of Family Physicians Foundation and Subsidiary
Consolidated Statement of Cash Flows with Consolidating Information
Year Ended December 31, 2025 (with Comparative Totals for 2024)

	2025				
	Foundation	Insurance Services	Eliminations	Consolidated Total	Comparative Totals for 2024
Operating Activities					
Change in net assets before dividends paid	$ 3,961,948	$ 1,455,253	$ (1,455,253)	$ 3,961,948	$ 2,206,548
Items not requiring (providing) cash					
Depreciation	29,106	17,707	-	46,813	56,481
Net realized and unrealized gains on investments	(3,085,066)	-	-	(3,085,066)	(1,472,730)
Gain on split-interest agreements	(41,611)	-	-	(41,611)	(18,968)
Contributions of investment securities	(17,511)	-	-	(17,511)	(5,164)
Change in investment in subsidiary	(80,253)	-	80,253	-	-
Deferred income taxes	-	(3,700)	-	(3,700)	16,000
Noncash operating lease expense	-	46,386	-	46,386	73,545
Gain on lease termination	-	4,740	-	4,740	-
Changes in					
Accounts receivable	4,620	(70,557)	-	(65,937)	209,712
Prepaid expenses and other	89,315	(545)	-	88,770	43,155
Contributions receivable	5,364	-	-	5,364	(68,147)
Accounts payable and accrued expenses	(284,759)	(135,136)	-	(419,895)	49,203
Premiums payable	-	(28,862)	-	(28,862)	(98,689)
Grant awards payable	79,999	-	-	79,999	4,320
Deferred revenue and advances	(4,895)	(3,125)	-	(8,020)	(12,583)
Operating lease liability	-	(50,136)	-	(50,136)	(69,912)
Federal and state income taxes payable	-	3,730	-	3,730	(14,647)
Net Cash Provided by Operating Activities	656,257	1,235,755	(1,375,000)	517,012	898,124
Investing Activities					
Purchase of office equipment, furniture and fixtures	(52,584)	-	-	(52,584)	(8,927)
Purchase of investments	(2,730,206)	-	-	(2,730,206)	(2,390,276)
Sales and maturities of investments	2,004,216	-	-	2,004,216	1,788,463
Net Cash Used in Investing Activities	(778,574)	-	-	(778,574)	(610,740)
Financing Activities					
Payments on annuities	(11,044)	-	-	(11,044)	(9,917)
Cash dividends paid	-	(1,375,000)	1,375,000	-	-
Net Cash Used in Financing Activities	(11,044)	(1,375,000)	1,375,000	(11,044)	(9,917)
Increase (Decrease) in Cash and Cash Equivalents	(133,361)	(139,245)	-	(272,606)	277,467
Cash and Cash Equivalents, Beginning of Year	2,621,335	4,080,559	-	6,701,894	6,424,427
Cash and Cash Equivalents, End of Year	$ 2,487,974	$ 3,941,314	$ -	$ 6,429,288	$ 6,701,894
Reconciliation of Cash and Cash Equivalents to the Statement of Financial Position					
Cash and cash equivalents	$ 2,475,160	$ 1,277,594	$ -	$ 3,752,754	$ 3,916,258
Cash and cash equivalents - premium account	-	2,663,720	-	2,663,720	2,707,601
Cash in investments	12,814	-	-	12,814	78,035
	$ 2,487,974	$ 3,941,314	$ -	$ 6,429,288	$ 6,701,894
Supplemental Cash Flows Information					
Income taxes paid	$ -	$ 647,919	$ -	$ 647,919	$ 522,500
New operating leases	-	246,189	-	246,189	252,186
Non-cash lease termination	-	194,951	-		

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

Nature of Operations

The American Academy of Family Physicians Foundation (the Foundation) is a not-for-profit organization whose mission and principal activity is to serve as a fiscal intermediary for programs that serve to promote and benefit family medicine throughout the United States of America. The Foundation encourages philanthropy, awards, research grants, offers education programs and maintains a center for the history of family medicine. The Foundation's donors and members are located primarily throughout the United States of America.

AAFP Insurance Services, Inc. (Insurance Services) is a wholly-owned, for-profit subsidiary of the Foundation. Insurance Services administers and sells various types of insurance plans (life, medical, disability, accidental death, etc.) to members of the American Academy of Family Physicians (the Academy), which is the sole contract holder of such plans. Insurance Services maintains a relationship with one insurance company that services a majority of these plans and through agreements provides the source for a significant portion of revenues from insurance plans.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and its wholly-owned subsidiary, Insurance Services (hereinafter collectively known as the Organization). All significant inter-organization accounts and transactions have been eliminated in consolidation.

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts and assets limited to use are not considered to be cash and cash equivalents. At December 31, 2025 and 2024, cash and cash equivalents consisted primarily of deposit accounts and a money market account with a financial institution.

At December 31, 2025, the Organization's deposit accounts exceeded federally insured limits by approximately $6,045,000.

The premium account is a restricted cash account that holds premiums collected on behalf of Insurance Services.

Investments

The Organization measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments.

Net Investment Return (Loss)

Investment return (loss) includes dividend, interest and other investment income (loss); realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific method.

Investment return (loss) that is initially restricted by donor stipulation, and for which the restriction will be satisfied in the same year, is included in net assets without donor restrictions. Other investment return is reflected in the consolidated statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains pooled investment accounts for its endowments. Investment income (loss) and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

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

Accounts Receivable

Foundation accounts receivable consist primarily of Foundation donations collected by the Academy, and donations or grants receivable from third parties. Balances become past due according to the terms of various agreements with third parties and organizations who handle the initial processing. Balances that are still outstanding after management has used reasonable collection efforts are charged to expense when that determination is made. Management believes that all accounts receivable are collectible at December 31, 2025 and 2024; therefore, no allowance for credit losses has been established.

Insurance Services accounts receivable consist primarily of commissions due from one insurance carrier. Insurance Services holds the funds of these accounts receivable and, accordingly, believes that no allowance for credit losses is needed for the years ended December 31, 2025 and 2024. The insurance carrier and the insured are located throughout the United States of America.

Insurance Services has elected to use the practical expedient provided in ASC 326-20 that allows entities to assume that current conditions as of the balance sheet date do not change for the remaining life of the current accounts receivable and current contract assets. Insurance Services has also made an accounting policy election to consider cash collection activity after the balance sheet date when estimating expected credit losses on current accounts receivable and current contract assets. Insurance Services has used February 12, 2026 as the date through which it considered subsequent collection activity.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. The estimated useful lives of the assets range from three years to ten years.

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2025 and 2024.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.*, the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received, are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Grant Awards Payable

Grant awards payable include amounts due to outside organizations from grants the Foundation has awarded.

Grant Revenue and Deferred Revenue

Support funded by grants is recognized as the Foundation performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Insurance Revenues

Revenues are based upon broker and service agreements between the Organization and the insurance companies that provide coverage. See Note 2 for additional information about the Organization's revenue.

Leases

The Foundation determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Foundation determines lease classification as operating or finance at the lease commencement date. The Foundation allocates the consideration to the lease and nonlease components using their relative standalone values.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

Income Taxes

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction.

Insurance Services is a for-profit entity. Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due and deferred taxes. Deferred taxes are recognized for differences between the basis of assets or liabilities for financial statement and income tax purposes and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The differences relate to depreciable assets (use of different depreciation methods and lives for financial statements and income tax purposes) and certain accrued expenses (expensed for financial statement purposes but not deductible for income tax purposes until paid). The deferred tax asset and liability represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets or liabilities are recovered or settled. Valuation allowances are provided for deferred tax assets based on management's projection of the sufficiency of future taxable income to realize the assets.

Income tax accounting guidance (ASC Topic 740, *Income Taxes*) requires that the Organization record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. Insurance Services continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

Functional Allocation of Expenses

The costs of supporting activities have been allocated to the various programs in the consolidated statement of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, administration and fundraising categories based on time expended, usage and other methods.

Advertising

Insurance Services expenses advertising and other promotional costs as they are incurred. These types of expenses for mailing campaigns, newsletters and similar activities were approximately $428,000 and $550,000 for the years ended December 31, 2025 and 2024, respectively.

Note 2. Revenue from Contracts with Customers

Performance Obligations

Commission Revenue From Brokerage Services

Commission revenues received in connection with successful writing of an insurance certificate or policy are recognized at a point in time for the amount of commission expected from the policy for the insurance period. Contracts provide for an initial commission rate and a renewal commission rate for which management has evaluated these distinct performance obligations and split the transaction price based on their relative fair value. Cancellations, refunds, audits or other adjustments are recognized when the amounts are known.

Commission and Fee Revenue From Administrative Services

The Organization earns commission and fee revenue related to services other than securing insurance coverage, more specially, these services include: claim administration services, underwriting services, preparation of insurance certificates, maintenance of enrollment records and reports, processing of contributions notices to insureds, preparation of premium statements and other certificate holder services. While there are a variety of activities performed, the overall nature of the obligation is to provide integrated administration services to the customer. The arrangement represents a stand-ready obligation to perform these activities on an as-needed basis. The customer obtains value from each period of service, and each time increment, *i.e.,* each month. Accordingly, the ongoing administration services represent a “series” in accordance with ASC 606 and are deemed one performance obligation and are recognized over the effective insurance or contribution period. The commission and fee revenue from administrative services are a series of distinct services that are treated as a single performance obligation. Revenue for the placement of these policies is recognized over time for the amount of consideration expected to be received for these services. The portion of fees that will be earned in the future is deferred and reported as unearned revenue in the accompanying balance sheets.

Supplemental Marketing Commissions

The Organization earns supplemental marketing revenues for the amount of marketing expenses including but not limited to the periodic newsletter and other multiple Organization solicitation materials. These revenues are recognized at a point in time as the marketing expenses are incurred.

Disaggregation of Revenue

The following table presents the Organization's revenues disaggregated by the timing of such revenue recognized during the years ended December 31, 2025 and 2024:

	2025	2024
Timing of revenue and recognition		
At a point in time	$ 2,321,393	$ 2,567,683
Over a period of time	1,204,290	1,234,030
Total	$ 3,525,683	$ 3,801,713

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the type of insurance policy, contingent commissions, and general economic factors that could adversely affect the insurance market.

Contract Balances

The following table provides information about the Organization's receivables, contract assets and contract liabilities from contracts with customers:

	2025	2024
Accounts receivable, beginning of year	$ 139,107	$ 281,954
Accounts receivable, end of year	209,664	139,107
Contract liabilities, beginning of year	278,212	288,510
Contract liabilities, end of year	275,087	278,212

Significant Judgments

Revenue from the administrative services performed is recognized over time. Revenue is recognized based on the amount of consideration that the Organization expects to receive from the insurance Organization for the services performed in the corresponding period. Additionally, the allocation of transaction price between the revenues from brokerage and revenues from administrative services was based on significant judgment utilizing the adjusted market assessment approach.

Accounting Policies and Practical Expedients Elected

For incremental costs of obtaining a contract, the Organization elected a practical expedient, which permits an entity to recognize incremental costs to obtain a contract as an expense when incurred if the amortization period is less than one year.

The Organization has elected to apply the portfolio approach to the contracts evaluated under ASC 606. A portfolio approach is permitted if it is reasonably expected that the approach's impact on the consolidated financial statements will not be materially different from the impact of applying the revenue standard on an individual contract basis. In order to use the portfolio approach, an entity must reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts.

Note 3. Split-Interest Agreements

Charitable Remainder Trusts

The Foundation is the beneficiary of a charitable remainder unitrust. The trust provides for a lifetime benefit to be paid to the donor or other designated beneficiary. Upon the death of the beneficiary, the remaining trust assets are distributed in accordance with the trust document.

The trust is administered by an outside party. Therefore, the estimated value of the expected future cash flows of $68,201 and $64,065, which represents the fair value of the trust assets at December 31, 2025 and 2024, respectively, is recorded as “beneficial interest in trust assets” on the consolidated statement of financial position.

Pooled Income Fund

The Foundation manages a pooled income fund in which donors who contribute to the fund are assigned a specific number of units based on the proportion of the fair value of their contribution to the total fair value of the pooled income fund. Until the donor’s death, the donor or the donor’s designated beneficiary is paid the actual ordinary income earned on the donor’s units. Upon the donor’s death, the value of the assigned units reverts to the Foundation.

The Foundation recognizes its remainder interest in the assets received as donor-restricted contribution revenue in the period in which the assets are received from the donor. The contributed assets are recognized at fair value when received. The difference between the fair value of the assets when received and the revenue recognized is recorded as deferred revenue, representing the amount of discount for future interest.

The fair value of the pooled income fund assets was $135,623 and $122,455 as of December 31, 2025 and 2024, respectively, and is included in “investments” in the consolidated statements of financial position. The present value of the estimated future payments is calculated using a discount rate ranging from 5.75 percent to 8.75 percent and applicable life expectancy tables. The estimated future liability of the pooled income fund was $20,637 and $21,621 as of December 31, 2025 and 2024, respectively, and is included in “liabilities under split-interest agreements” in the consolidated statements of financial position.

Charitable Gift Annuity

The Foundation has been the recipient of a gift annuity which requires future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value. The Foundation has recorded a liability at December 31, 2025 and 2024 of $132,697 and $124,450, respectively, which represents the present value of the future annuity obligations. The liability had been determined using a discount rate of 1.8 percent and a rate of return of 4.4 percent.

Note 4. Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	2025	2024
Net Assets With Donor Restrictions		
Subject to expenditure for specified purpose		
Center for the History of Family Medicine	$ 15,664	$ 15,664
Disaster Relief	47,539	35,258
Family Medicine Cares	357,086	359,431
Family Medicine Discovers	40,939	44,421
Family Medicine Leads	149,960	189,863
General Operations	3,845	-
Lectureships	198,370	175,645
Special Projects	157,400	146,820
	970,803	967,102
Subject to the passage of time		
Assets held under split-interest agreements	188,010	156,498
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Center for the History of Family Medicine	1,959,490	1,547,212
Family Medicine Cares	172,736	115,146
Family Medicine Leads	531,351	263,316
Family Medicine Discovers	69,126	47,959
General Operations	8,597	1,055
Lectureships	10,153	4,013
Student Externships	1,055	-
Robert Graham Policy Center	351,341	264,981
Special Projects	9,594	4,455
	3,113,443	2,248,137

	2025	2024
Subject to NFP endowment spending policy and appropriation		
Center for the History of Family Medicine	1,567,539	1,506,719
Family Medicine Cares	503,703	290,981
Family Medicine Leads	1,217,653	1,102,907
Lectureships	44,400	33,400
Family Medicine Discovers	116,066	115,066
Robert Graham Policy Center	431,155	426,155
General Operations	80,000	29,813
Student Externships	10,000	4,907
Unconditional promises to give, net - permanently restricted to Family Medicine Leads	82,972	87,969
Unconditional promises to give, net - permanently restricted to Family Medicine Cares	41,240	40,607
Unconditional promises to give, net - permanently restricted to General Operations	20,000	20,000
Unconditional promises to give, net - permanently restricted to Student Externships	15,000	20,000
	4,129,728	3,678,524
Not subject to spending policy and appropriation		
Beneficial interest in assets held by outside party	51,151	48,049
Beneficial interest in perpetual trusts held by outside party	17,050	16,016
	68,201	64,065
	$ 8,470,185	$ 7,114,326

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events by donors.

	2025	2024
Satisfaction of purpose restrictions		
Disaster relief	$ 22,814	$ 123,219
Family Medicine Cares	119,548	101,479
Family Medicine Discovers	10,000	15,000
Family Medicine Leads	97,000	80,000
Lectureships	5,000	2,500
Special projects	305,897	589,946
	560,259	912,144
Restricted-purpose spending-rate distributions and appropriations		
Center for the History of Family Medicine	78,914	63,031
Family Medicine Cares	8,879	10,000
Family Medicine Discovers	5,000	5,000
Family Medicine Leads	37,500	25,900
Robert Graham Policy Center	25,000	-
	155,293	103,931
	$ 715,552	$ 1,016,075

Note 5. Endowment

The Foundation's governing body is subject to the State of Kansas Prudent Management of Institutional Funds Act (KPMIFA). As a result, the Foundation classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with KPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments

6. Other resources of the Organization

7. Investment policies of the Organization

The Foundation's endowment consists of approximately 28 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at December 31, 2025 and 2024, was:

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2025			
Board-designated endowment funds	$ 13,726,285	$ -	$ 13,726,285
Donor-designated endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	4,129,729	4,129,729
Accumulated investment gains	-	3,113,442	3,113,442
Total endowment funds	$ 13,726,285	$ 7,243,171	$ 20,969,456
December 31, 2024			
Board-designated endowment funds	$ 12,334,388	$ -	$ 12,334,388
Donor-designated endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	3,678,832	3,678,832
Accumulated investment gains	-	2,247,829	2,247,829
Total endowment funds	$ 12,334,388	$ 5,926,661	$ 18,261,049

Changes in endowment net assets for the years ended December 31, 2025 and 2024 were:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2024	$ 11,766,360	$ 5,242,118	$ 17,008,478
Investment return, net	1,130,148	502,369	1,632,517
Contributions	-	285,918	285,918
Appropriation of endowment assets for expenditures	(3,000)	(42,150)	(45,150)
Other transfers	(559,120)	(61,594)	(620,714)
Endowment net assets, December 31, 2024	12,334,388	5,926,661	18,261,049
Investment return, net	1,974,623	945,906	2,920,529
Contributions	-	520,897	520,897
Appropriation of endowment assets for expenditures	(3,000)	(82,379)	(85,379)
Other transfers	(579,726)	(67,914)	(647,640)
Endowment net assets, December 31, 2025	$ 13,726,285	$ 7,243,171	$ 20,969,456

Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is intended to grow the principal of the funds while assuming a tolerable level of investment risk. The Foundation expects its endowment funds to provide an average rate of return of approximately 7.5 percent annually over time. 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 current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a spending policy of appropriating for expenditure each year 5.5 percent of its endowment fund's average fair value over the prior 13 quarters through June 30 of the preceding year in which expenditure is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Underwater Endowments

The governing body of the Foundation has interpreted KPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of:

a) the original value of initial and subsequent gift amounts donated to the fund and

b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation has interpreted KPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

At December 31, 2025 and 2024, the Foundation had no underwater endowments.

The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor stipulations or laws and regulations. The governing board did not appropriate for expenditure any funds from underwater endowment funds at December 31, 2025 and 2024.

Note 6. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	December 31, 2025		
	Foundation	Insurance Services	Total
Cash and cash equivalents	$ 2,475,160	$ 1,277,594	$ 3,752,754
Accounts receivable	95,254	209,664	304,918
Operating investments	5,444,380	-	5,444,380
Promises to give	163,213	-	163,213
Endowment spending-rate distributions and appropriations	1,058,367	-	1,058,367
	$ 9,236,374	$ 1,487,258	$ 10,723,632

	December 31, 2024		
	Foundation	Insurance Services	Total
Cash and cash equivalents	$ 2,543,300	$ 1,372,958	$ 3,916,258
Accounts receivable	99,874	139,107	238,981
Operating investments	4,383,564	-	4,383,564
Promises to give	168,577	-	168,577
Endowment spending-rate distributions and appropriations	1,012,174	-	1,012,174
	$ 8,207,489	$ 1,512,065	$ 9,719,554

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of $13,726,286 is subject to a spending rate set annually by the board of trustees. The approved spending rate for 2025 and 2024 is 5.5 percent. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the Foundation's liquidity management plan, it invested excess cash in its pooled investment accounts.

Note 7. Related-Party Transactions

The Organization and the Academy are related parties that are not financially interrelated organizations.

The Academy provides certain services to the Foundation under an administrative services agreement. The administrative services agreement includes services such as day-to-day executive, administrative, legal, accounting, clerical and other services in connection with the operations of the Foundation. The Foundation reimburses the Academy for direct costs under the agreement. In addition, the Foundation pays the Academy an additional service fee equal to 22.2 percent of the aggregate allocated amount of the actual salaries, fringe benefits and payroll taxes and a flat fee of $25,000 per year. Fees paid under the administrative services agreement were $2,016,873 and $1,997,688 for 2025 and 2024, respectively. The Foundation also paid $609,343 in 2025 and $1,373,616 in 2024 for grants and related costs to the Academy.

The following amounts were provided to the Foundation as support from, or pass-through donations collected by, the Academy for the years ended December 31:

	2025	2024
Dues check-off (pass through donations)	$ 114,071	$ 130,802
Contributions directed through the Academy	494,521	161,687
Contributions from the Academy to the Foundation	158,000	20,000
Center for the History of Family Medicine support	23,000	22,000
Other	27,100	26,914
	$ 816,692	$ 361,403

Foundation accounts receivable included revenues and other support from the Academy of $34,797 and $45,001 at December 31, 2025 and 2024, respectively. Accounts payable include $652,959 and $952,996 at December 31, 2025 and 2024, respectively, due to the Academy by the Foundation for services and other items.

Insurance Services remitted reimbursements to the Academy for common administrative costs (postage, internet and telephone) and marketing expenses in the amount of $122,301 and $121,366 in 2025 and 2024, respectively.

The Academy, as the contract holder, controls certain plans administered by Insurance Services. Insurance Services administers Academy-sponsored life insurance plans and, pursuant to a royalty agreement relating thereto, incurred costs to the Academy of $55,226 and $62,848 for the years ended December 31, 2025 and 2024, respectively.

Note 8. Operating Leases

Nature of Leases

The Organization has entered into the following lease arrangement:

Operating Leases

The Foundation, through its wholly-owned subsidiary Insurance Services, had an operating lease for office space with the Academy that was terminated in 2025, resulting in a gain of $4,740. A new lease was signed for office space with the Academy which expires in 2030. This lease requires the Organization to pay additional rent, to be determined annually, for operating expenses, taxes and other rent provisions. Rental payments include minimum rentals, plus a fixed monthly fee for certain utilities. Lease payments have an escalating fee schedule, which is approximately a 2% increase each year. Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

All Leases

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2025 and 2024 are:

	2025	2024
Operating lease cost	$ 50,473	$ 73,725
Other information		
Cash paid for amounts included in the measurement of lease liabilities	48,895	73,210
Operating cash flows from operating leases		
Right-of-use assets obtained in exchange for new operating lease liabilities	246,189	252,186
Weighted average remaining lease term - operating	4.83	4.67
Weighted average discount rate - operating	3.720%	3.650%

Future minimum lease payments and reconciliation to the statement of financial position at December 31, 2025, are as follows:

2026	$ 53,100
2027	54,180
2028	55,260
2029	56,340
2030	47,700
Total future undiscounted lease payments	266,580
Less interest	(23,272)
Lease liabilities	$ 243,308

Note 9. Income Taxes

The provision for federal and state income taxes consists of the following components for the years ended December 31:

	2025	2024
Current expense	$ 528,500	$ 507,853
Deferred expense	(3,700)	16,000
Total income tax expense	$ 524,800	$ 523,853

A reconciliation of income tax expense at the statutory rate to the Organization's actual income tax expense is shown below:

	2025	2024
Computed at the statutory rate (21%)	$ 415,841	$ 412,346
Changes resulting from		
State income taxes - net of federal tax benefit	108,158	107,179
Other	801	4,328
Actual tax provision	$ 524,800	$ 523,853

The tax effects of temporary differences related to deferred taxes shown on the consolidated statements of financial position were:

	2025	2024
Deferred tax assets		
Accrued vacation	$ 4,300	$ 4,700
Unearned revenue	71,500	72,300
Deferred tax liability		
Book/tax difference on fixed assets	(1,100)	(6,000)
Net deferred tax asset	$ 74,700	$ 71,000

The above net deferred tax asset is presented on the consolidated statements of financial position as follows:

	2025	2024
Noncurrent deferred tax asset	$ 74,700	$ 71,000

Note 10. Profit Sharing Plan and 401(k) Plan

Insurance Services administers a non-contributory, defined contribution retirement plan (the Defined Contribution Plan) for its employees. All employees who have attained the age of 21 and completed 1,000 hours of service during a 12-month period are eligible. The right to discontinue the Defined Contribution Plan has been reserved by Insurance Services and, in such event, the trust fund must be used for the exclusive benefit of participants. Insurance Services' annual contribution for the Defined Contribution Plan is seven percent (7 percent) of each participant's annual salary. Additionally, Insurance Services has a 401(k) plan and Insurance Services matches employee contributions up to an additional four percent (4 percent) of compensation. Insurance Services contributed $66,617 and $69,550 to the plans in 2025 and 2024, respectively.

Retirement benefits for the Foundation are provided under the administrative services agreement with the Academy.

Note 11. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2025 and 2024:

		Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV (A)
December 31, 2025					
Investments					
Equity mutual funds	$ 20,728,242	$ 20,728,242	$ -	$ -	$ -
Fixed income mutual funds	1,811,727	1,811,727	-	-	-
Corporate bonds	3,427,535	2,323,774	1,103,761	-	-
Treasury and federal agency obligations	102,594	102,594	-	-	-
Alternative investments	1,267,467	-	-	-	1,267,467
Beneficial interest in trust assets	68,201	-	68,201	-	-
	27,405,766	$ 24,966,337	$ 1,171,962	$ -	$ 1,267,467
Cash and cash equivalents	12,814				
Total investments and beneficial interest in trusts	$ 27,418,580				
December 31, 2024					
Investments					
Equity mutual funds	$ 17,299,087	$ 17,299,087	$ -	$ -	$ -
Fixed income mutual funds	1,734,906	1,734,906	-	-	-
Corporate bonds	3,504,726	2,595,920	908,806	-	-
Treasury and federal agency obligations	98,975	98,975	-	-	-
Alternative investments	833,829	-	-	-	833,829
Beneficial interest in trust assets	64,065	-	64,065	-	-
	23,535,588	$ 21,728,888	$ 972,871	$ -	$ 833,829
Cash and cash equivalents	78,035				
Total investments and beneficial interest in trusts	$ 23,613,623				

(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 consolidated statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets and measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2025.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Fair value determinations for Level 3 measurements of securities are the responsibility of management. Management challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

Alternative Investments

Investments in certain entities measured at fair value using the net asset value per share as a practical expedient consist of the following:

	2025			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Period Notice
Private equity industries	$ 1,267,467	$ -	Quarterly	30 day window that opens 90 days prior to quarter-end

	2024			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Period Notice
Life settlements funds	$ 30,853	$ -	Semi-annual	180 days
Private equity industries	802,976	-	Quarterly	30 day window that opens 90 days prior to quarter-end
	$ 833,829	$ -		

Investments in alternative investments consist of open-ended investment funds specializing in the life settlements and private equity industries. Life settlements are financial transactions that involve the purchase of life insurance policies at a discount to their face value for investment purposes. Private equity funds pool invested money together and make investments on behalf of the fund. The fair values of the investments in these classes have been estimated using the net asset value per share of the investments.

Beneficial Interest in Trust Assets

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

Note 12. Significant Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant current vulnerabilities due to certain concentrations. This matter includes the following:

Beneficial Interest in Trust Assets

Approximately 89% and 88% of revenues from insurance agreements were generated from one insurance carrier during the years ended December 31, 2025 and 2024, respectively.

Note 13. Subsequent Events

Subsequent events have been evaluated through April 27, 2026, which is the date the consolidated financial statements were available to be issued.