American Academy of Family Physicians Foundation and Subsidiary

Independent Auditor’s Report and Consolidated Financial Statements

December 31, 2023 and 2022

American Academy of Family Physicians Foundation and Subsidiary
December 31, 2023 and 2022

Contents

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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, 2023, 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, 2023, 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, 2022, consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

FORVIS, LLP

West Des Moines, Iowa
April 29, 2024

American Academy of Family Physicians Foundation and Subsidiary
Consolidated Statement of Financial Position with Consolidating Information
December 31, 2023 (with Comparative Totals for 2022)

	2023				
Assets	**Foundation**	**Insurance Services**	**Eliminations**	**Consolidated Total**	**Comparative Totals for 2022**
Cash and cash equivalents	$ 2,266,210	$ 1,211,788	$ -	$ 3,477,998	$ 3,490,613
Cash and cash equivalents - premium account	-	2,837,641	-	2,837,641	2,986,866
Accounts receivable - trade	-	281,594	-	281,594	27,253
Accounts receivable - support	167,099	-	-	167,099	218,630
Prepaid expenses	197,685	23,499	-	221,184	150,130
Income tax receivable	-	49,214	-	49,214	88,879
Investments at fair value	21,484,868	-	-	21,484,868	18,920,671
Investment in subsidiary	1,703,829	-	(1,703,829)	-	-
Contributions receivable	100,430	-	-	100,430	99,307
Beneficial interest in trust assets	60,833	-	-	60,833	56,222
Deferred tax asset	-	87,000	-	87,000	87,000
Office equipment, furniture and fixtures, net of accumulated depreciation; 2023 - $966,581, 2022 - $909,941	68,836	34,487	-	103,323	157,187
Right of use assets - operating leases	-	55,192	-	55,192	135,191
	$ 26,049,790	$ 4,580,415	$ (1,703,829)	$ 28,926,376	$ 26,417,949
Liabilities and Net Assets					
Liabilities					
Accounts payable and accrued expenses	$ 873,620	$ 214,249	$ -	$ 1,087,869	$ 833,598
Premiums payable	-	2,318,635	-	2,318,635	2,436,594
Grant awards payable	90,701	-	-	90,701	55,155
Deferred revenue and advances	13,700	288,510	-	302,210	329,083
Liabilities under split-interest agreements	145,794	-	-	145,794	159,936
Operating lease liabilities	-	55,192	-	55,192	135,191
Total liabilities	1,123,815	2,876,586	-	4,000,401	3,949,557
Net Assets					
Without donor restrictions					
Undesignated	6,646,851	1,703,829	(1,703,829)	6,646,851	5,807,169
Designated by the Board					
Endowment	11,766,362	-	-	11,766,362	10,857,140
Special projects and programs	15,366	-	-	15,366	15,366
Total net assets without donor restrictions	18,428,579	1,703,829	(1,703,829)	18,428,579	16,679,675
With donor restrictions	6,497,396	-	-	6,497,396	5,788,717
Total net assets	24,925,975	1,703,829	(1,703,829)	24,925,975	22,468,392
Total liabilities and net assets	$ 26,049,790	$ 4,580,415	$ (1,703,829)	$ 28,926,376	$ 26,417,949

American Academy of Family Physicians Foundation and Subsidiary
Consolidated Statement of Activities with Consolidating Information
Year Ended December 31, 2023 (with Comparative Totals for 2022)

	2023				
	Foundation	Insurance Services	Eliminations	Consolidated Total	Comparative Totals for 2022
Net Assets Without Donor Restrictions					
Revenues, Gains and Other Support					
Grant revenue	$ 12,289	$ -	$ -	$ 12,289	$ 53,954
Corporate and chapter support	882,500	-	-	882,500	1,160,000
Individual contributions	593,878	-	-	593,878	536,036
Special events, net of direct expenses of $16,792 in 2023 and $9,793 in 2022	74,816	-	-	74,816	89,995
Investment return (loss)	1,857,382	-	-	1,857,382	(1,620,765)
Insurance agreement revenues		3,979,683	-	3,979,683	3,696,350
Net assets released from restrictions	976,472	-	-	976,472	1,751,312
Total revenues, gains and other support	4,397,337	3,979,683	-	8,377,020	5,666,882
Expenses and Losses					
Insurance services	-	2,505,601	-	2,505,601	2,323,757
Family Medicine Chapter Alliance	141,700	-	-	141,700	141,706
Center for the History of Family Medicine	190,259	-	-	190,259	183,853
Family Medicine Cares	422,101	-	-	422,101	415,943
Family Medicine Leads	297,298	-	-	297,298	276,812
Family Medicine Discovers	274,704	-	-	274,704	272,643
Research grants and awards	45,139	-	-	45,139	44,456
AAFP program grants	931,725	-	-	931,725	1,630,627
Program evaluation and support	319,751	-	-	319,751	393,853
Management and general	516,934		-	516,934	512,069
Fundraising and development	982,904	-	-	982,904	1,025,528
Total expenses and losses	4,122,515	2,505,601	-	6,628,116	7,221,247
Change in net assets without donor restrictions	274,822	1,474,082	-	1,748,904	(1,554,365)
Net Assets With Donor Restrictions					
Grant revenues	534,093	-	-	534,093	1,265,717
Corporate and chapter support	48,000	-	-	48,000	45,500
Individual contributions	386,180	-	-	386,180	477,563
Investment return	716,878	-	-	716,878	(617,792)
Net assets released from restrictions	(976,472)	-	-	(976,472)	(1,751,312)
Change in net assets with donor restrictions	708,679	-	-	708,679	(580,324)
Increase (Decrease) in Net Assets Before Earnings of Subsidiary and Dividends Paid	983,501	1,474,082	-	2,457,583	(2,134,689)
Earnings of Subsidiary	1,474,082	-	(1,474,082)	-	-
Dividends Paid	-	(1,425,000)	1,425,000	-	-
Increase (Decrease) in Net Assets	2,457,583	49,082	(49,082)	2,457,583	(2,134,689)
Net Assets, Beginning of Year	22,468,392	1,654,747	(1,654,747)	22,468,392	24,603,081
Net Assets, End of Year	$ 24,925,975	$ 1,703,829	$ (1,703,829)	$ 24,925,975	$ 22,468,392

American Academy of Family Physicians Foundation and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	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	-	-	-	-	-	-	55,000	-	55,000	-	-	-	55,000
Chapter grants	80,000	-	-	-	-	-	-	-	80,000	-	-	-	80,000
Disaster Relief disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-
Emerging Leader Institute scholarships and awards	-	-	-	46,000	-	-	-	8,350	54,350	-	-	-	54,350
Externship grants	-	-	-	-	-	30,000	-	-	30,000	-	-	-	30,000
Family Medicine Cares USA clinic grants	-	-	150,000	-	-	-	-	-	150,000	-	-	-	150,000
Family Medicine Cares COVID-19 Emergency Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
Family Medicine Student Grant Program	-	-	-	-	-	-	66,200	-	66,200	-	-	-	66,200
Familydoctor.org	-	-	-	-	-	-	100,000	-	100,000	-	-	-	100,000
Fellowships, lectureships and awards	-	5,000	121	-	-	-	-	4,950	10,071	200	714	-	10,985
Family Medicine Discovers -RAPSdi	-	-	-	-	80,000	-	-	-	80,000	-	-	-	80,000
International disbursements	-	-	5,452	-	-	-	-	-	5,452	-	-	-	5,452
Migraine Prevention & Treatment	-	-	-	-	-	-	-	-	-	-	-	-	-
National Conference scholarships	-	-	-	140,400	-	-	-	-	140,400	-	-	-	140,400
Salaries	-	-	-	-	-	-	-	-	-	-	-	732,581	732,581
Payroll Taxes	-	-	-	-	-	-	-	-	-	-	-	38,122	38,122
Profit sharing plan and 401(k) plan	-	-	-	-	-	-	-	-	-	-	-	61,565	61,565
Robert Graham Center Disb	-	-	-	-	-	-	75,000	37,000	112,000	-	-	-	112,000
Resident Service Awards	-	-	33,000	-	-	-	-	-	33,000	-	-	-	33,000
Incorporating Lifestyle Medicine into Practice	-	-	-	-	-	-	246,583	-	246,583	-	-	-	246,583
Leading Change for Physician Well-being	-	-	-	-	-	-	-	-	-	-	-	-	-
Physician Workforce Diversity	-	-	-	-	-	-	243,942	-	243,942	-	-	-	243,942
Board of Trustees	-	-	-	-	-	-	-	4,500	4,500	13,950	5,400	7,636	31,486
Professional Services	-	-	-	-	-	-	-	-	-	31,929	-	28,182	60,111
Contracted fees for service	57,683	164,268	215,266	83,040	194,430	15,139	-	208,866	938,692	393,257	651,060	-	1,983,009
Advertising and promotion	-	3,939	2,180	10,439	-	-	-	-	16,558	54	15,554	682,164	714,330
Office expenses	38	471	2,241	509	26	-	-	38	3,323	803	13,494	975	18,595
Information technology	-	2,346	-	-	-	-	-	468	2,814	4,252	59,350	33,863	100,279
Rent - office space	-	-	-	-	-	-	-	-	-	-	-	82,144	82,144
Travel	-	2,860	8,858	2,648	-	-	-	17,677	32,043	34,587	25,124	17,334	109,088
Conferences and meetings	3,620	-	4,505	12,628	-	-	-	-	20,753	17,641	125,091	-	163,485
Depreciation	-	2,033	-	-	-	-	-	37,440	39,473	-	-	15,753	55,226
Insurance	-	4,157	-	-	-	-	-	-	4,157	7,684	-	101,534	113,375
Design and printing	300	646	10	1,634	248	-	-	60	2,898	1,744	56,837	-	61,479
Training and development	-	948	-	-	-	-	-	402	1,350	4,603	-	56	6,009
Credit card fees and bank charges	-	-	50	-	-	-	-	-	50	591	16,920	-	17,561
Commission and royalty	-	-	-	-	-	-	-	-	-	-	-	62,545	62,545
Income tax	-	-	-	-	-	-	-	-	-	-	-	535,000	535,000
Other	59	3,591	418	-	-	-	-	-	4,068	5,639	13,360	106,147	129,214
	$ 141,700	$ 190,259	$ 422,101	$ 297,298	$ 274,704	$ 45,139	$ 931,725	$ 319,751	$ 2,622,677	$ 516,934	$ 982,904	$ 2,505,601	$ 6,628,116

American Academy of Family Physicians Foundation and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	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	-	-	-	-	-	-	55,000	-	55,000	-	-	-	55,000
Chapter grants	81,525	-	-	-	-	-	-	-	81,525	-	-	-	81,525
Disaster Relief disbursements	-	-	-	-	-	-	-	110,000	110,000	-	-	-	110,000
Emerging Leader Institute scholarships and awards	-	-	-	40,000	-	-	-	8,800	48,800	-	-	-	48,800
Externship grants	-	-	-	-	-	30,000	-	-	30,000	-	-	-	30,000
Family Medicine Cares USA clinic grants	-	-	149,476	-	-	-	-	-	149,476	-	-	-	149,476
Family Medicine Student Grant Program	-	-	-	-	-	-	50,100	-	50,100	-	-	-	50,100
Familydoctor.org	-	-	-	-	-	-	100,000	-	100,000	-	-	-	100,000
Fellowships, lectureships and awards	-	3,000	-	-	-	-	-	8,300	11,300	-	529	-	11,829
Family Medicine Discovers -RAPSdi	-	-	-	-	80,000	-	-	-	80,000	-	-	-	80,000
International disbursements	-	-	4,000	-	-	-	-	-	4,000	-	-	-	4,000
National Conference scholarships	-	-	-	135,600	-	-	-	-	135,600	-	-	-	135,600
Robert Graham Policy Center	-	-	-	-	-	-	75,000	12,000	87,000	-	-	-	87,000
Resident Service Awards	-	-	35,000	-	-	-	-	-	35,000	-	-	-	35,000
Incorporating Lifestyle Medicine into Practice	-	-	-	-	-	-	238,860	-	238,860	-	-	-	238,860
Leading Change for Physician Well-being	-	-	-	-	-	-	966,667	-	966,667	-	-	-	966,667
Salaries	-	-	-	-	-	-	-	-	-	-	-	902,592	902,592
Payroll Taxes	-	-	-	-	-	-	-	-	-	-	-	51,673	51,673
Profit sharing plan and 401(k) plan	-	-	-	-	-	-	-	-	-	-	-	80,763	80,763
Board of Trustees	-	-	-	-	-	-	-	3,350	3,350	12,900	4,550	8,163	28,963
Professional Services	-	-	1,373	1,373	-	-	-	-	2,746	30,408	2,684	21,908	57,746
Contracted fees for service	55,304	155,040	202,175	89,387	191,114	14,454	-	197,574	905,048	366,718	578,905	-	1,850,671
Advertising and promotion	-	1,106	3,131	-	-	-	-	-	4,237	-	23,233	344,654	372,124
Office expenses	17	432	529	248	-	2	-	87	1,315	1,613	58,429	1,704	63,061
Information technology	-	3,882	-	-	-	-	-	384	4,266	1,719	59,197	35,918	101,100
Rent - office space	-	-	-	-	-	-	-	-	-	-	-	80,512	80,512
Travel	1,748	5,713	13,480	3,639	1,529	-	-	15,662	41,771	38,749	25,631	7,912	114,063
Conferences and meetings	3,053	5,995	4,927	4,594	-	-	-	-	18,569	38,731	131,955	5,380	194,635
Depreciation	-	1,172	-	-	-	-	-	37,440	38,612	-	-	2,773	41,385
Insurance	-	3,767	-	-	-	-	-	-	3,767	7,428	-	116,248	127,443
Design and printing	-	999	1,060	1,134	-	-	-	6	3,199	2,867	103,649	-	109,715
Training and development	-	566	-	-	-	-	-	250	816	3,315	788	305	5,224
Credit card fees and bank charges	-	-	-	150	-	-	-	-	150	2,605	16,770	-	19,525
Commission and royalty	-	-	-	-	-	-	-	-	-	-	-	67,273	67,273
Income tax	-	-	-	-	-	-	-	-	-	-	-	496,600	496,600
Other	59	2,181	792	687	-	-	-	-	3,719	5,016	19,208	99,379	127,322
	$ 141,706	$ 183,853	$ 415,943	$ 276,812	$ 272,643	$ 44,456	$ 1,630,627	$ 393,853	$ 3,359,893	$ 512,069	$ 1,025,528	$ 2,323,757	$ 7,221,247

American Academy of Family Physicians Foundation and Subsidiary
Consolidated Statement of Cash Flows with Consolidating Information
Year Ended December 31, 2023 (with Comparative Totals for 2022)

	2023				
	Foundation	**Insurance Services**	**Eliminations**	**Consolidated Total**	**Comparative Totals for 2022**
Operating Activities					
Change in net assets before dividends paid	$ 2,457,583	$ 1,474,082	$ (1,474,082)	$ 2,457,583	$ (2,134,689)
Items not requiring (used in) operating cash flows					
Depreciation	39,474	15,753	-	55,227	41,385
Net realized and unrealized gains on investments	(1,942,427)	-	-	(1,942,427)	2,784,013
Gain on split-interest agreements	(37,590)	-	-	(37,590)	23,569
Contributions of investment securities	(8,689)	-	-	(8,689)	(8,727)
Contributions and investment income received restricted for long-term investment	99,611	-	-	99,611	(202,658)
Change in investment in subsidiary	(49,082)	-	49,082	-	-
Deferred income taxes	-	-	-	-	300
Changes in					
Accounts receivable	51,531	(254,341)	-	(202,810)	(60,962)
Prepaid expenses and other	(66,054)	(9,371)	-	(75,425)	(82,682)
Contributions receivable	(1,123)	-	-	(1,123)	(47,988)
Accounts payable and accrued expenses	141,164	113,107	-	254,271	431,113
Premiums payable	-	(117,960)	-	(117,960)	(58,833)
Grant awards payable	35,546	-	-	35,546	(32,736)
Deferred revenue and advances	(15,900)	(10,973)	-	(26,873)	25,540
Federal and state income taxes payable	-	39,665	-	39,665	(27,451)
Net cash provided by (used in) operating	704,044	1,249,962	(1,425,000)	529,006	649,194
Investing Activities					
Purchase of office equipment, furniture and fixtures	-	(1,363)	-	(1,363)	(35,741)
Purchase of investments	(1,428,735)	-	-	(1,428,735)	(1,766,334)
Sales and maturities of investments	929,276	-	-	929,276	1,246,109
Net cash used in investing activities	(499,459)	(1,363)	-	(500,822)	(555,966)
Financing Activities					
Proceeds from contributions and investment income restricted for long-term investment	(99,611)	-	-	(99,611)	202,658
Payments on annuities	(9,770)	-	-	(9,770)	(9,770)
Cash dividends paid	-	(1,425,000)	1,425,000	-	-
Net cash provided by (used in) financing activities	(109,381)	(1,425,000)	1,425,000	(109,381)	192,888
Increase (Decrease) in Cash and Cash Equivalents	95,204	(176,401)	-	(81,197)	286,116
Cash and Cash Equivalents, Beginning of Year	2,279,794	4,225,830	-	6,505,624	6,219,508
Cash and Cash Equivalents, End of Year	$ 2,374,998	$ 4,049,429	$ -	$ 6,424,427	$ 6,505,624
Reconciliation of Cash and Cash Equivalents to the Statement of Financial Position					
Cash and cash equivalents	$ 2,266,210	$ 1,211,788	$ -	$ 3,477,998	$ 3,490,613
Cash and cash equivalents - premium account	-	2,837,641	-	2,837,641	2,986,866
Cash in investments	108,788	-	-	108,788	28,145
	$ 2,374,998	$ 4,049,429	$ -	$ 6,424,427	$ 6,505,624
Supplemental Cash Flows Information					
Income taxes paid	$ -	$ 495,335	$ -	$ 495,335	$ 523,862

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, 2023 and 2022, cash and cash equivalents consisted primarily of deposit accounts and a money market account with a financial institution.

At December 31, 2023, the Organization's deposit accounts exceeded federally insured limits by approximately $5,935,000.

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, 2023 and 2022; 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, 2023 and 2022. The insurance carrier and the insured are located throughout the United States of America.

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, 2023 and 2022.

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.

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 $682,000 and $345,000 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022:

	2023	2022
Timing of revenue and recognition		
At a point in time	$ 2,712,536	$ 2,396,054
Over a period of time	1,267,147	1,300,296
Total	$ 3,979,683	$ 3,696,350

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:

	2023	2022
Accounts receivable, beginning of year	$ 27,253	$ 36,733
Accounts receivable, end of year	281,594	27,253
Contract liabilities, beginning of year	299,483	303,543
Contract liabilities, end of year	288,510	299,483

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 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 two charitable remainder unitrusts. The trusts provide for a lifetime benefit to be paid to the donor or other designated beneficiary. Upon the death of the beneficiaries, the remaining trust assets are distributed in accordance with the trust document.

The Foundation is the trustee and sole remainder beneficiary of one of the trusts. During 2023, the designated beneficiaries converted this trust to an endowment for the Foundation. The trust assets are included in investments in the Foundation's consolidated statement of financial position. The liability was recognized as a present value adjustment on the consolidated statement of activities. The fair values of the trust assets were $40,279 as of December 31, 2022. The Foundation had recorded a liability at December 31, 2022 of $15,857, which represented the present value of the future obligations to make distributions to the designated beneficiaries. The liability was removed during 2023 and recognized as a present value adjustment on the consolidated statement of activities.

The second trust is administered by an outside party. Therefore, the estimated value of the expected future cash flows of $60,833 and $56,222, which represents the fair value of the trust assets at December 31, 2023 and 2022, 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 $118,166 and $110,495 as of December 31, 2023 and 2022, 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 $22,728 and $22,448 as of December 31, 2023 and 2022, 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, 2023 and 2022 of $123,066 and $121,630, 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:

	2023	2022
Net Assets With Donor Restrictions		
Subject to expenditure for specified purpose		
Center for the History of Family Medicine	$ 15,664	$ 15,664
Disaster Relief	122,095	66,851
Family Medicine Cares	394,433	423,364
Family Medicine Discovers	53,236	58,440
Family Medicine Leads	155,833	175,182
Lectureships	168,923	145,238
Special Projects	143,311	153,013
	1,053,495	1,037,752
Subject to the passage of time		
Assets held under split-interest agreements	140,950	148,249

	2023	2022
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Center for the History of Family Medicine	1,323,395	1,086,094
Family Medicine Cares	93,127	63,538
Family Medicine Leads	182,441	91,435
Family Medicine Discovers	38,185	23,658
Lectureships	19,267	11,935
Robert Graham Policy Center	204,824	162,699
Special Projects	1,650	-
	1,862,889	1,439,359
Subject to NFP endowment spending policy and appropriation		
Center for the History of Family Medicine	1,387,764	1,322,064
Family Medicine Cares	239,097	227,527
Family Medicine Leads	1,044,440	870,986
Lectureships	75,778	65,778
Family Medicine Discovers	115,066	115,066
Robert Graham Policy Center	420,655	413,655
Unconditional promises to give, net - permanently restricted to Family Medicine Leads	66,319	81,217
Unconditional promises to give, net - permanently restricted to Family Medicine Cares	30,110	14,132
Underwater endowments - Family Medicine Leads	-	(1,510)
Underwater endowments - Special Projects	-	(1,780)
	3,379,229	3,107,135
Not subject to spending policy and appropriation		
Beneficial interest in assets held by outside party	45,625	42,166
Beneficial interest in perpetual trusts held by outside party	15,208	14,056
	60,833	56,222
	$ 6,497,396	$ 5,788,717

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.

	2023	2022
Satisfaction of purpose restrictions		
Disaster relief	$ 2,908	$ 117,976
Family Medicine Cares	129,977	141,204
Family Medicine Discovers	15,000	-
Family Medicine Leads	97,000	65,000
Lectureships	2,500	5,000
Special projects	557,425	1,269,715
	804,810	1,598,895
Restricted-purpose spending-rate distributions and appropriations		
Center for the History of Family Medicine	91,794	85,667
Family Medicine Cares	9,518	9,000
Family Medicine Discovers	5,000	15,000
Family Medicine Leads	25,900	29,000
Lectureships	2,450	1,750
Robert Graham Policy Center	37,000	12,000
	171,662	152,417
	$ 976,472	$ 1,751,312

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 twenty-eight 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, 2023 and 2022, was:

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2023			
Board-designated endowment funds	$ 11,766,360	$ -	$ 11,766,360
Donor-designated endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	3,379,231	3,379,231
Accumulated investment gains	-	1,862,887	1,862,887
Total endowment funds	$ 11,766,360	$ 5,242,118	$ 17,008,478
December 31, 2022			
Board-designated endowment funds	$ 10,857,142	$ -	$ 10,857,142
Donor-designated endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	-	3,110,426	3,110,426
Accumulated investment gains	-	1,436,068	1,436,068
Total endowment funds	$ 10,857,142	$ 4,546,494	$ 15,403,636

Changes in endowment net assets for the years ended December 31, 2023 and 2022 were:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2022	$ 12,769,840	$ 4,996,558	$ 17,766,398
Investment return, net	(1,362,714)	(528,106)	(1,890,820)
Contributions	360	230,459	230,819
Appropriation of endowment assets for expenditures	(3,000)	(66,750)	(69,750)
Other transfers	(547,344)	(85,667)	(633,011)
Endowment net assets, December 31, 2022	10,857,142	4,546,494	15,403,636
Investment return, net	1,486,439	616,488	2,102,927
Contributions	90	210,519	210,609
Appropriation of endowment assets for expenditures	(2,000)	(79,866)	(81,866)
Other transfers	(575,311)	(51,517)	(626,828)
Endowment net assets, December 31, 2023	$ 11,766,360	$ 5,242,118	$ 17,008,478

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, 2023 and 2022, funds with original gift values of $- and $76,391; fair values of $- and $73,101; and deficiencies of $- and $3,290, respectively, were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

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, 2023 and 2022.

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, 2023		
	Foundation	Insurance Services	Total
Cash and cash equivalents	$ 2,266,210	$ 1,211,788	$ 3,477,998
Accounts receivable	167,099	281,594	448,693
Operating investments	3,462,431	-	3,462,431
Promises to give	100,429	-	100,429
Endowment spending-rate distributions and appropriations	1,057,538	-	1,057,538
	$ 7,053,707	$ 1,493,382	$ 8,547,089

	December 31, 2022		
	Foundation	Insurance Services	Total
Cash and cash equivalents	$ 2,251,649	$ 1,238,964	$ 3,490,613
Accounts receivable	218,630	27,253	245,883
Operating investments	2,536,723	-	2,536,723
Promises to give	99,306	-	99,306
Endowment spending-rate distributions and appropriations	1,048,674	-	1,048,674
	$ 6,154,982	$ 1,266,217	$ 7,421,199

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 $11,766,360 is subject to a spending rate set annually by the board of trustees. The approved spending rate for 2023 and 2022 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 $2,034,044 and $1,984,310 for 2023 and 2022, respectively. The Foundation also paid $1,060,508 in 2023 and $2,216,446 in 2022 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:

	2023	2022
Dues check-off (pass through donations)	$ 151,596	$ 161,835
Contributions directed through the Academy	81,065	76,638
Contributions from the Academy to the Foundation	23,235	18,000
Center for the History of Family Medicine support	21,000	20,000
Other	25,650	23,235
	$ 302,546	$ 299,708

Foundation accounts receivable included revenues and other support from the Academy of $34,470 and $43,178 at December 31, 2023 and 2022, respectively. Accounts payable include $340,097 and $451,673 at December 31, 2023 and 2022, 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 $180,501 and $123,966 in 2023 and 2022, 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 $62,545 and $67,273 for the years ended December 31, 2023 and 2022, respectively.

Note 8. Operating Leases

Accounting Policies

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of 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 Organization determines lease classification as operating or finance at the lease commencement date.

The Organization allocates the consideration to the lease and nonlease components using their relative standalone values.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability. 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 weighted average discount rate at December 31, 2023 and 2022, was .95 percent.

Nature of Leases

The Organization has entered into the following lease arrangement:

Operating Leases

The Foundation, through its wholly-owned subsidiary Insurance Services, has entered into a noncancellable operating lease for office space with the Academy, which expires in 2024. This lease requires the Company 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 expense for the years ended December 31, 2023 and 2022 was $82,144 and $80,512, respectively.

All Leases

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

Future minimum lease payments and reconciliation to the balance sheet at December 31, 2023, are as follows:

Total future undiscounted lease payments	$ 55,488
Less interest	(296)
Lease liabilities	$ 55,192

Note 9. Income Taxes

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

	2023	2022
Current expense	$ 535,000	$ 496,300
Deferred expense	-	300
Total income tax expense	$ 535,000	$ 496,600

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

	2023	2022
Computed at the statutory rate (21%)	$ 421,907	$ 392,531
Changes resulting from:		
State income taxes - net of federal tax benefit	109,515	101,890
Other	3,578	2,179
Actual tax provision	$ 535,000	$ 496,600

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

	2023	2022
Deferred tax assets		
Accrued vacation	$ 10,100	$ 10,100
Unearned revenue	77,900	77,900
Deferred tax liability		
Book/tax difference on fixed assets	(1,000)	(1,000)
Net deferred tax asset	$ 87,000	$ 87,000

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

	2023	2022
Noncurrent deferred tax asset	$ 87,000	$ 87,000

Note 10. Commitments

During 2022, Insurance Services entered into a two-year employment contract with the President of the Insurance Services, effective January 1, 2023. This contract provides for a base compensation, including a fixed salary, along with incentive compensation based on dividends paid.

Note 11. 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 $61,565 and $80,763 to the plans in 2023 and 2022, respectively.

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

Note 12. 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, 2023 and 2022:

		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, 2023					
Investments					
Equity mutual funds	$ 16,423,750	$ 16,423,750	$ -	$ -	$ -
Fixed income mutual funds	1,673,469	1,673,469	-	-	-
Corporate bonds	2,479,279	-	2,479,279	-	-
Treasury and federal agency obligations	99,480	-	99,480	-	-
Alternative investments	700,103	-	-	-	700,103
Beneficial interest in trust assets	60,832	-	60,832	-	-
	21,436,913	$ 18,097,219	$ 2,639,591	$ -	$ 700,103
Cash and cash equivalents	108,788				
Total investments and beneficial interest in trusts	$ 21,545,701				
December 31, 2022					
Investments					
Equity mutual funds	$ 14,162,220	$ 14,162,220	$ -	$ -	$ -
Fixed income mutual funds	1,678,746	1,678,746	-	-	-
Corporate bonds	2,089,509	-	2,089,509	-	-
Treasury and federal agency obligations	217,755	-	217,755	-	-
Alternative investments	744,296	-	-	-	744,296
Beneficial interest in trust assets	56,222	-	56,222	-	-
	18,948,748	$ 15,840,966	$ 2,363,486	$ -	$ 744,296
Cash and cash equivalents	28,145				
Total investments and beneficial interest in trusts	$ 18,976,893				

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

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, 2023.

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:

		2023		
	Fair Value	**Unfunded Commitment**	**Redemption Frequency**	**Redemption Period Notice**
Life settlements funds	$ 98,391	$ -	Semi-annual	180 days
Private equity industries	601,712	-	Quarterly	30 day window that opens 90 days prior to quarter end
	$ 700,103	$ -		

		2022		
	Fair Value	**Unfunded Commitment**	**Redemption Frequency**	**Redemption Period Notice**
Life settlements funds	$ 437,177	$ -	Semi-annual	180 days
Private equity industries	307,119	-	Quarterly	30 day window that opens 90 days prior to quarter end
	$ 744,296	$ -		

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 13. Subsequent Events

Subsequent events have been evaluated through April 29, 2024, which is the date the consolidated financial statements were available to be issued.