

Arthritis Foundation, Inc.

Financial Statements Years Ended December 31, 2025 and 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Arthritis Foundation, Inc.

Financial Statements
Years Ended December 31, 2025 and 2024

Arthritis Foundation, Inc.

Contents

Independent Auditor's Report	3-4
Financial Statements	
Statements of Financial Position as of December 31, 2025 and 2024	6
Statements of Activities for the Years Ended December 31, 2025 and 2024	7-8
Statements of Functional Expenses for the Years Ended December 31, 2025 and 2024	9-10
Statements of Cash Flows for the Years Ended December 31, 2025 and 2024	11
Notes to the Financial Statements	12-29



Tel: 919-754-9370
Fax: 919-754-9369
www.bdo.com

421 Fayetteville Street, Suite 300
Raleigh, NC 27601

Independent Auditor's Report

Board of Directors
Arthritis Foundation, Inc.
Atlanta, Georgia

Opinion

We have audited the financial statements of Arthritis Foundation, Inc. (the Foundation), 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 Foundation as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



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

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

BDO USA, P.C.

July 29, 2026

Financial Statements

Arthritis Foundation, Inc.

Statements of Financial Position

<i>December 31,</i>	2025	2024
Assets		
Cash and cash equivalents	\$ 19,054,335	\$ 16,936,056
Investments	139,974,416	128,313,120
Accounts receivable, net	297,194	108,782
Contributions receivable, net	22,468,974	21,385,145
Prepaid expenses and other assets	2,224,213	2,029,937
Split interest agreements	61,345,925	61,211,461
Property and equipment, net	1,543,436	2,103,028
Operating right-of-use assets	9,036,984	2,643,047
Total Assets	\$ 255,945,477	\$ 234,730,576
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 1,971,176	\$ 2,246,020
Accrued expenses and other liabilities	2,323,415	2,358,318
Research awards and grants payable	18,057,802	18,153,695
Liabilities under split interest agreements	5,888,968	5,964,841
Operating lease liabilities	8,520,388	2,142,434
Total Liabilities	36,761,749	30,865,308
Net Assets		
Without donor restrictions	74,420,267	67,461,682
With donor restrictions	144,763,461	136,403,586
Total Net Assets	219,183,728	203,865,268
Total Liabilities and Net Assets	\$ 255,945,477	\$ 234,730,576

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statement of Activities

Year ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total	Total 2024
Revenues, Gains and Public Support				
Direct response marketing contributions	\$ 7,724,764	\$ 1,315	\$ 7,726,079	\$ 8,161,067
Corporate contributions	35,675	4,633,627	4,669,302	6,621,374
Personal contributions	1,808,730	3,023,640	4,832,370	4,077,441
Foundations	292,771	2,162,123	2,454,894	1,999,207
Memorials and other gifts	104,458	155,989	260,447	345,188
Contributions of nonfinancial assets	4,400	-	4,400	-
Total Contributions	9,970,798	9,976,694	19,947,492	21,204,277
Special Events, gross revenue	26,935	14,984,365	15,011,300	13,847,904
Less Direct Donor Benefit Costs	(144,314)	(4,030,451)	(4,174,765)	(3,751,148)
Bequests / Planned Giving	16,646,585	6,599,704	23,246,289	21,068,302
Total Direct Public Support	26,500,004	27,530,312	54,030,316	52,369,335
Federated campaigns	311,573	38,931	350,504	363,993
United Way	46,997	4,017	51,014	57,140
Total Indirect Public Support	358,570	42,948	401,518	421,133
Total Public Support	26,858,574	27,573,260	54,431,834	52,790,468
Government grants	211,914	-	211,914	217,220
Investment return for operations	5,318,985	3,294,001	8,612,986	11,098,432
Conferences, sales, other revenue, and gains, net	1,363,582	19,595	1,383,177	1,707,317
Total Other Revenue, Gains and Losses	6,894,481	3,313,596	10,208,077	13,022,969
Net assets released from restrictions	32,040,775	(32,040,775)	-	-
Total Revenues, Gains and Public Support	65,793,830	(1,153,919)	64,639,911	65,813,437
Expenses				
Research	16,541,228	-	16,541,228	15,974,406
Public health education	23,492,916	-	23,492,916	22,119,831
Professional education and training	1,306,402	-	1,306,402	1,219,550
Patient and community services	13,127,465	-	13,127,465	11,493,896
Fundraising	8,959,694	-	8,959,694	7,972,575
Management and general	6,672,744	-	6,672,744	6,444,316
Total Expenses	70,100,449	-	70,100,449	65,224,574
Change in Net Assets from Operating Activities	(4,306,619)	(1,153,919)	(5,460,538)	588,863
Non-Operating Income				
Net realized and unrealized gains on investments	11,265,204	6,801,530	18,066,734	10,289,318
Realized (loss) gain on the sale of property and equipment	-	-	-	(32,866)
Change in value of split interest agreements	-	2,712,264	2,712,264	(2,158,200)
Change in Net Assets from Non-Operating Activities	11,265,204	9,513,794	20,778,998	8,098,252
Change in Net Assets	6,958,585	8,359,875	15,318,460	8,687,115
Net Assets, beginning of year	67,461,682	136,403,586	203,865,268	195,178,153
Net Assets, end of year	\$ 74,420,267	\$ 144,763,461	\$ 219,183,728	\$ 203,865,268

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statement of Activities

Year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total	Total 2023
Revenues, Gains and Public Support				
Direct response marketing contributions	\$ 8,161,067	\$ -	\$ 8,161,067	\$ 8,782,995
Corporate contributions	169,498	6,451,876	6,621,374	5,724,373
Personal contributions	1,320,680	2,756,761	4,077,441	2,143,283
Foundations	411,857	1,587,350	1,999,207	2,274,909
Memorials and other gifts	184,705	160,483	345,188	395,443
Total Contributions	10,247,807	10,956,470	21,204,277	19,321,003
Special Events, gross revenue	(8,949)	13,856,853	13,847,904	13,369,299
Less Direct Donor Benefit Costs	(38,141)	(3,713,007)	(3,751,148)	(3,695,415)
Bequests / Planned Giving	15,863,820	5,204,482	21,068,302	23,457,959
Total Direct Public Support	26,064,537	26,304,798	52,369,335	52,452,846
Federated campaigns	335,527	28,466	363,993	334,772
United Way	54,664	2,476	57,140	79,534
Total Indirect Public Support	390,191	30,942	421,133	414,306
Total Public Support	26,454,728	26,335,740	52,790,468	52,867,152
Government grants	217,220	-	217,220	5,579,365
Investment return for operations	4,313,811	6,784,621	11,098,432	6,856,568
Conferences, sales, other revenue, and gains, net	1,696,475	10,842	1,707,317	1,204,783
Total Other Revenue, Gains and Losses	6,227,506	6,795,463	13,022,969	13,640,716
Net assets released from restrictions	27,800,460	(27,800,460)	-	-
Total Revenues, Gains and Public Support	60,482,694	5,330,743	65,813,437	66,507,868
Expenses				
Research	15,974,406	-	15,974,406	15,965,118
Public health education	22,119,831	-	22,119,831	20,884,488
Professional education and training	1,219,550	-	1,219,550	1,090,772
Patient and community services	11,493,896	-	11,493,896	10,855,167
Fundraising	7,972,575	-	7,972,575	6,961,178
Management and general	6,444,316	-	6,444,316	6,057,476
Total Expenses	65,224,574	-	65,224,574	61,814,199
Change in Net Assets from Operating Activities	(4,741,880)	5,330,743	588,863	4,693,669
Non-Operating Income				
Net realized and unrealized gains on investments	6,304,244	3,985,074	10,289,318	12,949,764
Realized (loss) gain on the sale of property and equipment	(32,866)	-	(32,866)	3,191,547
Change in value of split interest agreements	-	(2,158,200)	(2,158,200)	7,000,692
Change in Net Assets from Non-Operating Activities	6,271,378	1,826,874	8,098,252	23,142,003
Change in Net Assets	1,529,498	7,157,617	8,687,115	27,835,672
Net Assets, beginning of year	65,932,184	129,245,969	195,178,153	167,342,481
Net Assets, end of year	\$ 67,461,682	\$ 136,403,586	\$ 203,865,268	\$ 195,178,153

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statement of Functional Expenses

Year ended December 31, 2025

	Program Services					Supporting Services				
	Research	Public Health Education	Professional Education and Training	Patient and Community Services	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total	
Research awards and grants	\$ 12,249,525	\$ 98,843	\$ -	\$ 198,843	\$ 12,547,211	\$ -	\$ -	\$ -	\$ 12,547,211	
Salaries	2,254,237	9,149,369	488,868	5,575,825	17,468,299	3,850,106	3,029,515	6,879,621	24,347,920	
Payroll taxes	141,243	684,721	34,949	439,141	1,300,054	282,661	227,718	510,379	1,810,433	
Employee benefits	421,662	2,366,314	131,589	1,574,601	4,494,166	947,922	872,003	1,819,925	6,314,091	
Professional fees and contract services	398,084	2,954,770	241,926	1,310,662	4,905,442	1,678,747	1,828,834	3,507,581	8,413,023	
Supplies	9,118	61,370	13,549	167,032	251,069	22,140	24,320	46,460	297,529	
Printing, publications, and artwork	4,878	131,271	10,928	108,603	255,680	39,336	18,317	57,653	313,333	
Membership/direct response marketing	138,107	5,129,561	92,248	233,072	5,592,988	1,615,097	169,010	1,784,107	7,377,095	
Postage, shipping, and delivery	4,498	43,449	6,425	88,433	142,805	25,309	28,475	53,784	196,589	
Telephone	12,821	69,429	8,583	48,713	139,546	46,009	78,069	124,078	263,624	
Occupancy	130,766	233,978	396	339,417	704,557	24,732	15,894	40,626	745,183	
Insurance	93,211	160,655	6	238,281	492,153	15,577	10,376	25,953	518,106	
Staff and volunteer travel	79,415	448,144	60,518	373,801	961,878	179,281	191,158	370,439	1,332,317	
Meetings and conferences	61,124	404,562	196,273	1,048,852	1,710,811	60,677	45,203	105,880	1,816,691	
Equipment lease and maintenance	56,848	98,725	9	161,733	317,315	9,539	6,346	15,885	333,200	
Membership dues and subscriptions	34,675	55,285	2,946	37,528	130,434	23,908	16,651	40,559	170,993	
Advertising	16,114	614,912	13,578	56,549	701,153	31,064	36,551	67,615	768,768	
Depreciation	196,207	337,912	-	501,417	1,035,536	32,701	21,801	54,502	1,090,038	
Uncollectible receivables	107,576	185,271	-	274,918	567,765	17,929	11,953	29,882	597,647	
Other	131,119	264,375	3,611	350,044	749,149	56,959	40,550	97,509	846,658	
Total Expenses	\$ 16,541,228	\$ 23,492,916	\$ 1,306,402	\$ 13,127,465	\$ 54,468,011	\$ 8,959,694	\$ 6,672,744	\$ 15,632,438	\$ 70,100,449	

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statement of Functional Expenses

Year ended December 31, 2024

	Program Services					Supporting Services				
	Research	Public Health Education	Professional Education and Training	Patient and Community Services	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total	
Research awards and grants	\$ 11,967,078	\$ 23,750	\$ 76,250	-	\$ 12,067,078	-	-	\$ -	\$ 12,067,078	
Salaries	1,916,293	8,506,690	444,696	4,944,584	15,812,263	3,622,520	3,008,227	6,630,747	22,443,010	
Payroll taxes	133,365	653,638	34,275	388,786	1,210,064	268,361	219,762	488,123	1,698,187	
Employee benefits	342,807	2,033,335	120,676	1,341,208	3,838,026	851,095	757,277	1,608,372	5,446,398	
Professional fees and contract services	603,388	2,360,926	228,591	1,095,461	4,288,366	1,500,866	1,743,530	3,244,396	7,532,762	
Supplies	6,305	92,391	8,034	135,261	241,991	35,217	28,038	63,255	305,246	
Printing, publications, and artwork	4,973	180,302	9,736	118,096	313,107	40,327	22,991	63,318	376,425	
Membership/direct response marketing	140,733	5,310,266	102,259	294,554	5,847,812	1,204,839	208,255	1,413,094	7,260,906	
Postage, shipping, and delivery	3,528	56,521	5,005	95,751	160,805	21,339	18,636	39,975	200,780	
Telephone	11,700	64,049	8,223	44,537	128,509	44,242	73,662	117,904	246,413	
Occupancy	113,449	233,820	1,736	312,882	661,887	31,784	18,585	50,369	712,256	
Insurance	97,700	168,262	-	249,679	515,641	16,283	10,856	27,139	542,780	
Staff and volunteer travel	46,086	340,218	30,413	303,574	720,291	125,244	114,160	239,404	959,695	
Meetings and conferences	73,104	478,957	127,597	868,097	1,547,755	57,660	87,535	145,195	1,692,950	
Equipment lease and maintenance	60,274	105,957	-	162,476	328,707	10,031	6,667	16,698	345,405	
Membership dues and subscriptions	34,742	77,089	4,326	57,023	173,180	25,835	15,602	41,437	214,617	
Advertising	17,124	724,988	15,000	61,798	818,910	32,772	49,890	82,662	901,572	
Depreciation	208,535	359,144	-	532,924	1,100,603	34,756	23,171	57,927	1,158,530	
Uncollectible receivables	60,374	86,755	-	128,733	275,862	8,396	5,597	13,993	289,855	
Other	132,848	262,773	2,733	358,472	756,826	41,008	31,875	72,883	829,709	
Total Expenses	\$ 15,974,406	\$ 22,119,831	\$ 1,219,550	\$ 11,493,896	\$ 50,807,683	\$ 7,972,575	\$ 6,444,316	\$ 14,416,891	\$ 65,224,574	

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Statements of Cash Flows

<i>Year ended December 31,</i>	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 15,318,460	\$ 8,687,115
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	1,090,038	1,158,530
Non-cash lease expense	(15,980)	(191,660)
Loss (gain) on sale of property and equipment	-	32,866
Net realized and unrealized gains on investments	(18,066,734)	(10,289,318)
Net change in valuation of split interest agreements	(2,712,264)	2,158,200
Increase (decrease) in operating assets and liabilities:		
Accounts receivable	(188,412)	39,805
Contributions receivable	(1,083,829)	(2,198,004)
Prepaid expenses and other assets	(194,276)	45,968
Split interest assets and liabilities	3,691,202	1,071,577
Accounts payable	(274,844)	(1,911,690)
Accrued expenses and other liabilities	(34,903)	27,863
Research awards and grants payable	(95,893)	743,972
Net Cash Used in Operating Activities	(2,567,435)	(624,776)
Cash Flows from Investing Activities		
Purchase of property and equipment	(530,449)	(977,653)
Purchase of investments	(53,920,234)	(16,849,631)
Proceeds from sale of investments	60,325,672	28,742,985
Net Cash Provided by Investing Activities	5,874,989	10,915,701
Cash Flows from Financing Activities		
Payments on split interest agreements	(1,189,275)	(1,473,495)
Net Cash Used in Financing Activities	(1,189,275)	(1,473,495)
Net Increase in Cash and Cash Equivalents	2,118,279	8,817,430
Cash and Cash Equivalents, beginning of year	16,936,056	8,118,626
Cash and Cash Equivalents, end of year	\$ 19,054,335	\$ 16,936,056
Without restrictions	\$ 15,581,077	\$ 15,850,598
With restrictions	3,473,258	1,085,458
Cash and Cash Equivalents, end of year	\$ 19,054,335	\$ 16,936,056

See the accompanying notes to the financial statements.

Arthritis Foundation, Inc.

Notes to Financial Statements

1. Description of Organization

The Arthritis Foundation, Inc. (the Foundation) is a voluntary health organization seeking to improve lives through leadership in the prevention, control and cure of arthritis and arthritis-related diseases. Major funding sources are from direct public contributions and bequests. The Foundation provides public health education and community service programs along with supporting arthritis-related research and influencing public policy regarding research funding, access to care and government funding of arthritis-related public health programs. The Foundation operates under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Foundation classifies its net assets and revenues, expenses, gains and losses on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor-imposed restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized.

Operating results in the statements of activities reflect all transactions increasing and decreasing net assets except those that the Foundation defines as non-operating. Non-operating includes all investment returns in excess of those classified as operating by the spending policy, unrealized gains and losses from investments, changes in valuation of split interest agreements, realized gain on the sale of property and equipment and net changes in pension liabilities.

Arthritis Foundation, Inc.

Notes to Financial Statements

Concentrations of Risk

Financial instruments, which potentially subject the Foundation to concentrations of credit and market risk, consist principally of cash and cash equivalents and marketable securities held at creditworthy financial institutions. At December 31, 2025 and 2024, the Foundation's uninsured cash balance totaled \$11,476,669 and \$12,937,972, respectively. Cash and cash equivalents are maintained at large multi-state financial institutions and credit exposure is limited to the amount of deposits at any one institution in excess of the federally insured limit. The Foundation has not experienced any losses in such accounts. The Foundation's marketable securities do not represent significant concentrations of market risk as the marketable securities portfolio is diversified among a variety of issuers.

Investment securities that are not publicly traded are exposed to several risks, such as interest rate, market, liquidity and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of these investments will occur in the near term and that such change could materially affect the amounts reported in the Foundation's statements of financial position and statements of activities.

Cash and Cash Equivalents

The Foundation's cash and cash equivalents are highly liquid investments with an original maturity of three months or less at the date of purchase. Because of the short maturity of these financial instruments, the carrying value approximates the fair value.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value. In the case of certain less marketable securities, fair value is established by using net asset value (NAV) of each investment fund as provided by the investment fund manager. The cost assigned to investments received by gift is the fair value at the date the gift is received. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on cost (cost of securities if purchased or the fair market value at the date of gift if received by donation). Dividend and interest income are recorded on the accrual basis. In accordance with the policy of stating investments at fair value, the net change in unrealized appreciation or depreciation for the year is reflected in the statements of activities. Investment return is presented net of investment fees.

Accounts Receivable

Accounts receivable consist of transactions arising from contracts with customers, primarily related to sales and service fees and are recorded at the amount expected to ultimately be collected, net of any expected credit losses. Management regularly assesses collectability and determines write offs as necessary. Amounts are considered past due if they are not received within one year after the expected payment date.

Arthritis Foundation, Inc.

Notes to Financial Statements

Contributions Receivable

Contributions, including unconditional promises to give, are recorded at the date of gift. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Bequests are recorded as revenue at the time an unassailable right to the gift has been established and the proceeds are measurable in amount. Long-term promises to give are initially recorded at fair value using the income approach applying discount rates commensurate with the risk involved at the date of donation. Amortization of the discount is included in other revenues on the statements of activities. An allowance for doubtful accounts on outstanding contributions receivable balances is recorded when deemed necessary based upon historical trends, current market risk assessments and specific donor considerations. Receivables are written off when management believes they will not be collected. Amounts are considered past due if they are not received within one year after the expected payment date. At December 31, 2025 and 2024, receivables from Donor A and Donor B, respectively, represented 11% and 18% of the Foundation's outstanding contributions receivable balance.

Conditional promises to give are not recognized in the statements of activities until the conditions are met.

Split Interest Agreements

Charitable Gift Annuities and Other Split Interest Agreements under which the Foundation is the Trustee

Such amounts are valued at the date of donation using the income method and discount rates commensurate with the risks involved. Discount rates range from three to ten percent. Charitable gift annuities are amortized over their life although changes may be made based on a change in the life expectancy of the donor. Gift annuity assets are included in split interest agreements and amounts due to the donor are included in liabilities under split interest agreements.

Charitable Gift Annuities and Other Split Interest Agreements under which the Foundation is not the Trustee

The Foundation is the beneficiary of various trusts created by donors, the assets of which are not in the possession of the Foundation. The Foundation has legally enforceable rights or claims to such assets, including the right to income therefrom. Under the perpetual trust arrangements, the Foundation has recorded the assets and recognized donor restricted contribution revenue at the fair value of its beneficial interest in the trust assets. Distributions received on the trust assets are recorded as investment income in the statements of activities unless otherwise restricted by the donor. Subsequent changes in fair value of the beneficial interest in the trust assets are recorded as change in value of split interest agreements with donor restrictions in the statements of activities.

Arthritis Foundation, Inc.

Notes to Financial Statements

Property and Equipment

Property and equipment are recorded at cost. Donated assets are capitalized at the estimated fair market value at date of receipt. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. The cost of maintenance and repairs is expensed when incurred; significant renewals and betterments are capitalized. Estimated useful lives are ten to thirty years for buildings and leasehold improvements, the term of the lease including options to renew that are expected to be exercised for leasehold improvements, and three to five years for furniture and other equipment.

Impairment of Long-Lived Assets

The Foundation reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced to its current fair value. There were no long-lived assets that were impaired during the years ended December 31, 2025 and 2024.

Fair Value of Financial Instruments

The carrying amounts of cash and accounts receivable, which qualify as financial assets, and accounts payable which qualify as financial liabilities, approximate fair value due to the relative terms of these financial instruments.

The carrying values, which approximate fair values of investments and split interest agreements, are determined as described in Note 4.

The carrying amounts of other liabilities and contributions receivable approximate fair value since these instruments are recorded at net present value.

Research Awards and Grants Payable

Research awards and grants made to other organizations that are conditional in nature are not recorded as expenses until any conditions have been satisfied. As conditions are satisfied, expenses are recorded in the statements of activities and the research award and grants payable liability is reduced. For research and grant awards that are unconditional in nature, expenses are recorded in the statements of activities at the time sufficient evidence that a promise to give was made by the Foundation and received by the grantee. The research awards and grants payable balance as of December 31, 2025 represents ongoing awards as well as new awards to other organizations made during 2025 and in prior years.

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Foundation uses an allocation based on department size to proportionately allocate occupancy, interest, insurance, and depreciation cost. Salaries are allocated on the basis of time and effort. Other costs are classified in each functional category based on the underlying purpose of each transaction.

Arthritis Foundation, Inc.

Notes to Financial Statements

Contracts with Customers

The Foundation recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Foundation expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, then the Foundation combines it with other performance obligations until a distinct bundle of goods or services exists. For the following items, disaggregated by type, performance obligations are satisfied over time and the related revenue is recognized as services are rendered.

Ease of Use

The Ease of Use Commendation Program encourages manufacturers to design user-friendly products and packaging that are easy to use by people with functional limitations such as those with arthritis. Agreements between the company and the Foundation for use of the ease of use seal are normally three-year agreements. These agreements are classified as exchange transactions and the fees are recognized as earned. Total revenue recognized for the years ended December 31, 2025 and 2024, related to Ease of Use contracts was \$1,017,419 and \$1,042,404, respectively, and is included in conferences, sales, other revenue, and gains line within the statements of activities.

Revenue Accounted for in Accordance with ASC 605 Topic 958, Not-For-Profit Entities

The Foundation's other revenue streams are outside the scope of ASC 606 and thus are accounted for under ASC 605 Topic 958. For the following items, disaggregated by type, revenue is recognized depending on whether the transactions are considered conditional or unconditional gifts or promises to give at the time that the gift or promise is made.

Contributions Revenue

The Foundation receives support from individuals, foundations and corporations in support of the Foundation's mission. Contribution revenue is recognized at fair value on the earlier of the receipt of cash or an unconditional promise to give. From time to time, the Foundation receives promises to give that have certain conditions such as meeting specific performance-related barriers or limit the discretion on the Foundation's use of the funds. Other contributions may have revocable features to the promise to give. Conditional promises to give are recognized when the conditions are substantially met.

Contributions of Non-Financial Assets

Contributions of nonfinancial assets are reflected as both contribution revenue and expenses in the accompanying statements of activities at their estimated fair value at date of receipt. Existing contributed goods and gifts of property and equipment are reflected as support without donor restrictions unless explicit donor stipulations specify how the donated goods must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Arthritis Foundation, Inc.

Notes to Financial Statements

The Foundation receives services from a large number of volunteers who dedicate their time to the Foundation's programs, fundraising campaigns and management. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided. Generally, such services include research grant application reviews, advertising, consulting, and printing services and other services that meet the criteria for recognition as contributed services. The volunteers do not offer services that would fall under the aforementioned categories.

Donated services and assets totaled \$4,000 and \$0 for the years ended December 31, 2025 and 2024, respectively.

Special Events and Direct Donor Benefit Costs

Special events revenue and direct donor benefit costs are recognized as revenue in the period received or upon receipt of an unconditional promise to give; conditional promises to give are not recognized until the required conditions have been substantially met. Some special event contracts have elements of both promises to give and performance obligations. Management evaluates all such contracts to determine the amount of value to allocate to the performance obligations for further accounting under ASC 606, *Revenue from Contracts with Customers*. At December 31, 2025 and 2024, the Foundation assessed such elements as immaterial to the overall gift value.

Government Grants and Contracts

Grants awarded by federal agencies or passed through to the Foundation from another donor that received funding from the United States (U.S.) federal government are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes, and thus are treated as conditional contributions. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met. U.S. federal grant revenue totaled \$211,914 and \$217,220 for the years ended December 31, 2025 and 2024, respectively.

Income Taxes

The Foundation is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. With respect to any unrelated business income generated by the Foundation, it records income taxes using the liability method under which deferred tax assets and liabilities are determined based on the differences between the financial accounting and tax bases of assets and liabilities. Deferred tax assets or liabilities at the end of each period are determined using the currently enacted tax rate expected to apply to taxable income in the period that the deferred tax asset or liability is expected to be realized or to be settled. As of December 31, 2025 and 2024, the Foundation had no deferred tax assets or liabilities or any uncertain tax positions.

Use of Estimates

Management of the Foundation has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

Arthritis Foundation, Inc.

Notes to Financial Statements

Recent Accounting Pronouncements

In July 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets* in response to stakeholders' challenges in applying guidance in Topic 326 to current accounts receivable and current contract assets arising from transactions under ASC 606. The Foundation adopted Topic 326 for the year ended December 31, 2024, and the adoption of this standard did not have a significant impact on the financial statements. ASU 2025-05 introduces a practical expedient to assume that current conditions as of the balance sheet date do not change for the remaining life of current accounts receivable and contract assets. The ASU also includes an accounting policy election available for entities other than public business entities to consider collection activity after the balance sheet date when estimating expected credit losses for current accounts receivable and contract assets arising from ASC 606 transactions. The standard is effective for the Foundation for the year ending December 31, 2026. Management does not expect that the adoption of ASU 2025-05 will have a material impact on the financial statements.

Reclassification

Certain 2024 amounts have been reclassified to conform to the 2025 reporting format. No changes to 2024 net asset amounts have resulted from this reclassification.

3. Liquidity and Availability of Resources

Financial assets and liquidity resources available within one year for general expenditures were as follows:

<i>December 31,</i>	2025	2024
Financial Assets and Liquidity Resources		
Financial Assets		
Cash and cash equivalents	\$ 15,581,077	\$ 15,850,598
Investments	79,833,999	74,384,118
Accounts receivable, net	297,194	108,782
Contributions receivable, net	13,431,470	11,380,874
Total Financial Assets, available within one year	109,143,740	101,724,372
Liquidity Resources		
Line of credit	14,000,000	14,000,000
Financial Assets and Liquidity Resources Available to Meet		
Cash Needs for General Expenditures, within one year	\$ 123,143,740	\$ 115,724,372

The Foundation's financial assets not available for general use due to donor-imposed restrictions within one year of the statement of financial position date, including amounts set aside for long-term investing in endowment funds, have been excluded from the available amounts within the tables above.

Arthritis Foundation, Inc.

Notes to Financial Statements

The Foundation's endowment consists of donor-restricted endowment funds as well as funds specified by donors as restricted for research and specific programs. Therefore, these funds are not available for general expenditures. As described in Note 9, the endowment funds had a spending rate of 5.00 and 4.25 percent for the years ending December 31, 2025 and 2024, respectively, which does not require specific Board action for approval.

As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash in excess of daily requirements are invested in short-term investments and money market funds. The Foundation has a revolving line of credit of \$14,000,000 to assist with working capital needs. As of December 31, 2025 and 2024, the Foundation had no outstanding balance on the line of credit.

4. Fair Value Measurements

The Foundation applies ASC 820, *Fair Value Measurement* (ASC 820), for fair value measurements of financial and nonfinancial assets and financial liabilities. The Foundation's estimates of fair value for financial assets and liabilities are based on the framework established in ASC 820, which considers the inputs used in valuation, gives the highest priority to quoted prices in active markets, and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the ASC 820 hierarchy is based on whether the significant inputs relative to the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority is given to unobservable inputs that reflect the Foundation's significant market assumptions.

The three levels of the hierarchy are further described as follows:

Level 1 - This level consists of quoted prices for identical instruments in active markets. This category includes domestic and international debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level II - Inputs other than quoted prices included in Level I that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data by correlation or other means. This category includes certain U.S. Government and agency mortgage-backed debt securities and corporate debt securities that are valued based on market prices for similar and actively traded investments.

Level III - Inputs are unobservable data points for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs reflect the Foundation's assumptions based on the best information available in the circumstances. This category includes split interest agreements and beneficial trusts for which the Foundation is not the trustee. The trusts are valued based on the values of the underlying investments in the trust, which are established by the trustee using valuation methods that are appropriate for the investments in the trusts.

The remainder of this page intentionally left blank.

Arthritis Foundation, Inc.

Notes to Financial Statements

The following table summarizes the fair value of the Foundation's investments and split interest agreements by the above hierarchy levels as of:

December 31, 2025

	Level I	Level II	Level III	NAV*	Total
Investments and Split Interest					
Agreements					
Domestic equity mutual funds	\$ 58,356,962	\$ -	\$ -	\$ -	\$ 58,356,962
Fixed income mutual funds	42,981,784	-	-	-	42,981,784
International equity mutual funds	29,874,321	-	-	-	29,874,321
Preferred stock	1,000	-	-	-	1,000
Alternative investments	-	-	-	32,405	32,405
Private investments	-	-	-	9,586,501	9,586,501
Real estate funds	4,492,064	-	-	-	4,492,064
Other commodities	3,269,864	-	-	-	3,269,864
Special assets	-	-	165,051	-	165,051
Other - principally money market and other mutual funds	152,633	-	-	-	152,633
Total Investments and Split Interest Agreements Held by the Foundation	139,128,628	-	165,051	9,618,906	148,912,585
Split interest agreements held by third parties	-	-	52,407,756	-	52,407,756
Total	\$139,128,628	\$ -	\$ 52,572,807	\$ 9,618,906	\$201,320,341

December 31, 2024

	Level I	Level II	Level III	NAV*	Total
Investments and Split Interest					
Agreements					
Domestic equity mutual funds	\$ 57,439,468	\$ -	\$ -	\$ -	\$ 57,439,468
Fixed income mutual funds	37,355,563	-	-	-	37,355,563
International equity mutual funds	26,242,082	-	-	-	26,242,082
Preferred stock	1,000	-	-	-	1,000
Alternative investments	-	-	-	415,156	415,156
Private investments	-	-	-	6,778,296	6,778,296
Real estate funds	6,334,351	-	-	-	6,334,351
Other commodities	4,110,727	-	-	-	4,110,727
Special assets	-	-	145,058	-	145,058
Other - principally money market and other mutual funds	269,277	-	-	-	269,277
Total Investments and Split Interest Agreements Held by the Foundation	131,752,468	-	145,058	7,193,452	139,090,978
Split interest agreements held by third parties	-	-	50,433,603	-	50,433,603
Total	\$ 131,752,468	\$ -	\$ 50,578,661	\$ 7,193,452	\$ 189,524,581

* Net Asset Valuation (NAV) column above represents the Foundation's ownership interest in investment vehicles that are not publicly traded. As a practical expedient, the Foundation uses its ownership interest in the NAV to determine the fair value of all alternative investments that do not have a readily determinable fair value and have financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. These NAVs are provided by an independent, third-party administrator, and each vehicle also has an audit completed annually.

Arthritis Foundation, Inc.

Notes to Financial Statements

The Foundation's split interest agreements held by third parties hold assets valued at NAV. The Foundation's interests in the trusts are not redeemable and any distributions are at the discretion of the trustees. As such, the Foundation's split interest agreements held by third parties are classified within Level 3 of the above tables.

With respect to valuation methodologies at December 31, 2025 and 2024, to the extent that the Foundation directly owns and controls the investment, valuation is based on unadjusted quoted prices for identical assets in active markets that the Foundation can access. For other investments, predominately "alternative investments" (including private equity, hedge strategies and real assets), the Foundation utilizes the NAV reported by each of the alternative funds and external investment managers as a practical expedient for determining the fair value of the investment. These investments are redeemable at NAV under the original terms of the agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the NAV of the funds and, consequently, the fair value of the Foundation's interests in the funds. Furthermore, changes to the liquidity provisions of the funds may significantly impact the fair value of the Foundation's interest in the funds.

December 31, 2025

Classifications	NAV	Unfunded Commitments	Redemption Terms	Days' Notice
Redemption Information for Assets Valued at NAV				
Alternative investments	\$ 32,405	\$ -	Not Redeemable	N/A
Private investments	9,586,501	11,499,761	Not Redeemable	N/A
Total Assets, valued at NAV	\$ 9,618,906	\$ 11,499,761		

December 31, 2024

Classifications	NAV	Unfunded Commitments	Redemption Terms	Days' Notice
Redemption Information for Assets Valued at NAV				
Alternative investments	\$ 415,156	\$ -	Not Redeemable	N/A
Private investments	6,778,296	6,903,134	Not Redeemable	N/A
Total Assets, valued at NAV	\$ 7,193,452	\$ 6,903,134		

The remainder of this page intentionally left blank.

Arthritis Foundation, Inc.

Notes to Financial Statements

5. Investments

The Foundation's investments at fair value were as follows at:

<i>December 31,</i>	2025	2024
Domestic equity mutual funds	\$ 52,944,534	\$ 50,953,933
Fixed income mutual funds	40,322,512	33,798,080
International equity mutual funds	29,119,341	25,576,490
Preferred stock	1,000	1,000
Alternative investments	32,405	415,156
Private investments	9,586,501	6,778,296
Real estate funds	4,386,896	6,265,102
Other commodities	3,269,864	4,110,727
Special assets	165,051	145,058
Other - principally money market and other mutual funds	146,312	269,278
Total Investments	\$ 139,974,416	\$ 128,313,120

At December 31, 2025 and 2024, the Foundation's operating investments of \$78,976,873 and \$73,575,678, respectively, were secured as collateral for the line of credit, further described in Note 15.

6. Contributions Receivable, Net

The Foundation's contributions receivable were as follows at:

<i>December 31,</i>	2025	2024
Amounts due in:		
Less than one year	\$ 21,297,760	\$ 20,376,829
One to five years	861,834	494,500
Thereafter	903,000	978,000
Gross Contributions Receivable	23,062,594	21,849,329
Less:		
Allowance for doubtful accounts	(179,062)	(109,782)
Unamortized present value discount	(414,558)	(354,402)
Total Contributions Receivable, Net	\$ 22,468,974	\$ 21,385,145

Discounts on contributions receivable were calculated at the date of donation using rates commensurate with the risks involved (2.5% to 5.0%).

The remainder of this page intentionally left blank.

Arthritis Foundation, Inc.

Notes to Financial Statements

7. Split Interest Agreements

The Foundation's split interest agreements at fair value were as follows at:

<i>December 31,</i>	2025	2024
Split Interest Agreements Held by the Foundation		
Domestic equity mutual funds	\$ 5,412,429	\$ 6,485,536
Fixed income mutual funds	2,659,272	3,557,483
International equity mutual funds	754,981	665,590
Real estate funds	111,487	69,249
Total Split Interest Agreements Held by the Foundation	8,938,169	10,777,858
Split Interest Agreements Held by Third Parties		
Charitable remainder trusts	3,534,400	3,494,050
Charitable trusts	308,654	279,928
Other perpetual trusts	48,564,702	46,659,625
Total Split Interest Agreements Held by Third Parties	52,407,756	50,433,603
Total Split Interest Agreements	\$ 61,345,925	\$ 61,211,461

Cash balances of \$2,845,760 and \$259,669 held within split interests under which the Foundation is trustee are presented as cash and cash equivalents in the statements of financial position as of December 31, 2025 and 2024, respectively.

Liabilities under split interest agreements for which the Foundation is the trustee were \$5,888,968 and \$5,964,841 at December 31, 2025 and 2024, respectively, and were valued at the date of donation using the income approach at discount rates commensurate with the risk involved (0.4% to 9.6%). They are being amortized over the terms of the obligations.

Adjustments are made to the value of the split interest agreements when there are changes in the life expectancy of the donor.

8. Property and Equipment, Net

The Foundation's property and equipment consisted of the following at:

<i>December 31,</i>	2025	2024
Leasehold improvements	\$ 2,325,066	\$ 2,325,066
Furniture and other equipment	7,442,136	7,023,352
Total Property and Equipment	9,767,202	9,348,418
Less: accumulated depreciation	(8,223,766)	(7,245,390)
Total Property and Equipment, Net	\$ 1,543,436	\$ 2,103,028

Depreciation expense was \$1,090,038 and \$1,158,530 for the years ended December 31, 2025 and 2024, respectively. The Foundation had immaterial dispositions during the years ended December 31, 2025 and 2024.

Arthritis Foundation, Inc.

Notes to Financial Statements

9. Endowment Funds

The Foundation's endowment consists of a number of individual funds established for research, specific programs and operations. The Foundation understands the law prescribed by Uniform Prudent Management of Institutional Funds Act as implemented in Georgia (GA UPMIFA) 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. The Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of donor-restricted endowment funds in excess of the original fair value are classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by GA UPMIFA.

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

1. The duration and preservation of the fund.
2. The purpose of the Foundation or the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effects of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Foundation.
7. The investment policy of the Foundation.

If the market value of any fund classified as net assets with donor restrictions at year-end is below the amount determined to be permanently restricted, the deficit, which cannot be funded from restricted unspent earnings of the fund, is reported as a reduction in net assets with donor restrictions. There were no underwater endowments as of December 31, 2025 and 2024.

The primary long-term financial objective for the Foundation's endowment is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management. Performance of the overall endowment against this objective is measured over rolling periods of one, three and five years. The endowments shall be managed to optimize the long run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that funds the Foundation's existing spending policy and allows sufficient reinvestment to grow the endowment principal at a rate that exceeds inflation (as measured by the Consumer Price Index). Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

Arthritis Foundation, Inc.

Notes to Financial Statements

Foundation policy requires endowment assets to be governed by a spending policy that seeks to distribute a specific payout rate of the endowment base to support the Foundation's programs. The endowment base is defined as a three-year moving average of the market value of the total endowment portfolio (calculated as of the last day of December for the prior three years). Without specific Board action to either increase or decrease the payout rate, the Foundation's annual investment income payout distribution is calculated at a rate of 5% of the rolling three year average fair market value of the investments plus amounts paid for share on investment income. The policy allows for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowment.

In addition, the policy minimizes the probability of invading the principal over the long-term. Spending in a given year reduces the unit value of each endowment element by the payout percentage. In no case are funds designated as true endowment reduced below their initial unit value. In the case of short-term declines in the market value of the endowment pool of funds, the overall spending rate may be calculated below designated payout percentage in order to maintain the original unit value of certain elements of the true endowment. Growth of the unit values over time should allow for spending of principal, without drawing from the original corpus of a particular gift.

The endowment is divided into three broad asset classes: equity fund, fixed income fund and cash or near-cash fund. The purpose of dividing the endowment fund in this way is to ensure that the optimal long-term return is achieved given the Foundation's risk preference. The endowment is diversified both by asset class (equity, fixed income and cash) and within asset class (large capitalization stocks, small capitalization stocks, U.S. Treasury bonds, corporate bonds, etc.). The purpose of diversification is to provide reasonable assurance that no single security or class of securities has a disproportionate impact on the total endowment and to reduce the overall risk and volatility of the entire portfolio. The total endowment is monitored on a continual basis for consistency of investment philosophy, return relative to objectives, and asset allocation with respect to target percentages. There were no endowment net assets without donor restrictions for the years ended December 31, 2025 and 2024.

Changes in Endowment Net Assets

The Foundation's composition of and changes to donor restricted endowed net assets were as follows:

	With Donor Restrictions Time or Purpose	With Donor Restrictions in Perpetuity	Total
Endowment Net Assets, December 31, 2024	\$ 16,194,837	\$ 39,604,760	\$ 55,799,597
Contributions	-	122,324	122,324
Investment return, net	1,622,668	-	1,622,668
Net appreciation (realized and unrealized)	6,960,265	-	6,960,265
Appropriation of endowment assets for expenditure	(2,577,941)	-	(2,577,941)
Endowment Net Assets, December 31, 2025	\$ 22,199,829	\$ 39,727,084	\$ 61,926,913

Arthritis Foundation, Inc.

Notes to Financial Statements

	With Donor Restrictions Time or Purpose	With Donor Restrictions in Perpetuity	Total
Endowment Net Assets, December 31, 2023	\$ 12,957,484	\$ 39,587,169	\$ 52,544,653
Contributions	-	17,591	17,591
Investment return, net	1,388,111	-	1,388,111
Net appreciation (realized and unrealized)	4,059,172	-	4,059,172
Appropriation of endowment assets for expenditure	(2,209,930)	-	(2,209,930)
Endowment Net Assets, December 31, 2024	\$ 16,194,837	\$ 39,604,760	\$ 55,799,597

10. Net Assets - with Donor Restrictions

The Foundation's composition of net assets with donor restrictions were as follows at:

<i>December 31,</i>	2025	2024
Purpose and Time Restricted Net Assets		
Purpose restricted:		
Education	\$ 4,640,702	\$ 4,677,887
Operations	39,715,169	38,149,693
Scholarship	1,064,782	819,493
Programs/trainings	13,840,651	12,937,142
Research	32,506,675	29,260,959
Time restricted:		
Split interest agreements	5,894,961	5,072,686
Other time restricted net assets	7,373,437	5,880,966
Total Purpose and Time Restricted Net Assets	105,036,377	96,798,826
Perpetual Endowments		
Research	10,116,100	9,993,776
Operations	26,191,762	26,191,762
Scholarship	1,457,400	1,457,400
Programs	1,961,822	1,961,822
Total Net Assets with Donor Restrictions to be Held in Perpetuity	39,727,084	39,604,760
Total Net Assets with Donor Restrictions	\$ 144,763,461	\$ 136,403,586

11. Joint Costs

In 2025 and 2024, the Foundation incurred joint costs of \$5,861,149 and \$5,460,742, respectively, for informational materials and activities that included fundraising appeals, such as the Foundation's direct mail. The Foundation's joint costs were allocated within the statements of activities as follows:

<i>Year ended December 31,</i>	2025	2024
Public health education	\$ 4,161,416	\$ 4,204,771
Fundraising	1,699,733	1,255,971
Total Joint costs	\$ 5,861,149	\$ 5,460,742

Arthritis Foundation, Inc.

Notes to Financial Statements

12. Operating Leases

The Foundation leases certain office space and equipment under operating leases.

All lease agreements for the years ended December 31, 2025 and 2024, respectively, are accounted for under ASC Topic 842. On February 25, 2025, the Foundation renewed its lease agreement for office space located at 1355 Peachtree Street in Atlanta. The renewal extends the lease term from the original end date of October 31, 2026 to October 31, 2038. Monthly base rent under the renewed lease is approximately \$66,200, subject to annual 2.5% escalations. The modification resulted in an increase to operating right of use assets and operating lease liabilities of \$6,963,239.

Rental expense under operating leases for Foundation office space was \$745,183 and \$712,256 for the years ended December 31, 2025 and 2024, respectively. Lease agreements, with an original term of more than one year, expire on various dates through 2038 and have escalating lease payments. The operating leases do not contain residual value guarantees.

Lease right-of-use-assets and lease liabilities, respectively, are presented on the statement of financial position. Lease assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease.

The rate implicit in the Foundation's leases is not readily determinable. Accordingly, the Foundation uses its estimated incremental borrowing rate, which represents the rate of interest that the Foundation would pay to borrow on a collateralized basis over a similar term. As of December 31, 2025, lease liabilities have been determined using a weighted-average discount rate of approximately 5%. The remaining weighted-average life of the Foundation's operating leases is approximately 12.2 years.

The following is a schedule of future minimum lease payments required under all leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2025:

Year ending December 31,

2026	\$	839,600
2027		887,295
2028		909,477
2029		1,008,200
2030		1,033,463
Thereafter		7,133,557
Total Future Minimum Lease Payments		11,811,592
Less: amount representing interest		3,291,204
Net Future Minimum Lease Payments	\$	8,520,388

Arthritis Foundation, Inc.

Notes to Financial Statements

13. Employee Benefit Plans

Employee Contribution Plans

Defined Contribution Plans - The Foundation sponsors various defined contribution retirement plans (the Defined Contribution Plans) covering substantially all of the employees of the Foundation. Participants may contribute a percentage of their compensation on a pretax basis. The Foundation matches a portion of the participants' compensation. Vesting policies are based on the specific Defined Contribution Plan. Total contributions to the Defined Contribution Plans for the years ended December 31, 2025 and 2024 were \$1,103,215 and \$994,288, respectively.

Deferred Compensation Plan - The Foundation also maintains a 457(b) nonqualified deferred compensation plan that permits a select group of executive level employees to set aside a portion of salary on a before-tax basis. In addition to voluntary elective deferrals, the Foundation makes non-elective contributions to the plan. At the discretion of the Foundation, participants are allowed to allocate plan contributions and designate beneficiaries. The Foundation's contributions totaled approximately \$23,500 and \$23,000 for the years ended December 31, 2025 and 2024, respectively. All assets under the plan remain part of the Foundation's general assets and are subject to the claims of its creditors. All rights to amounts held under the plan are owned by the Foundation. Therefore, the Foundation reports the assets and related liabilities of the plan within investments and accrued expenses and liabilities, respectively, in its statements of financial position. At December 31, 2025 and 2024, the assets and liabilities each totaled \$113,388 and \$148,475, respectively.

Defined Benefit Plans

The Foundation has various defined benefit pension plans covering certain employees. Benefits are based on years of service and compensation. Contributions are determined in accordance with each plan's provisions. As of December 31, 2025 and 2024, the Foundation has recorded an accrued net pension liability of \$48,869 in relation to the plans. Due to their relative size in relation to the financial statements of the Foundation, additional disclosures are not included.

14. Commitments and Contingencies

The Foundation has commitments for research awards and grants for future years. The terms of research awards and grants are from one to five years. At December 31, 2025, these commitments were as follows:

Year ending December 31,

2026	\$ 11,721,263
2027	5,309,297
2028	1,027,242
2029	-
Thereafter	-
Total Commitments	\$ 18,057,802

Arthritis Foundation, Inc.

Notes to Financial Statements

The Foundation, in the normal course of its operations, is or could become a party to various legal proceedings and complaints, the majority of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management is not aware of any claims or contingencies, which are not covered by insurance, that would have a material adverse effect on as of December 31, 2025.

15. Line of Credit

In May 2020, the Foundation secured a revolving line of credit of \$14,000,000 to assist with working capital needs. The line is collateralized by the Foundation's operating investments account. Interest payments are due monthly, calculated at the Base Rate plus 1.30% on the outstanding balance. There were no borrowings against the line during 2025 or 2024 and no outstanding balance at December 31, 2025 or 2024.

16. Subsequent Events

The Foundation has evaluated events subsequent to December 31, 2025 and through July 29, 2026, the date on which the financial statements were available for issuance. No material matters requiring disclosure were identified.