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AIR & SPACE FORCES AID SOCIETY, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

AIR & SPACE FORCES AID SOCIETY, INC.

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Independent Auditors' Report

The Board of Directors of
Air & Space Forces Aid Society, Inc.

Opinion

We have audited the financial statements of Air & Space Forces Aid Society, Inc. (the "Society"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society'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 audits.

CBIZ CPAs P.C.

Washington, D.C.
November 19, 2026

AIR & SPACE FORCES AID SOCIETY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 5,826,746	$ 1,473,467
Investments	269,029,397	240,137,873
Emergency assistance and education loans receivable, net of expected credit losses totaling $58,766 and $49,842, respectively	2,467,619	2,370,298
Promises to give	50,996	173,323
Other assets	625,667	678,319
Property and equipment, net	39,226	31,738
Total Assets	$ 278,039,651	$ 244,865,018
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 113,291	$ 194,728
Refundable advances	118,000	111,277
Other liabilities	393,498	415,520
Total Liabilities	624,789	721,525
Net Assets		
Without donor restrictions	274,299,507	241,719,615
With donor restrictions	3,115,355	2,423,878
Total Net Assets	277,414,862	244,143,493
Total Liabilities and Net Assets	$ 278,039,651	$ 244,865,018

The accompanying notes are an integral part of these financial statements.

AIR & SPACE FORCES AID SOCIETY, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2025 and 2024

	2025	2024
Revenue and Support		
Contributions		
Air Force Assistance Fund	$ 610,787	$ 631,119
Other donations	10,166,796	2,833,011
Donated non-financial assets	514,840	375,934
Total Contributions	11,292,423	3,840,064
Investment income, net	36,802,941	22,630,535
Other income	132,338	330,818
Net assets released from restrictions	98,063	148,671
Total Revenue and Support	48,325,765	26,950,088
Expenses		
Program Services		
Emergency assistance	5,424,350	7,954,740
Educational assistance	4,667,777	4,154,760
Community enhancement	1,493,661	2,021,597
Total Program Services	11,585,788	14,131,097
Supporting Services		
Management and general	3,128,982	2,078,387
Fundraising	1,031,103	1,127,020
Total Supporting Services	4,160,085	3,205,407
Total Expenses	15,745,873	17,336,504
Change in Net Assets Without Donor Restrictions	$ 32,579,892	$ 9,613,584
Activities With Donor Restrictions		
Contributions	$ 448,257	$ 183,000
Endowment investment income, net	341,283	207,773
Net assets released from restrictions	(98,063)	(148,671)
Change in Net Assets With Donor Restrictions	691,477	242,102
Change in Net Assets	33,271,369	9,855,686
Net Assets - Beginning of Year	244,143,493	234,287,807
Net Assets - End of Year	$ 277,414,862	$ 244,143,493

The accompanying notes are an integral part of these financial statements.

AIR & SPACE FORCES AID SOCIETY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2025

	Program Services				Supporting Services			
	Emergency Assistance	Education Assistance	Community Enhancement	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Grants and loan conversions	$ 3,160,932	$ 4,066,802	$ 1,140,198	$ 8,367,932	$ --	$ --	$ --	$ 8,367,932
Salary and benefits	1,723,320	472,761	177,284	2,373,365	2,187,447	740,378	2,927,825	5,301,190
Miscellaneous	162,102	30,642	13,645	206,389	124,147	57,938	182,085	388,474
Occupancy	90,167	19,216	19,216	128,599	240,938	--	240,938	369,537
Professional services	104,500	27,220	10,089	141,809	152,431	38,433	190,864	332,673
IT systems upgrade/maintenance	50,758	13,627	67,552	131,937	93,924	29,586	123,510	255,447
Depreciation and amortization	88,457	21,745	6,967	117,169	70,301	23,645	93,946	211,115
Marketing	3,631	3,631	3,631	10,893	127,521	57,876	185,397	196,290
Accounting fees	--	--	--	--	75,754	--	75,754	75,754
Office Expense	16,187	4,559	4,014	24,760	18,386	31,907	50,293	75,053
Bad debt	4,163	2,445	2,445	9,053	12,434	42,460	54,894	63,947
Travel	299	253	47,058	47,610	9,937	3,578	13,515	61,125
Insurance	15,465	3,802	1,218	20,485	12,290	4,134	16,424	36,909
Maintenance agreements/contracts	4,369	1,074	344	5,787	3,472	1,168	4,640	10,427
Total Expenses	$ 5,424,350	$ 4,667,777	$ 1,493,661	$ 11,585,788	$ 3,128,982	$ 1,031,103	$ 4,160,085	$ 15,745,873

The accompanying notes are an integral part of these financial statements.

AIR & SPACE FORCES AID SOCIETY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

	Program Services				Supporting Services			
	Emergency Assistance	Education Assistance	Community Enhancement	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Grants and loan conversions	$ 6,169,947	$ 3,627,742	$ 678,151	$ 10,475,840	$ --	$ --	$ --	$ 10,475,840
Salary and benefits	1,254,536	385,947	1,195,396	2,835,879	1,218,229	635,247	1,853,476	4,689,355
Professional services	121,910	38,570	20,172	180,652	174,929	93,783	268,712	449,364
Occupancy	91,728	19,549	19,549	130,826	245,109	--	245,109	375,935
Miscellaneous	131,716	32,147	27,612	191,475	142,512	34,621	177,133	368,608
IT systems upgrade/maintenance	60,221	15,716	39,872	115,809	88,031	28,688	116,719	232,528
Depreciation and amortization	81,271	19,978	6,401	107,650	64,590	21,724	86,314	193,964
Charity events	--	--	--	--	--	181,157	181,157	181,157
Office expenses	24,410	7,551	9,048	41,009	32,711	48,135	80,846	121,855
Marketing	3,613	3,613	3,613	10,839	14,098	77,133	91,231	102,070
Accounting fees	--	--	--	--	72,566	--	72,566	72,566
Travel	233	219	20,587	21,039	13,359	2,445	15,804	36,843
Insurance	10,075	2,477	793	13,345	8,007	2,693	10,700	24,045
Maintenance agreements/contracts	5,080	1,251	403	6,734	4,246	1,394	5,640	12,374
Total Expenses	$ 7,954,740	$ 4,154,760	$ 2,021,597	$ 14,131,097	$ 2,078,387	$ 1,127,020	$ 3,205,407	$ 17,336,504

The accompanying notes are an integral part of these financial statements.

AIR & SPACE FORCES AID SOCIETY, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	$ 33,271,369	$ 9,855,686
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Donated stock	(6,522)	(6,566)
Depreciation and amortization	19,836	21,548
Amortization of cloud computing implementation costs	191,279	172,416
Net realized and unrealized gain on investments	(34,135,815)	(17,493,833)
Contributions restricted for perpetual endowment	(91,250)	(7,000)
Changes in assets and liabilities:		
Emergency assistance and education loans receivable	(97,321)	757,737
Promises to give	122,327	(81,387)
Other assets	(138,627)	(116,476)
Accounts payable and accrued expenses	(81,437)	(128,669)
Refundable advances	6,723	(76,275)
Taxes payable	--	(53,500)
Other liabilities	(22,022)	(167,318)
Net Cash Used in Operating Activities	(961,460)	(7,323,637)
Cash Flows From Investing Activities		
Purchases of investments	(66,769,612)	(38,276,416)
Proceeds from sales and maturities of investments	72,020,425	45,681,542
Purchases of property and equipment	(27,324)	--
Net Cash Provided by Investing Activities	5,223,489	7,405,126
Cash Flows From Financing Activities		
Contribution restricted for perpetual endowment	91,250	7,000
Net Cash Provided by Financing Activities	91,250	7,000
Net Increase in Cash and Cash Equivalents	4,353,279	88,489
Cash and Cash Equivalents - Beginning of Year	1,473,467	1,384,978
Cash and Cash Equivalents - End of Year	$ 5,826,746	$ 1,473,467

The accompanying notes are an integral part of these financial statements.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Air & Space Forces Aid Society, Inc. (the "Society") is designated as the official charity of the United States Air Force ("USAF" or "Air Force") and is incorporated under the laws of Virginia as a private, nonprofit organization. Effective September 18, 2025, the Society changed its name to the Air & Space Forces Aid Society, Inc. The Society's three-pronged charter promotes the Air and Space Forces' mission by providing emergency financial assistance to Air and Space Force members and their families, sponsoring education assistance programs and offering a variety of base community enhancement programs that impact member/family welfare.

The Society operates worldwide at every major USAF installation. The Society's programs to provide relief loans and grants are administered, in part, by a centralized team at the Society's headquarters. Military and Family Readiness Centers located at bases provide communication and information support.

PROGRAM SERVICES

The Society's operations include the following program services:

Education Assistance

General H.H. Arnold Education Grant Program: This program provides needs-based grants to sons, daughters and spouses of Air and Space Forces members who are enrolled full time in undergraduate programs. The amount of the grant a student receives is based on the financial need of the family and ranges from $2,000 to $5,000.

Merit-based and GRIT-based Scholarships: In addition to needs-based grants, the Society also provides $5,000 merit-based and GRIT-based scholarships to the top incoming college and university freshmen students. The selection process involves the evaluation of cumulative GPA, high school transcripts and a written essay on a specific topic designated by the Society.

Emergency Assistance

This program provides interest free loans and grants to Air and Space Forces members, retirees and widows based on the individual situation. These loans and grants are provided to meet immediate financial needs in an emergency situation as a step toward a lasting solution to a problem. Eligible members may apply through a standard application and assistance may be given in the form of a grant, interest free loan or combination of both.

Disaster Relief: In addition to its standard emergency financial assistance, the Society provides financial assistance to Air and Space Forces members and their families affected by natural disasters, such as hurricanes, typhoons, wildfires and floods, and other catastrophic events. The Society works with installation commanders and Military and Family Readiness Centers to help personnel and their families with immediate recovery needs, including food, gas, and personal hygiene items. Disaster assistance is included in emergency assistance program expenses in the accompanying financial

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROGRAM SERVICES (CONTINUED)

Emergency Assistance (Continued)
statements. No disaster assistance was provided during the year ended December 31, 2025, as there were no disaster events that required the Society to activate this assistance.

Community Enhancement
This program includes individual programs in three main areas: Child Care, Parenting, and Spouse (education/orientation/job skills). These programs are designed to improve quality of life and to meet current and emerging needs of Air and Space Forces members during all stages of their career/life.

Supporting Services
The Society's operations include the following supporting services:

Management and General
Management and general expenses include those costs that provide for the overall support and direction of the Society.

Fundraising
Fundraising activities include providing support materials for the Air Force Assistance Fund ("AFAF") Campaign, in addition to publicizing and conducting other fundraising activities that may involve soliciting contributions from individuals, corporations and others. These costs also include the costs of the Society's biggest fundraising event, the Air and Space Forces Charity Gala, which generated $283,962 and $519,105 for the Society, net of all event expenses, during the years ended December 31, 2025 and 2024, respectively. The net amounts are included as part of other donations in the accompanying statements of activities.

A summary of the Society's significant accounting policies follows:

BASIS OF PRESENTATION
The financial statement presentation follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). As required by the Non-Profit Entities Topic of the FASB ASC, the Society is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets With Donor Restrictions
Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Society reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Net Assets With Donor Restrictions (Continued)

accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions with donor-imposed restrictions that are met in the same year as received are reported as revenues without donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. These net assets of the Society consisted only of undesignated net assets, which are funds currently available to support the Society's daily operations.

CASH AND CASH EQUIVALENTS

Cash on-hand, deposits in banks and short-term highly liquid debt instruments are considered to be cash and cash equivalents as the investments can be sold prior to maturity, although some may generate an early withdrawal penalty. Money market investments managed at the discretion of the investment manager are considered to be investments.

INVESTMENTS

All investments are carried at fair value and are held for long-term purposes to provide continuous funding in support of the Society's mission.

The Society invests in alternative investments that include non-registered investment funds and limited partnerships. The Society follows the authoritative guidance under GAAP that permits the use of the net asset value ("NAV"), as calculated and reported by the manager of the fund, as a practical expedient for fair value based on estimates provided by the respective investment managers, if quoted market values are not readily determinable.

If the NAV reported by the manager is not available as of the valuation date, then the most recent NAV is adjusted to reflect any material events that would change the estimated fair value. The investment manager may also adjust the NAV reported if the underlying fund is likely to be sold at a value that is materially different from the reported NAV, or if the accounting principles used in the calculation of the NAV differ materially from GAAP. As of December 31, 2025 and 2024, all of the Society's alternative investment funds were valued at the reported NAV as a practical expedient.

The fair values assigned to the alternative investment funds are based on available information and may differ from the fair values that would have been used had a ready market for such investments existed, and such differences could be material to the financial statements. The amounts that might ultimately be realized depend on future circumstances and cannot reasonably be determined until the individual investments are liquidated.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS (CONTINUED)

Investment income, net consists of interest, dividends, and realized and unrealized gains on investments. Interest income is recognized as earned, and dividend income is recognized on the ex-dividend date. Realized gains are determined using the specific identification method and represent the difference between the proceeds received upon sale and the original cost of the securities sold. Investment income is reported net of investment-related expenses in the accompanying statement of activities.

FINANCIAL RISK

The Society maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Society.

The Society also invests funds in a professionally managed portfolio that contains various securities detailed in Note 2. Management believes the fund managers' estimates to be reasonable approximations of the fair values of these investments.

Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in these risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

EMERGENCY ASSISTANCE AND EDUCATION LOANS RECEIVABLE

Loans receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The loss rate is based on management's historical collection experience, adjusted for management's expectations as well as current and future economic conditions. As of December 31, 2025 and 2024, the Society had not increased its historical loss rates. During the years ended December 31, 2025 and 2024, the expected credit loss expense totaled $63,947 and $9,040, respectively.

PROPERTY AND EQUIPMENT

Purchases of property and equipment in excess of $1,000 are capitalized. Depreciation of property is provided on the straight-line basis over the estimated service lives of the assets, which range from three to eight years. Capitalized software is included in property and equipment and is amortized over the estimated service life of the software, which is three years. Donated property is recorded at its fair value at the date of donation.

IMPAIRMENT POLICY

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT POLICY (CONTINUED)

expected to be generated by the asset. If such assets are impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. During the years ended December 31, 2025 and 2024, management did not consider any property or equipment to be impaired.

REFUNDABLE ADVANCES

Conditional grants for which the Society has received funding in advance are included as refundable advances until the donor-imposed conditions have been met. The donor-imposed conditions relate to future events and limited discretion over expenditures.

OTHER LIABILITIES

Other liabilities include employee wage and leave accruals, program grant liabilities and the present value of post-retirement life insurance benefits.

CONTRIBUTIONS

The Society receives contributions from Air and Space Force members through the Air Force Assistance Fund ("AFAF") as well as other contributions that are received directly from individuals and organizations. The Society is one of four affiliates of the AFAF. The annual AFAF Campaign, which is managed within the Air Force, includes solicitation on behalf of the Society. Air and Space Force members can designate which affiliate will receive their donation and are encouraged to contribute through payroll deductions/allotment.

Unconditional contributions (including those received through bequests and legacies) are recorded to net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions, including unconditional promises to give, cash or other assets, are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by the Society. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

DONATED NON-FINANCIAL ASSETS

Donated services are recognized as contributions and corresponding expenses are recorded in the accompanying financial statements when such services either: (a) create or enhance non-financial assets, or (b) require specialized skills, be performed by people with those skills, and would otherwise be purchased by the Society. Services provided by the Military and Family Readiness Center staff are not recorded in the accompanying statements of activities since they do not require specialized skills as defined by GAAP.

As a result of the 2003 Defense Authorization Bill, the Department of the Air Force was authorized to pay for certain service costs for the Society. The Air Force has provided office space in Arlington, Virginia for the use of the Society starting September 1, 2018. The fair value of the donated office space

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DONATED NON-FINANCIAL ASSETS (CONTINUED)

was based on the actual leased rate per square foot provided by the Air Force. There are no conditions or restrictions upon the space's use. The amounts of $369,597 and $375,934 have been recorded as offsetting contribution revenue and rent expense for the years ended December 31, 2025 and 2024, respectively. The amounts are allocated according to the Society's functional allocation policy and are distributed among the program and supporting service categories included in the accompanying statements of functional expenses.

During the year ended December 31, 2025, the Society also received additional in-kind assistance in the form of digital advertising, books and event tickets. These contributions had no donor-imposed restrictions and were utilized in the Society's fundraising activities. The related amounts are included in marketing expenses and miscellaneous expenses in the statement of functional expenses in the amounts of $131,718 and $13,525, respectively.

FUNCTIONAL EXPENSES

Expenses of the Society are reported on a functional basis, separating costs between program services and support services. The Society uses a head count allocation system to spread certain operational expenditures, including staffing costs, across the five functional units of the Society.

GRANTS AND LOAN CONVERSIONS

The Society provides grants and loans directly to eligible service members in furtherance of its charitable mission. Grant expense is recognized when an unconditional grant is approved and communicated to the recipient. Loans to service members are initially recorded as receivables when repayment is expected. Certain loans may be forgiven upon satisfaction of specified program requirements. Amounts forgiven are included in grant and loan conversion expenses in the accompanying statements of functional expenses with a corresponding reduction in the related loan receivable.

USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Fair Value Measurement Topic of FASB ASC 820 defines fair value as 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 and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under this topic as assumptions market participants would use in pricing an asset or liability. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1: Unadjusted quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. As required by the Fair Value Measurement Topic, the Society does not adjust to quoted prices for these investments even in situations where the Society holds a large position, and a sale could reasonably impact the quoted price.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset, either directly or indirectly, and fair value is determined using models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Inputs are unobservable for the asset and include situations where there is little, if any, market activity for the asset. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category are investments where fair value is not based on a net asset value ("NAV") practical expedient.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investments measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2025:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Reported at Net Asset Value
Investments, at fair value and NAV:					
Money Market Funds	$ 7,849,529	$ 7,849,529	$ --	$ --	$ --
Equity investment funds:					
Mutual funds - equity	78,564,977	78,564,977	--	--	--
U.S. common stock	6,936	6,936	--	--	--
Subtotal - Equity Investment Funds	78,571,913	78,571,913	--	--	--
Fixed income funds:					
U.S. Treasury bills	15,033,650	15,033,650	--	--	--
Corporate bonds	9,275,828	--	9,275,828	--	--
Foreign bonds	1,598,715	--	1,598,715	--	--
Mutual fund - aggregate bond	365,706	365,706	--	--	--
Subtotal - Fixed Income Funds	26,273,899	15,399,356	10,874,543	--	--
Alternative funds:					
Private equity funds	98,057,847	--	--	--	98,057,847
Hedge funds	28,062,379	--	--	--	28,062,379
Real estate investment trust	7,050,309	--	--	--	7,050,309
Private credit funds	23,163,521	--	--	--	23,163,521
Subtotal - Alternative Investment Funds	156,334,056	--	--	--	156,334,056
Investments Carried at Fair Value	$ 269,029,397	$ 101,820,798	$ 10,874,543	$ --	$ 156,334,056

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investments measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2024:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Reported at Net Asset Value
Investments, at fair value and NAV:					
Money Market Funds	$ 1,964,433	$ 1,964,433	$ --	$ --	$ --
Equity investment funds:					
Mutual funds - equity	68,851,589	68,851,589	--	--	--
U.S. common stock	7,759	7,759	--	--	--
Subtotal - Equity Investment Funds	68,859,348	68,859,348	--	--	--
Fixed income funds:					
U.S. Treasury bills	15,912,201	15,912,201	--	--	--
Corporate bonds	9,759,039	--	9,759,039	--	--
Foreign bonds	918,923	--	918,923	--	--
Mutual fund - aggregate bond	289,571	289,571	--	--	--
Subtotal - Fixed Income Funds	26,879,734	16,201,772	10,677,962	--	--
Alternative funds:					
Private equity funds	87,223,042	--	--	--	87,223,042
Hedge funds	24,279,461	--	--	--	24,279,461
Real estate investment trust	7,193,655	--	--	--	7,193,655
Private debt funds	23,738,200	--	--	--	23,738,200
Subtotal - Alternative Investment Funds	142,434,358	--	--	--	142,434,358
Investments Carried at Fair Value	$ 240,137,873	$ 87,025,553	$ 10,677,962	$ --	$ 142,434,358

The Society's investments in money market funds, mutual funds, common stock and U.S. Treasury bills are classified as Level 1 items given that they have quoted prices in active markets for identical assets at the measurement date.

The Society's investments in fixed income funds, with exception of the mutual fund which is valued at Level 1, are classified as Level 2 investments as there are no quoted market prices in active markets for identical assets. The fixed income securities are priced using an outside pricing vendor. In determining the fair value of the investments, the custodian uses a market approach and prices assets using multiple prices, types of bid/offer, last traded, settled, evaluated and the official primary exchange close-time pricing. Management believes the custodian's estimate to be a reasonable approximation of the fair value of the investments.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following presents further information regarding the composition of the Society's alternative investments as of December 31, 2025 and 2024:

Fund Type	Investment Fund Name	December 31, 2025 NAV	December 31, 2024 NAV	December 31, 2025 Unfunded Commitments	December 31, 2024 Unfunded Commitments	Redemption Frequency and Notice
Private equity	Commonfund Capital Partners V	$ 9,220,438	$ 10,024,817	$ 1,160,500	$ 1,160,500	*
Private equity	Commonfund Natural Resources X	1,693,927	1,918,194	193,750	193,750	*
Private equity	Commonfund Natural Resources XI	1,709,925	1,827,848	270,000	270,000	*
Private equity	Commonfund Capital Venture Partners XII	5,979,437	5,636,304	140,000	140,000	*
Private equity	Commonfund Capital Venture Partners XIII	3,241,216	2,684,929	145,000	145,000	*
Private equity	Commonfund Capital International Partners IX	1,664,585	1,617,814	147,750	147,750	*
Private equity	Adams Street 2015 Global Fund	4,262,448	4,590,392	398,065	398,065	*
Private equity	Adams Street 2016 Global Fund	4,087,075	4,359,913	376,287	417,021	*
Private equity	Adams Street 2017 Global Fund	4,411,252	4,704,459	564,666	587,053	*
Private equity	Adams Street 2018 Global Fund	4,058,614	4,196,221	529,842	627,498	*
Private equity	Adams Street 2019 Global Fund	2,301,526	2,215,731	320,743	320,743	*
Private equity	Adams Street 2020 Global Fund	2,070,819	1,797,649	333,386	429,386	*
Private equity	Adams Street 2022 Global Fund	4,133,308	2,555,594	1,726,750	2,795,750	*
Private equity	Adams Street 2024 Global Fund	1,668,211	276,100	2,549,301	3,800,000	*
Private equity	Adams Street Co-Investment Fund IV	2,874,953	3,460,398	153,374	153,374	*
Private equity	Adams Street Co-Investment	2,943,841	1,968,602	1,095,000	1,575,000	*
Private equity	Legacy Ventures Fund X	3,188,045	2,375,127	450,000	750,000	*
Private equity	Legacy Ventures Fund XI	3,251,541	1,190,783	2,250,000	3,750,000	*
Private equity	Legacy Ventures Fund XII	704,582	--	3,280,000	-	*
Private equity	Arrowstreet Global Equity ACWI Trust Fund	26,269,301	22,297,357	--	--	*
Private equity	Alyeska Aleutian Fund	8,322,803	7,524,809	--	--	*
Private equity	Arlington Capital Partners VII, L.P	--	--	2,000,000	--	*
Real estate	UBS Trumbull Property Fund	7,050,309	7,193,655	--	--	*
Hedge	Acadian Emerging Markets Equity Fund	9,104,782	6,748,260	--	--	*
Hedge	Caxton Global Investment Fund	6,907,593	5,928,569	--	--	*
Hedge	Renaissance	5,361,734	5,705,074	--	--	*
Hedge	Voya Mortgage Investment Fund	6,688,270	5,897,559	--	--	*
Private credit	Benefit Street Partners Debt Fund IV	124,047	3,455,366	--	1,378,679	*
Private credit	KLCP Offshore Fund III	3,163,626	2,621,089	660,943	866,627	*
Private credit	Ares Capital Europe VI (D) Levered Feeder LP	1,432,606	969,213	1,687,096	2,083,622	*
Private credit	Ares Pathfinder Fund II (Offshore) LP	1,795,786	638,159	1,410,978	2,445,583	*
Private credit	MGG SF Evergreen Fund (CAYMAN) LP	7,459,931	6,830,457	--	--	*
Private credit	Barings U.S. High Yield Bond Fund	7,522,421	6,938,488	--	--	*
Private credit	Varde Debt Fund XIII	1,665,104	2,285,428	120,000	120,000	*
		$ 156,334,056	$ 142,434,358	$ 21,963,431	$ 24,555,401	

** See redemption frequency as part of the fund descriptions below*

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

COMMONFUND CAPITAL PARTNERS V

Commonfund Capital Partners V is a partnership that manages a broadly diversified multi-strategy program that provides access to U.S. private equity, global private equity and global venture capital investments. The Society is a limited partner in this partnership that strives to provide a solid return of capital. This is an illiquid investment and redemptions are not permitted. Quarterly distributions will be made by the partnership as individual investments reach maturity.

COMMONFUND NATURAL RESOURCES X AND NATURAL RESOURCES XI

Commonfund Natural Resources X and Natural Resources XI are partnerships that manage a diversified natural resources investment program, focusing on investments in oil and natural gas production, oilfield services, power generation, energy infrastructure, mining and minerals extraction and other natural-resources related industries. The Society is a limited partner in these partnerships that will primarily seek to achieve long-term capital appreciation. This is an illiquid long-term investment and redemptions are not permitted. Quarterly distributions will be made by the partnerships as individual investments reach maturity.

COMMONFUND CAPITAL VENTURE PARTNERS XII AND XIII

Commonfund Capital Venture Partners XII and XIII funds seek long-term capital appreciation and superior risk-adjusted returns with a strategic focus on information technology with an early-stage bias, as well as healthcare investments and late-stage technology. The Society is a limited partner in this illiquid long-term investment. As such, redemptions are not permitted. Quarterly distributions will be made by the partnership as individual investments reach maturity.

COMMONFUND CAPITAL INTERNATIONAL PARTNERS IX

The Commonfund Capital International Partners IX Fund ("CIP IX Fund") is a multi-manager program that focuses on private equity investment opportunities in developed economies outside the United States. The focus of the CIP IX Fund is to find managers who seek to execute a proactive value-added approach, concentrating on private equity in growth equity and small/middle market and selectively on large leverage buyouts are not permitted. Quarterly distributions will be made by the partnership as individual investments reach maturity.

ADAMS STREET GLOBAL FUNDS

The Adams Street Global Funds are partnerships designed to acquire limited partner interests in each of Adams Street US Funds, Adams Street Non-US Funds, and the Adams Street Direct Venture/Growth Funds, to create a globally diversified private equity portfolio that invests in venture capital, leveraged buyouts, mezzanine/subordinated debt and restructuring/distressed debt partnerships. The Adams Street Global Funds invests in a portfolio of investments with private equity sponsors to generate long-term capital appreciation directly in equity, equity-related and debt securities of companies in buyout transactions and investments in growth-equity stage companies. The Society is a limited partner in these partnerships designed to provide diversified global private equity funds. This is an illiquid investment and redemptions are not permitted. Dividends will be paid out as investments in the funds mature.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

ADAMS STREET CO-INVESTMENT FUNDS

The Adams Street Co-Investment Funds are partnerships that invests alongside private equity sponsors in privately held companies through buyout, growth equity, and other co-investment transactions. The investment is not redeemable at the Society's discretion and is expected to be realized through distributions resulting from the disposition of the fund's underlying investments.

LEGACY VENTURES FUND X, XI AND XII

Legacy Ventures Fund X, XI and XII invest in highly sought after, early-stage venture capital funds which further invest in promising start-up companies. Legacy Venture X, XI and XII funds are Delaware limited liability companies in which the Society subscribes to a set capital commitment level. Investor redemptions are not permitted from the funds, and distributions may be made at the manager's discretion as investments reach maturity.

ARROWSTREET GLOBAL EQUITY ACWI TRUST FUND

Arrowstreet Global Equity ACWI Trust Fund ("Arrowstreet") offers exposure to a diversified portfolio of global equities, from both developed and emerging markets. In identifying opportunities, Arrowstreet combines the investment intuition of their experienced team, with rigorous quantitative research and sophisticated forecasting models. The investment team seeks to outperform the benchmark by identifying information that, while relevant to a company's share price, is less obvious to the market. Redemptions and contributions are allowed semi-monthly.

ALYESKA ALEUTIAN FUND

The Alyeska Aleutian Fund ("Alyeska") is an equity focused long/short hedge fund that takes a market neutral approach to drive uncorrelated returns and mitigate systematic risk embedded in equity securities. Alyeska's risk management philosophy is to create a liquid, modestly levered and risk-controlled portfolio. It strives to ensure negligible correlation to broad market indices investment styles and most other hedge fund strategies. Alyeska provides monthly liquidity to their investors with 90 days' notice.

ARLINGTON CAPITAL PARTNERS VII, L.P.

Arlington Capital Partners VII, L.P. is a private equity limited partnership that invests primarily in middle-market companies within government-regulated and technology-enabled industries. The investment is carried at net asset value ("NAV") as a practical expedient and is valued based on information provided by the general partner. The fund is subject to the risks and opportunities inherent in private equity investments, including limited liquidity and changes in the underlying portfolio companies' valuations.

UBS TRUMBULL PROPERTY FUND

The UBS Trumbull Property Fund is a partnership that actively manages a core portfolio of equity real estate. The fund seeks to provide attractive returns while limiting downside risk. The Society is a limited partner in the fund. Redemptions are allowed on a quarterly basis with 60 days' notice and may be subject to a redemption queue.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

ACADIAN EMERGING MARKETS EQUITY FUND

The Acadian Emerging Markets Equity Fund is a fund-of-funds that seeks long term capital appreciation by investing primarily in common stocks of emerging country issuers. The Fund's performance benchmark is the Morgan Stanley Capital International Index of Emerging Markets. A written notice period of 30 days is required to redeem shares. For any withdrawal made within 180 days of contribution, the Fund reserves the right to charge up to a 2.5% withdrawal fee on the portion of the redeemed amount attributable to contributions made within such 180-day period.

CAXTON GLOBAL INVESTMENT FUND

The Caxton Global Investment Fund's principal activity is trading in the international currency, financial commodities and securities markets. The Fund pursues several strategies for purposes of seeking capital appreciation which include cross-currency transactions, securities and derivatives trading, and various credit and relative value strategies. Redemptions are permitted on a quarterly basis with 45-day notice.

RENAISSANCE

Renaissance Institutional Diversified Global Equities Fund ("RIDGE") is a market-neutral, long/short equities fund. The Fund currently invests in equity securities listed on global exchanges traded in additional developed or emerging markets as research develops. Redemptions are permitted monthly with 30-day notice.

VOYA MORTGAGE INVESTMENT FUND

The investment objective of the Voya Mortgage Investment Fund is to generate attractive risk adjusted returns by investing primarily in the U.S. residential mortgage-backed securities. The fund may enter into repurchase and reverse repurchase agreements and invest in futures contracts, forward contracts, options, swaps and other derivative transactions. There is a one-year lock-up period after which redemptions are permitted quarterly with a 65-day notice.

BENEFIT STREET PARTNERS DEBT FUND IV

The Benefit Street Partners Debt Fund IV aims to target investment opportunities created by the structural supply/demand imbalance for middle market debt in North America. The fund's investment objective is to deliver superior investment performance while maintaining downside protection by identifying and capturing opportunities for excess returns in the private credit market while targeting debt investment of between $10 million and $100 million. The Society is investing in the Benefit Street Partners Debt Fund IV through a Cayman Islands feeder fund treated as a corporation for tax purposes, protecting the Society from Unrelated Business Income. Funds are locked-up during the seven-year term and are not redeemable; however, cash related to net interest earned on the investments will be distributed on a quarterly basis.

VARDE DEBT FUND XIII

The Varde Debt Fund XIII is a pooled investment fund that invests globally in opportunistic credit and credit-related distressed assets, including corporate and government issued instruments, financial service companies that originate small balance commercial and consumer credits and real estate assets and secured debt. Funds are locked-up during the 10-year term and are not redeemable.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

MGG SF EVERGREEN FUND (CAYMAN) LP

MGG SF Evergreen Fund ("Cayman" LP Fund) is a Cayman Islands exempted limited partnership that invests substantially all of its capital into MGG SF Evergreen Master Fund ("Cayman") LP (the "Master Fund"). The Master Fund is a Cayman Islands exempted limited partnership that was formed for the purpose of making investments primarily in debt securities in middle-market businesses, primarily operating in the U.S., and engagement in all activities and transactions as the General Partner may deem necessary or advisable in connection therewith. Each limited partner's commitment is subject to a lockup period that begins on the initial closing date of the commitment and ends on the fourth full fiscal quarter following the date of initial capital contributions related to that commitment. Subsequent to the lockup period, each limited partner will have the right to withdraw as of the last day of each fiscal quarter with 90 days prior written notice to the General Partner.

KLCP OFFSHORE FUND III

KLCP Offshore Fund III is an opportunistic credit manager designed to invest across the capital structure but primarily in first lien securities. The strategy has the flexibility to invest in both public and private markets, performed and distressed in US and Europe. The Fund takes a partnership approach with borrowers; does not structure loans that set a company up to fail. Companies in transition are sensitive to interest rates, therefore, fixed rate loans are often more appropriate than floating rate loans for borrowers. The investment is not redeemable at the Society's discretion and is expected to be realized through distributions resulting from the disposition of the fund's underlying investments.

ARES CAPITAL EUROPE VI (D) LEVERED FEEDER LP

Ares Capital Europe VI (D) Levered Feeder Fund ("Fund VI") is seeking to make 80 to 100 direct lending investments in sponsor-backed, middle-market European companies. Target companies will generate between €10 million and €300 million in EBITDA and be diversified across industries and European geographies. Fund VI is expected to be invested in primarily first lien debt with opportunistic allocations to second lien, subordinated debt and equity co-investments. Fund VI will seek to invest an average of €150 million per deal. The investment is illiquid and investor redemptions are not permitted. Capital is expected to be returned through distributions as the Fund realizes its underlying investments.

ARES PATHFINDER FUND II OFFSHORE

Ares Pathfinder Fund II ("Ares") is a vehicle aiming to generate current income and realize long term capital appreciation through a flexible capital strategy in asset-focused investment opportunities that fall outside of traditional, well-defined markets. The types of assets in the Fund will include loans/leases, receivables, and royalties/fees. The format of investments will be lending against assets, acquiring asset pools, or buying alternative credit securities. Ares anticipates the Fund to target approximately 50% 1st lien senior secured, 30% 2nd lien/last out, 10% preferred equity, and 10% asset acquisitions (equity). The investment is illiquid and investor redemptions are not permitted. Capital is expected to be returned through distributions as the Fund realizes its underlying investments.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

BARINGS U.S. HIGH YIELD BOND FUND, LLC

The Barings U.S. High Yield Bond Fund is an actively managed high-yield bond strategy that seeks to provide investors with high level of current income and, where appropriate, capital appreciation. The Fund seeks to achieve its investment objective by investing primarily in a diversified portfolio of North American high yield bonds that are listed or traded on recognized markets in North America. The investment is redeemable daily at the Society's discretion.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Society relies on two main sources of funding for its ongoing annual operations: contributions and withdrawals from its investment portfolio. Financial assets that are not available to fund current operations include contributions with donor restrictions and investments that are illiquid or have scheduled redemptions exceeding one year. Contributions restricted by the donor for specific purposes or time periods cannot be utilized until the restriction is met. Donor-restricted assets unavailable for current operations include donor contributions to the corpus of endowments, which are considered restricted in perpetuity (see Note 6 regarding endowments).

To fully fund the demand for the Society's programs that support Air and Space Force families and the administrative costs to operate, the Society relies heavily on its investment portfolio. To provide the necessary liquidity in the portfolio to fund regular operations and any emergency that would require additional funding (hurricane or other disasters), the Finance Committee places a limit on illiquid investments such that they cannot exceed 40% of the portfolio value. Additionally, the Society has a $10 million line of credit, all of which was available to the Society as of December 31, 2025 to further manage cash flow needs.

Illiquid investments consisted of alternative investments in private equity funds and private credit funds as of December 31, 2025 and 2024 (see Note 2 regarding investments and fair value measurements).

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

Financial assets available to fund general expenditures within one year were as follows for the years ended December 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents	$ 5,826,746	$ 1,473,467
Investments	269,029,397	240,137,873
Emergency assistance and education loans receivable, net	2,467,619	2,370,298
Promises to give	50,996	173,323
Total Financial Assets	277,374,758	244,154,961
Less: Investments with donor restrictions	(3,115,355)	(2,423,878)
Less: Investments with no liquidity provision	(71,646,912)	(67,370,130)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 202,612,491	$ 174,360,953

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2025 and 2024:

	2025	2024
Furniture and equipment	$ 322,403	$ 319,691
Capitalized software	1,615,059	1,593,159
Computer equipment	188,562	185,851
	2,126,024	2,098,701
Less: Accumulated depreciation and amortization	(2,086,798)	(2,066,963)
Property and Equipment, Net	$ 39,226	$ 31,738

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2025 and 2024:

	2025	2024
Endowment fund (Note 6)	$ 2,583,348	$ 2,247,878
Purpose restricted: Air Force Families	532,007	176,000
Total	$ 3,115,355	$ 2,423,878

Net assets released from restrictions consisted of the following during the years ended December 31, 2025 and 2024:

	2025	2024
Endowment fund (Note 6)	$ 97,063	$ 98,671
Air Force Families	1,000	50,000
Total	$ 98,063	$ 148,671

NOTE 6 – ENDOWMENT

The Society's Education Grant endowment consists of one fund held to provide earnings to pay scholarships under the General H.H. Arnold Education Grant Program. The corpus of the Education Grant endowment is donor-restricted to be held in perpetuity. All investment returns generated by the restricted funds are used to fund the scholarship grants to service member families on an annual basis. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Society has interpreted the Uniform Prudent Management of Institutional Funds Act of 2008 ("UPMIFA") enacted by the General Assembly of the Commonwealth of Virginia as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as net assets with donor restrictions to be maintained in perpetuity: (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual endowment net asset is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 6 – ENDOWMENT (CONTINUED)

INTERPRETATION OF RELEVANT LAW (CONTINUED)

In accordance with UPMIFA, the Society considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund,
(2) The purposes of the Society and the donor-restricted endowment fund,
(3) General economic conditions,
(4) The possible effect of inflation and deflation,
(5) The expected total return from income and the appreciation of investments,
(6) Other resources of the Society,
(7) The investment policies of the Society.

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

	With Donor Restrictions		
	Subject to Expenditure for Specified Purpose	Endowment Given in Perpetuity	Total
Balances at January 1, 2024	$ 23,572	$ 2,108,204	$ 2,131,776
Contributions	--	7,000	7,000
Investment return, net	207,773	--	207,773
Appropriation of endowment assets for expenditure	(98,671)	--	(98,671)
Balances at December 31, 2024	132,674	2,115,204	2,247,878
Contributions	--	91,250	91,250
Investment return, net	341,283	--	341,283
Appropriation of endowment assets for expenditure	(97,063)	--	(97,063)
Balances at December 31, 2025	$ 376,894	$ 2,206,454	$ 2,583,348

NOTE 6 – ENDOWMENT (CONTINUED)

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that current law requires the Society to retain for a fund of perpetual duration. In accordance with GAAP, deficiencies may result from unfavorable market fluctuations. Should the need to make expenditures from funds with deficiencies arise, the Society intends to comply with the appropriate legal requirements pertaining to such matters. There were no funds with deficiencies as of December 31, 2025 and 2024.

RETURN OBJECTIVES AND RISK PARAMETERS

The Society has adopted investment and spending policies for its investment portfolio reserve funds of which a small portion of these assets are endowed for a particular purpose by donors. The investment policy seeks a long-term rate of return on the portfolio that ensures that the growth of the Society's assets will be sufficient to offset or exceed inflation, required program spending, investment management fees and operating expenses over a full market cycle. The Society has a low to moderate risk philosophy, but recognizes the need for higher long-term results to fund the current level of program spending. The investment policy calls for a diverse portfolio utilizing various asset classes, with a goal of reducing volatility and risk. All returns generated by the endowment given in perpetuity are used to fund the named education grants set up by the donor, with excess returns used to fund additional grants distributed by the program during the year.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that places a greater emphasis on equity-based investments, coupled with an allocation to alternative investments, to achieve its long-term return objectives within prudent risk constraints. The endowment given in perpetuity is a subset of the total investment fund held by the Society.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Society has a policy of maintaining the full historical value of the endowment in perpetuity. As of December 31, 2025, the full investment portfolio is invested using a target asset mix of 29% equity, 13% fixed income securities and cash and 58% alternative investments, per the Board-approved investment policy, in an effort to generate returns to cover the long-term return objective of 5% plus the Consumer Price Index. The total return generated by the endowment is used each year to fund the education grants designated by donor restriction, The Society's Board has authorized the use of up to 4.5% of the total endowed funds to be spent annually.

NOTE 7 – EDUCATION PROGRAM EXPENSES

Educational program expenses consisted of the following for the years ended December 31, 2025 and 2024:

	2025	2024
General H.H. Arnold Education Grants	$ 3,766,802	$ 3,427,742
Merit-based Scholarships	300,000	200,000
Educational Program Administration	600,975	527,018
Total	$ 4,667,777	$ 4,154,760

NOTE 8 – RETIREMENT PLAN AND POST-RETIREMENT BENEFIT

The Society has a defined contribution pension plan in which all employees participate. Bi-weekly Society contributions were equal to 9% of participants' gross compensation as defined in the plan for both 2025 and 2024. During 2025 and 2024, the Society contributed $347,529 and $313,283, respectively, to this plan.

In addition, the Society sponsors a 403(b) plan available to all employees, allowing them to set aside for retirement a portion of their compensation on a pre-tax basis. The Society does not contribute to the 403(b) plan.

As a retirement benefit, the Society provided life insurance benefits to any employee who retired from the Society with more than 10 years of employment with the Society. The benefit is a fully paid-up whole life policy, owned by the employee, with a value of 50% of the employee's estimated ending salary up to a maximum of $50,000. During the year ended December 31, 2025 the Society terminated the plan and paid out the value directly to the employees. Accordingly, there was no related liability as of December 31, 2025. The liability for post-retirement life insurance was $228,181 for the year ended December 31, 2024.

NOTE 9 – LINE OF CREDIT

The Society maintains a $10 million line of credit with a financial institution. The line of credit is unsecured and bears interest at the prime rate minus 1.5%. As of December 31, 2025 and 2024, the applicable interest rate was 5.25% and 6.25%, respectively. The Society had no borrowings against the line of credit during 2025 or 2024, and there were no amounts outstanding under the line of credit as of December 31, 2025 and 2024.

NOTE 10 – INCOME TAXES

The Society is exempt from payment of income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, and is classified as other than a private foundation. The Society believes that it has appropriate support for income tax positions taken.

The Society has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Society evaluated its uncertainty in income taxes for the years ended December 31, 2025 and 2024, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status; and there are currently no audits pending or in progress. It is the Society's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2025 and 2024, the Society had no accruals for interest and/or penalties.

NOTE 11 – RECLASSIFICATIONS

Certain 2024 amounts have been reclassified to conform with the 2025 financial statement presentation.

NOTE 12 – SUBSEQUENT EVENTS

The Society has evaluated subsequent events for recognition or disclosure through November 19, 2026, the date the financial statements were available to be issued. There were no events identified that require recognition or disclosure in these financial statements.