

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2024 AND 2023

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Independent Auditor's Report

To the Governing Board
American Foreign Service Association
and Affiliates

Opinion

We have audited the accompanying consolidated financial statements of American Foreign Service Association and Affiliates (the Association), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Foreign Service Association and Affiliates as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of American Foreign Service Association and Affiliates 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Foreign Service Association and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Independent Auditor's Report (Continued)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Foreign Service Association and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Foreign Service Association and Affiliates' 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.

Gross, Mendelson & Associates, P.A.

Baltimore, Maryland
September 10, 2025

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Consolidated Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 205,777	\$ 296,851
Accounts receivable (net of allowance for credit losses of \$28,352 for both years)	144,274	145,197
Investments, current portion	17,058,913	16,333,505
Prepaid expenses and other assets	185,505	178,588
Inventory	8,162	4,929
Total Current Assets	<u>17,602,631</u>	<u>16,959,070</u>
Property , net of accumulated depreciation and amortization	<u>1,856,323</u>	<u>1,938,363</u>
Non-Current Assets		
Investments, long-term portion	168,553	168,553
Beneficial interest in trusts	1,199,962	1,070,541
Deferred compensation investments	783,906	677,642
Total Other Assets	<u>2,152,421</u>	<u>1,916,736</u>
Total Assets	<u><u>\$ 21,611,375</u></u>	<u><u>\$ 20,814,169</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 524,179	\$ 523,268
Current maturities of finance lease liabilities	3,452	3,138
Contract liabilities	395,265	435,026
Total Current Liabilities	<u>922,896</u>	<u>961,432</u>
Non-Current Liabilities		
Finance lease liabilities, net of current maturities	10,333	13,785
Deferred compensation	783,906	677,642
Total Non-Current Liabilities	<u>794,239</u>	<u>691,427</u>
Total Liabilities	<u>1,717,135</u>	<u>1,652,859</u>
Commitments and Contingencies (Notes 10, 11 and 12)		
Net Assets		
Without donor restrictions	5,460,576	5,795,144
With donor restrictions	14,433,664	13,366,166
Total Net Assets	<u>19,894,240</u>	<u>19,161,310</u>
Total Liabilities and Net Assets	<u><u>\$ 21,611,375</u></u>	<u><u>\$ 20,814,169</u></u>

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

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Consolidated Statements of Activities
Years Ended December 31, 2024 and 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Member dues	\$ 5,506,533	\$ -0-	\$ 5,506,533
Advertising sales, net of discounts	549,511	-0-	549,511
Contributions	98,391	202,779	301,170
Gifts-in-kind	36,995	-0-	36,995
Book sales	26,164	-0-	26,164
Subscriptions	3,383	-0-	3,383
Special events, net of direct benefits to donors of \$79,319 and \$-0-	(12,997)	-0-	(12,997)
Gain on disposal of property	-0-	-0-	-0-
Miscellaneous revenue	30,516	-0-	30,516
Net investment return	456,120	1,357,421	1,813,541
Change in value of beneficial interest in trusts	-0-	129,421	129,421
Net assets released from restrictions:			
Satisfaction of program restrictions	622,123	(622,123)	-0-
Total Support and Revenue	<u>7,316,739</u>	<u>1,067,498</u>	<u>8,384,237</u>
Expenses			
Program services			
Journal	1,372,555	-0-	1,372,555
Labor relations	1,892,493	-0-	1,892,493
Membership services	306,174	-0-	306,174
Retirees	246,464	-0-	246,464
Public affairs	594,018	-0-	594,018
Foreign professional services policy issues	229,345	-0-	229,345
Congressional affairs	323,081	-0-	323,081
Public education and outreach	293,139	-0-	293,139
Professional awards	176,089	-0-	176,089
Essay contest	76,532	-0-	76,532
Scholarships	434,710	-0-	434,710
Political action committee	4,404	-0-	4,404
Total program services	<u>5,949,004</u>	<u>-0-</u>	<u>5,949,004</u>
Supporting services			
Management and general	1,379,971	-0-	1,379,971
Member support	71,258	-0-	71,258
Board and president	246,845	-0-	246,845
Fundraising	2,176	-0-	2,176
Election	2,053	-0-	2,053
Total supporting services	<u>1,702,303</u>	<u>-0-</u>	<u>1,702,303</u>
Total Expenses	<u>7,651,307</u>	<u>-0-</u>	<u>7,651,307</u>
Change in Net Assets	(334,568)	1,067,498	732,930
Net Assets at Beginning of Year	<u>5,795,144</u>	<u>13,366,166</u>	<u>19,161,310</u>
Net Assets at End of Year	<u><u>\$ 5,460,576</u></u>	<u><u>\$ 14,433,664</u></u>	<u><u>\$ 19,894,240</u></u>

2023		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 5,176,337	\$ -0-	\$ 5,176,337
576,909	-0-	576,909
77,760	101,791	179,551
35,745	-0-	35,745
27,107	-0-	27,107
4,086	-0-	4,086
-0-	-0-	-0-
118	-0-	118
23,092	-0-	23,092
496,369	1,921,685	2,418,054
-0-	134,943	134,943
611,848	(611,848)	-0-
7,029,371	1,546,571	8,575,942
1,376,056	-0-	1,376,056
1,751,546	-0-	1,751,546
278,171	-0-	278,171
259,009	-0-	259,009
397,517	-0-	397,517
207,337	-0-	207,337
318,191	-0-	318,191
273,321	-0-	273,321
90,410	-0-	90,410
71,353	-0-	71,353
460,931	-0-	460,931
6,480	-0-	6,480
5,490,322	-0-	5,490,322
1,345,024	-0-	1,345,024
64,636	-0-	64,636
261,269	-0-	261,269
726	-0-	726
38,924	-0-	38,924
1,710,579	-0-	1,710,579
7,200,901	-0-	7,200,901
(171,530)	1,546,571	1,375,041
5,966,674	11,819,595	17,786,269
\$ 5,795,144	\$ 13,366,166	\$ 19,161,310

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

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Consolidated Statements of Functional Expenses
Years Ended December 31, 2024 and 2023

	2024				
	Program	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
Personnel expenses:					
Salaries	\$ 3,541,040	\$ 1,099,534	\$ -0-	\$ -0-	\$ 4,640,574
Temporary help	-0-	-0-	-0-	-0-	-0-
Payroll taxes	279,386	78,755	-0-	-0-	358,141
Employee benefits	234,912	57,833	-0-	-0-	292,745
Retirement	145,918	36,547	-0-	-0-	182,465
Staff development and recruitment	30,450	3,820	-0-	-0-	34,270
Total personnel expenses	4,231,706	1,276,489	-0-	-0-	5,508,195
Awards	472,960	-0-	-0-	-0-	472,960
Information technology	161,941	97,713	-0-	-0-	259,654
Depreciation and amortization	119,765	74,095	-0-	-0-	193,860
Professional fees	144,846	47,941	-0-	-0-	192,787
Printing	161,609	1,719	-0-	-0-	163,328
Repairs and maintenance	68,985	41,623	-0-	-0-	110,608
Special projects	83,848	10,015	-0-	-0-	93,863
Distributions	91,832	-0-	-0-	-0-	91,832
Occupancy	54,658	32,979	-0-	-0-	87,637
Special events	-0-	-0-	1,500	79,319	80,819
Travel and entertainment	28,642	23,488	-0-	-0-	52,130
Subscriptions and publications	48,000	3,182	-0-	-0-	51,182
Legal defense fund	45,000	-0-	-0-	-0-	45,000
Insurance	27,907	16,837	-0-	-0-	44,744
Telephone	26,703	17,960	-0-	-0-	44,663
News	44,557	-0-	-0-	-0-	44,557
Office expense	18,142	16,600	-0-	-0-	34,742
Processing fees	15,312	9,237	-0-	-0-	24,549
Bank fees	14,543	8,531	-0-	-0-	23,074
Advertising	12,275	10,152	-0-	-0-	22,427
Retiree directory	22,294	-0-	-0-	-0-	22,294
Honorarium	13,150	-0-	-0-	-0-	13,150
Postage	4,228	8,375	-0-	-0-	12,603
Art fees	9,785	-0-	-0-	-0-	9,785
Cost of goods sold	6,646	-0-	-0-	-0-	6,646
Equipment rental	3,167	2,026	-0-	-0-	5,193
Contributions	4,000	-0-	-0-	-0-	4,000
Meetings	3,396	-0-	-0-	-0-	3,396
Taxes and licenses	1,282	502	676	-0-	2,460
Interest	1,095	663	-0-	-0-	1,758
Legislative outreach	930	-0-	-0-	-0-	930
Miscellaneous	5,800	-0-	-0-	-0-	5,800
Total expenses by function	5,949,004	1,700,127	2,176	79,319	7,730,626
Less: Cost of direct benefits to donors netted with special events revenue in the consolidated statements of activities	-0-	-0-	-0-	(79,319)	(79,319)
Total Expenses Reported in the Consolidated Statements of Activities	\$ 5,949,004	\$ 1,700,127	\$ 2,176	\$ -0-	\$ 7,651,307

2023

Program	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
\$ 3,241,432	\$ 1,085,935	\$ -0-	\$ -0-	\$ 4,327,367
-0-	2,450	-0-	-0-	2,450
252,286	71,890	-0-	-0-	324,176
241,846	54,613	-0-	-0-	296,459
137,397	37,891	-0-	-0-	175,288
36,022	8,241	-0-	-0-	44,263
3,908,983	1,261,020	-0-	-0-	5,170,003
429,575	-0-	-0-	-0-	429,575
158,306	99,172	-0-	-0-	257,478
94,060	59,299	-0-	-0-	153,359
166,219	85,682	-0-	-0-	251,901
150,053	2,910	-0-	-0-	152,963
54,706	34,271	-0-	-0-	88,977
71,681	10,000	726	-0-	82,407
86,227	800	-0-	-0-	87,027
46,014	28,826	-0-	-0-	74,840
-0-	-0-	-0-	-0-	-0-
20,172	33,021	-0-	-0-	53,193
52,239	5,151	-0-	-0-	57,390
15,000	-0-	-0-	-0-	15,000
28,883	18,094	-0-	-0-	46,977
25,597	17,860	-0-	-0-	43,457
45,320	-0-	-0-	-0-	45,320
11,510	13,889	-0-	-0-	25,399
17,224	10,790	-0-	-0-	28,014
11,139	6,677	-0-	-0-	17,816
3,532	1,508	-0-	-0-	5,040
21,008	-0-	-0-	-0-	21,008
16,700	-0-	-0-	-0-	16,700
5,015	14,708	-0-	-0-	19,723
11,412	-0-	-0-	-0-	11,412
7,794	-0-	-0-	-0-	7,794
5,150	3,225	-0-	-0-	8,375
6,000	-0-	-0-	-0-	6,000
2,137	1,193	-0-	-0-	3,330
8,525	1,628	-0-	-0-	10,153
207	129	-0-	-0-	336
3,711	-0-	-0-	-0-	3,711
6,223	-0-	-0-	-0-	6,223
5,490,322	1,709,853	726	-0-	7,200,901
-0-	-0-	-0-	-0-	-0-
\$ 5,490,322	\$ 1,709,853	\$ 726	\$ -0-	\$ 7,200,901

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

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 732,930	\$ 1,375,041
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized gains on investments	(118,206)	(2,805,998)
Unrealized losses (gains) on investments	(930,831)	857,092
Gain on disposal of property	-0-	(118)
Depreciation and amortization	193,860	153,359
Change in value of beneficial interest in trusts	(129,421)	(134,943)
Changes in operating assets and liabilities:		
Accounts receivable	923	21,881
Prepaid expenses and other assets	(6,917)	8,748
Inventory	(3,233)	7,795
Accounts payable and accrued expenses	911	9,559
Contract liabilities	(39,761)	(3,272)
Deferred compensation	106,264	110,305
Net Cash Used in Operating Activities	<u>(193,481)</u>	<u>(400,551)</u>
Cash Flows from Investing Activities		
Purchases of investments	(4,107,866)	(18,895,411)
Proceeds from sale of investments	4,344,731	19,081,230
Purchases of property	(111,820)	(321,857)
Change in deferred compensation investments	(19,500)	(19,500)
Net Cash Provided by (Used in) Investing Activities	<u>105,545</u>	<u>(155,538)</u>
Cash Flows from Financing Activities		
Payments on finance lease liabilities	<u>(3,138)</u>	<u>(5,042)</u>
Net Decrease in Cash and Cash Equivalents	<u>(91,074)</u>	<u>(561,131)</u>
Cash and Cash Equivalents at Beginning of Year	<u>296,851</u>	<u>857,982</u>
Cash and Cash Equivalents at End of Year	<u>\$ 205,777</u>	<u>\$ 296,851</u>
Supplemental Disclosure of Cash Flow Information:		
Income taxes paid	<u>\$ 3,600</u>	<u>\$ 23,184</u>
Interest paid	<u>\$ 1,758</u>	<u>\$ 336</u>
Noncash Investing and Financing Activities:		
Acquisitions of property	\$ 111,820	\$ 335,476
Less: Property acquired under finance lease liabilities	-0-	13,619
Cash acquisitions of property (included in cash flows from investing activities)	<u>\$ 111,820</u>	<u>\$ 321,857</u>

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

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 1: Nature of Organization and Summary of Significant Accounting Policies

These consolidated financial statements include the accounts of the entities described below (collectively referred to as the Association).

American Foreign Service Association (AFSA), which began operations in 1924, is the professional association of the Foreign Affairs agencies and, as of 1972, is the official employee representative of all Foreign Service employees in the Department of State, the United States Agency of International Development, the Foreign Commercial Service, the Foreign Agriculture Service, and the International Broadcasting Bureau. AFSA was incorporated under the laws of the District of Columbia on November 30, 1951.

Fund for American Diplomacy (the Fund) was established to award individuals for their achievements in the Foreign Service, to enhance the professional development of the Foreign Service, and to increase the public understanding of the Foreign Service. The latter objectives are achieved by sponsoring a speaker series, lecture series, and other educational forums that focus on topical issues related to the Foreign Affairs Community. The Fund was established in 1955 as an unincorporated association doing business as Diplomacy Matters - AFSA.

American Foreign Service Association Scholarship Fund (the Scholarship Fund) was established to award financial and merit scholarships to dependents of Foreign Service employees. The Scholarship Fund was incorporated under the laws of the District of Columbia on September 11, 1972, and is doing business as Foreign Service Youth Scholarship - AFSA.

AFSA - Political Action Committee (the PAC) was established in 2002 to further AFSA's goal of making the U.S. Foreign Service a more effective agent of the United States international leadership. The PAC does this by helping to re-elect Senators and Representatives who support a strong, effective Foreign Service.

The Association's major programs and supporting services include:

Journal: Writing, editing, design, artwork, printing, postage, and promotion of the *Foreign Service Journal*.

Labor Relations: All activities related to the Association's role as a labor union including collective bargaining, informal negotiations, and individual legal and grievance counseling.

Membership Services: Regular communications with members and provision of services as requested.

Retirees: Provide resources to retired members and counsel active members in preparation for retirement.

Public Affairs: Promotion of the Association, its activities, and views through the media.

Foreign Professional Services Policy Issues: Governmental policy issues impacting members.

Congressional Affairs: Representing the Association's views on legislation impacting the foreign affairs agencies and individual active duty and retired Foreign Service employees.

Public Education and Outreach: Programs and activities designated to educate the American public on the role of the Foreign Service. Programs include a speaker's bureau, the Coalition for American Leadership Abroad, and a minority intern program. AFSA's speaker's bureau consists of retired Foreign Service personnel speaking to groups of students and adults around the country on foreign affairs and the importance of the Foreign Service.

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Professional Awards: Programs that honor and support members of the Foreign Service as a profession including the AFSA awards program, the Memorial Plaque, Foreign Affairs Day, and various special events.

Essay Contest: The Foreign Service National High School Essay contest began as a program of the 75th Anniversary celebration and has been continued by the Association due to its success. The contest is open to U.S. students in grades 9 through 12 and includes cash prizes for the 1st, 2nd, and 3rd place essays.

Scholarships: Financial aid and merit scholarships awarded to dependents of Foreign Service employees and the administration of this program.

Political Action Committee: Represents the Association's contributions to political candidates through PAC and related internal PAC costs.

Management and General: Overall management and administration of the Association.

Member Support: All recruitment and retention programs for the Association's members including mailings, recruitment lunches, and maintenance of the membership database.

Board and President: The Association's Governing Board and Executive Committee's expense including meetings, travel, and staff support.

Fundraising: Fundraising relates to the Scholarship Fund and the Fund's appeals for the support of its programs.

Election: Administration of the election and distribution of ballots for the election of the Association's Governing Board. Board elections are held every two years.

The accounting and reporting policies of the Association conform to accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies:

Principles of Consolidation: The consolidated financial statements include the accounts of AFSA, the Fund, the Scholarship Fund and the PAC. Members of the Governing Board of AFSA also serve as board members of the Fund, the Scholarship Fund, and the PAC. Accordingly, the accounts of AFSA, the Fund, the Scholarship Fund, and the PAC are consolidated under common control rules. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates: The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Association classifies investments which are readily convertible to cash and which have an original maturity of three months or less when purchased as cash and cash equivalents. Cash and cash equivalents designated and held for investment purposes are included in investments and are not considered cash and cash equivalents for cash flow purposes.

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Accounts Receivable: Accounts receivable arise from services rendered and are carried at original invoice amount less an estimate made for credit losses. Management determines the allowance for credit losses by reviewing its outstanding accounts, historical collection experience with individual accounts and payor sources, existing economic conditions and supportable forecast of future events. Receivables are written off by management when, in its determination, all collection efforts have been exhausted. Recoveries of receivables previously written off are recorded when collected. The Association does not require collateral or other security to support accounts receivables. There were no write-offs of accounts receivable during the years ended December 31, 2024 and 2023.

Investments: Investments with readily determinable fair values are reported at fair value in the consolidated statements of financial position. Investments, whose fair values are not readily determinable, are recorded at cost. Fair value is defined 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. Realized and unrealized gains and losses on investments are reported in the consolidated statements of activities as part of net investment return.

Inventory: Inventory, which consists of costs incurred for the production of the book *Inside a U.S. Embassy* and the AFSA Memorial Marker for Foreign Service personnel, is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out (FIFO) method.

Property: Property is stated at cost, or if donated, at fair value at the date of contribution, less accumulated depreciation and amortization. The Association capitalizes all property acquisitions in excess of \$2,000 having an estimated useful life of more than one year. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of assets are capitalized. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows.

Building and improvements	5 - 30 years
Furniture and equipment	3 - 15 years
Software	3 years
Finance lease right-of-use assets	5 years

The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is measured by the amount by which the carrying amount of these assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. There was no impairment of long lived assets recognized during the years ended December 31, 2024 and 2023.

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Beneficial Interest in Trusts: Generally accepted accounting principles (GAAP) requires not-for-profit beneficiaries of trusts held by unrelated parties to record, as a contribution and as an asset, the present value of the estimated future cash receipts to be received from the trusts, over the life of the trusts. Due to the perpetual nature of these trusts, the future cash flows from these funds cannot be estimated. Under such circumstances, not-for-profit entities are permitted to base the present value measurement on the fair value of a trust's assets. Changes in the trust's fair value are to be recorded as gains or losses with donor restrictions in the consolidated statements of activities.

Leases: The Association determines if an arrangement is a lease at the inception of the contract. As of the lease commencement date, each lease is evaluated to determine if it will be classified as an operating or finance lease. Leases with terms of 12 months or less are considered short-term leases and lease assets and liabilities are not recognized. Lease terms include the non-cancellable portion of the leases and reasonably certain renewal periods, termination options and purchase options. The Association accounts for lease and non-lease components as a single lease. The Association uses the risk-free interest rate when the rate implicit in the lease is not available. Variable lease payments that cannot be determined at the commencement of the lease such as increases in the lease payments based on changes in index rates or usage are not included in the lease assets or liabilities.

Net Assets: Net assets, revenue, support, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition: The Association generates revenue primarily from membership dues and advertising sales. Other revenue is primarily derived from book sales and subscriptions. Revenue from annual member and international associate dues are recognized over the membership year, which coincides with the anniversary date of the member or the date of collection. Lifetime member dues are recognized over 30 years, which approximates the benefit period. Advertising sales, book sales, and subscriptions are recognized when control of the promised good or service is transferred to a member or customer, in an amount that reflects the consideration to which the Association expects to be entitled from members or customers, in exchange for those goods and services.

The Association recognizes revenue in the consolidated statements of activities and contract assets on the consolidated statements of financial position only when goods and services have been provided. Since the Association has performed its obligation under the contract, it has unconditional rights to the consideration recorded as contract assets and therefore classifies those billed and unbilled contract assets as accounts receivable.

Payments that the Association receives in advance from members and others in advance of providing services represent contract liabilities. This includes payments for membership dues, subscriptions and advertising received in advance of the applicable year. Contract liabilities were \$395,265, \$435,026, and \$438,298 at December 31, 2024, 2023 and 2022, respectively.

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Performance obligations are determined based on the nature of the goods and services provided. Each of the Association's revenue streams are treated as separate performance obligations, some of which are satisfied at a point in time and others are satisfied over a specified time period. The Association determines the transaction price based on contractually agreed-upon amounts or rates.

Revenue for the years ended December 31, 2024 and 2023 is disaggregated as follows:

	2024	2023
Performance obligations satisfied over time		
Member dues	\$ 5,506,533	\$ 5,176,337
Subscriptions	3,383	4,086
Performance obligations satisfied at a point in time		
Advertising sales, net of discounts	549,511	576,909
Book sales	26,164	27,107
	<u>\$ 6,085,591</u>	<u>\$ 5,784,439</u>

Contributions: Contributions received are recorded with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Recognition of Donor Restrictions: All donor-restricted support is reported as an increase in net assets with donor restrictions. Upon the expiration of a temporary restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions in the consolidated statements of activities.

Gifts-in-Kind: Gifts-in-kind can include both donated goods and services and are recorded at their estimated fair market value on the date of receipt.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Association.

During the years ended December 31, 2024 and 2023, gifts-in-kind consisted of prizes for the Association's annual essay contest which include a study abroad package and program related fees of \$32,900 and \$31,650, respectively, and program tuitions costs of \$4,095 for both years. The prizes, which were used for the Association's program services, are included in special projects on the consolidated statements of functional expenses.

Advertising: Advertising costs are charged to operations when incurred. The Association has no significant direct-response advertising. Advertising expense for the years ended December 31, 2024 and 2023 was \$22,427 and \$5,040, respectively.

Functional Allocation of Expenses: The costs of providing various programs and other support activities have been summarized on a functional basis in the consolidated statements of activities and by natural classification in the consolidated statements of functional expenses. Costs that can be identified with specific programs or support services are allocated directly. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated based on estimates such as time and effort.

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 1: Nature of Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes: AFSA is exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(5). The Fund and the Scholarship Fund are exempt from federal and state income taxes under IRC Section 501(c)(3). The Fund is not considered a private foundation by the Internal Revenue Service (IRS) because it is an organization that is described in section 509(a)(3). The Scholarship Fund is not considered a private foundation by the IRS because it is an organization that is described in section 509(a)(1). The PAC is exempt under Section 527 of the IRC. Section 527 does not exempt taxation of investment income.

Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. AFSA had approximately \$550,000 and \$577,000 in unrelated business income (UBI) from advertising and other activities for the years ended December 31, 2024 and 2023, respectively. Net UBI equaled approximately \$8,000 and \$34,000 for the years ended December 31, 2024 and 2023, respectively. Federal and state income tax expense was \$-0- and \$5,363 for the years ended December 31, 2024 and 2023, respectively, is included in taxes and licenses on the consolidated statements of functional expenses.

The Scholarship Fund and the Fund did not have any UBI for the years ended December 31, 2024 and 2023. The PAC did not have any taxable income for the years ended December 31, 2024 and 2023.

The Association's federal and state tax returns are subject to examination by the IRS, generally for a period of three years after the returns are filed.

Subsequent Events: In preparing these consolidated financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 10, 2025, the date the consolidated financial statements were available to be issued. During the period from January 1, 2025 through September 10, 2025, the Association did not have any material recognizable subsequent events.

Note 2: Liquidity and Availability of Funds

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

	2024	2023
Cash and cash equivalents	\$ 205,777	\$ 296,851
Accounts receivable, net	144,274	145,197
Investments, current portion	17,058,913	16,333,505
Less: Net assets with donor restrictions - purpose	(13,065,149)	(12,127,072)
Financial Assets Available for General Expenditure	<u>\$ 4,343,815</u>	<u>\$ 4,648,481</u>

As part of the Association's liquidity management plan, the Association invests cash in excess of daily requirements in short-term investments.

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 3: Accounts Receivable

Accounts receivable consists of the following at December 31, 2024, 2023, and 2022:

	2024	2023	2022
Journal	\$ 118,645	\$ 115,200	\$ 147,347
Membership dues	47,454	43,794	38,528
Books	4,905	9,473	7,554
Other	1,622	5,082	2,001
Accounts receivable	172,626	173,549	195,430
Less: Allowance for credit losses	28,352	28,352	28,352
Accounts receivable, net	<u>\$ 144,274</u>	<u>\$ 145,197</u>	<u>\$ 167,078</u>

Note 4: Investments

A summary of the investment portfolio, at fair value, is as follows at December 31, 2024 and 2023:

	2024	2023
Investments		
Common equity securities	\$ 12,042,913	\$ 9,162,654
Mutual funds, fixed income	5,023,938	3,860,825
Money market funds	160,615	3,478,579
	<u>17,227,466</u>	<u>16,502,058</u>
Deferred Compensation Investments		
Mutual funds, equity	481,670	437,709
Mutual funds, fixed income	293,310	232,563
Money market funds	8,926	7,370
	<u>783,906</u>	<u>677,642</u>
Total investments	<u>18,011,372</u>	<u>17,179,700</u>
Investments classified as long-term:		
Deferred compensation investments	783,906	677,642
Endowment funds	168,553	168,553
	<u>952,459</u>	<u>846,195</u>
Investments, long-term portion		
Investments, current portion	<u>\$ 17,058,913</u>	<u>\$ 16,333,505</u>

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 4: Investments (Continued)

The following summarizes the net investment return from all sources and their classifications in the consolidated statements of activities for the year ended December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Investments			
Investment income	\$ 232,871	\$ 551,119	\$ 783,990
Net unrealized gains	214,358	691,785	906,143
Net realized gains	16,398	101,777	118,175
Investment fees	(7,507)	(28,126)	(35,633)
Total net investment return, investments	<u>\$ 456,120</u>	<u>\$ 1,316,555</u>	<u>\$ 1,772,675</u>
Endowments			
Investment income	\$ -0-	\$ 17,023	\$ 17,023
Net unrealized gains	-0-	24,688	24,688
Net realized gains	-0-	31	31
Investment fees	-0-	(876)	(876)
Total net investment return, endowments	<u>-0-</u>	<u>40,866</u>	<u>40,866</u>
Net investment return	<u>\$ 456,120</u>	<u>\$ 1,357,421</u>	<u>\$ 1,813,541</u>

The following summarizes the net investment return from all sources and their classifications in the consolidated statements of activities for the year ended December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Investments			
Investment income	\$ 145,432	\$ 388,978	\$ 534,410
Net unrealized losses	(338,942)	(535,774)	(874,716)
Net realized gains	712,835	2,067,956	2,780,791
Investment fees	(22,956)	(51,379)	(74,335)
Total net investment return, investments	<u>\$ 496,369</u>	<u>\$ 1,869,781</u>	<u>\$ 2,366,150</u>
Endowments			
Investment income	\$ -0-	\$ 10,372	\$ 10,372
Net unrealized gains	-0-	17,624	17,624
Net realized gains	-0-	25,207	25,207
Investment fees	-0-	(1,299)	(1,299)
Total net investment return, endowments	<u>-0-</u>	<u>51,904</u>	<u>51,904</u>
Net investment return	<u>\$ 496,369</u>	<u>\$ 1,921,685</u>	<u>\$ 2,418,054</u>

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 5: Property

Property consisted of the following at December 31, 2024 and 2023:

	2024	2023
Land	\$ 222,854	\$ 222,854
Buildings and improvements	3,440,218	3,436,668
Furniture and equipment	727,627	699,665
Software	770,040	689,732
Finance lease right-of-use assets	19,027	19,027
Total Cost	5,179,766	5,067,946
Less: Accumulated depreciation and amortization	3,323,443	3,129,583
Property, Net	<u>\$ 1,856,323</u>	<u>\$ 1,938,363</u>

Note 6: Beneficial Interest in Trusts

The Scholarship Fund is the income beneficiary of a trust created by Theodore and Dorothy Xanthaky (Xanthaky Trust). The Xanthaky Trust provides for the distribution of the net income from the trust to the Scholarship Fund, the timing of which is at the discretion of the trustees, to be used exclusively for scholarships. The Scholarship Fund will remain a beneficiary of the trust in perpetuity. The fair value of the Xanthaky Trust at December 31, 2024 and 2023 was \$1,028,913 and \$906,203, respectively.

The Scholarship Fund is an income beneficiary of a trust created by Wilbur J. Carr (the Carr Trust). The Carr Trust provides for the distribution of the net income from the trust to the Scholarship Fund the timing of which is at the discretion of the trustees, to be used exclusively for scholarships. The Scholarship Fund will remain a beneficiary of the trust in perpetuity. The fair value of the Carr Trust at December 31, 2024 and 2023 was \$171,049 and \$164,338, respectively.

Note 7: Fair Value Measurement

GAAP establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

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

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 7: Fair Value Measurement (Continued)

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

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

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

Money Market Funds: Valued at original cost, which approximates fair value.

Mutual Funds and Common Equity Securities: Valued at the last sales price reported on the active market in which the individual fund or security is traded.

Beneficial Interest in Trusts: Valued at fair value of the trust's assets.

In determining the appropriate levels, the Association performs a detailed analysis of the assets and liabilities that are to be reported at fair value.

The table below presents the assets measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2024:

	Total	Level 1	Level 2	Level 3
<u>Investments</u>				
Common equity securities	\$ 12,042,913	\$ 12,042,913	\$ -0-	\$ -0-
Mutual funds, fixed income	5,023,938	5,023,938	-0-	-0-
Money market funds	160,615	160,615	-0-	-0-
	<u>17,227,466</u>	<u>17,227,466</u>	<u>-0-</u>	<u>-0-</u>
<u>Deferred Compensation Investments</u>				
Mutual funds, equity	481,670	481,670	-0-	-0-
Mutual funds, fixed income	293,310	293,310	-0-	-0-
Money market funds	8,926	8,926	-0-	-0-
	<u>783,906</u>	<u>783,906</u>	<u>-0-</u>	<u>-0-</u>
<u>Other</u>				
Beneficial interest in trusts	1,199,962	-0-	-0-	1,199,962
Total assets at fair value	<u>\$ 19,211,334</u>	<u>\$ 18,011,372</u>	<u>\$ -0-</u>	<u>\$ 1,199,962</u>

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 7: Fair Value Measurement (Continued)

The table below presents the assets measured at fair value on a recurring basis by level within the hierarchy as of December 31, 2023:

	Total	Level 1	Level 2	Level 3
Investments				
Common equity securities	\$ 9,162,654	\$ 9,162,654	\$ -0-	\$ -0-
Mutual funds, fixed income	3,860,825	3,860,825	-0-	-0-
Money market funds	3,478,579	3,478,579	-0-	-0-
	<u>16,502,058</u>	<u>16,502,058</u>	<u>-0-</u>	<u>-0-</u>
Deferred Compensation Investments				
Mutual funds, equity	437,709	437,709	-0-	-0-
Mutual funds, fixed income	232,563	232,563	-0-	-0-
Money market funds	7,370	7,370	-0-	-0-
	<u>677,642</u>	<u>677,642</u>	<u>-0-</u>	<u>-0-</u>
Other				
Beneficial interest in trusts	1,070,541	-0-	-0-	1,070,541
Total assets at fair value	<u>\$ 18,250,241</u>	<u>\$ 17,179,700</u>	<u>\$ -0-</u>	<u>\$ 1,070,541</u>

The change in investments for which the Association has used Level 3 inputs to determine fair value, for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Balance at beginning of year	\$ 1,070,541	\$ 935,598
Change in value	129,421	134,943
Balance at end of year	<u>\$ 1,199,962</u>	<u>\$ 1,070,541</u>

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 8: Leases

The Association leases office equipment under finance lease agreements which expire between February 2027 and November 2028. The finance leases require monthly payments ranging between \$93 and \$315. The Association leased additional copier equipment under a finance lease agreement which was terminated in November 2023.

The Association's total finance lease expense for the years ended December 31, 2024 and 2023 consists of the following:

	2024	2023
Amortization of finance right-of-use assets	\$ 3,806	\$ 4,838
Interest expense	1,758	336
	<u>\$ 5,564</u>	<u>\$ 5,174</u>

As of December 31, 2024 and 2023, the right-of-use assets and finance lease liabilities related to finance leases are as follows:

	2024	2023
Finance lease right-of-use assets, net	<u>\$ 13,012</u>	<u>\$ 16,818</u>
Finance lease liabilities:		
Current maturities of finance lease liabilities	\$ 3,452	\$ 3,138
Finance lease liabilities, net of current maturities	<u>10,333</u>	<u>13,785</u>
Total finance lease liabilities	<u>\$ 13,785</u>	<u>\$ 16,923</u>

Other finance lease details as of December 31, 2024 and 2023 are as follows:

	2024	2023
Weighted average remaining lease term in years	3.62	4.56
Weighted average discount rate	11.97%	11.73%

As of December 31, 2024, future minimum lease payments under finance leases are as follows:

Year ending December 31:	
2025	\$ 4,896
2026	4,896
2027	3,966
2028	<u>3,463</u>
Total	17,221
Less: Amount representing interest	<u>3,436</u>
Present value of future minimum lease payments	<u>\$ 13,785</u>

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 9: Net Assets with Donor Restrictions

The Association has several restricted funds, which may be fully expended but only for the purpose established by the respective donors. Net assets with donor restrictions were available for the following purposes as of December 31, 2024:

	2023	Current Year Activity			2024
		Net Investment Released from			
		Contributions	Return*	Restriction	
Subject to expenditure for a specified purpose:					
Scholarship Fund	\$ 11,597,030	\$ 71,696	\$ 1,316,538	\$ (572,719)	\$ 12,412,545
Legal Defense Fund	348,667	128,572	-0-	(45,000)	432,239
Kiang Fund for Excellence	115,172	-0-	25,427	-0-	140,599
Oliver Bishop Harriman Scholarship Fund	62,110	-0-	15,439	-0-	77,549
Political Action Committee	4,093	2,511	17	(4,404)	2,217
	<u>12,127,072</u>	<u>202,779</u>	<u>1,357,421</u>	<u>(622,123)</u>	<u>13,065,149</u>
Subject to spending policy or appropriation					
Endowments					
Kiang Fund for Excellence	100,000	-0-	-0-	-0-	100,000
Oliver Bishop Harriman Scholarship Fund	68,553	-0-	-0-	-0-	68,553
Beneficial interest in trusts	1,070,541	-0-	129,421	-0-	1,199,962
	<u>1,239,094</u>	<u>-0-</u>	<u>129,421</u>	<u>-0-</u>	<u>1,368,515</u>
	<u>\$ 13,366,166</u>	<u>\$ 202,779</u>	<u>\$ 1,486,842</u>	<u>\$ (622,123)</u>	<u>\$ 14,433,664</u>

* Includes realized and unrealized gains (losses)

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 9: Net Assets with Donor Restrictions (Continued)

Net assets with donor restrictions were available for the following purposes as of December 31, 2023:

	2022	Prior Year Activity			2023
		Net Investment Released from			
		Contributions	Return*	Restriction	
Subject to expenditure for a specified purpose:					
Scholarship Fund	\$ 10,232,219	\$ 85,416	\$ 1,869,763	\$ (590,368)	\$ 11,597,030
Legal Defense Fund	352,092	11,575	-0-	(15,000)	348,667
Kiang Fund for Excellence	82,819	-0-	32,353	-0-	115,172
Oliver Bishop Harriman Scholarship Fund	42,559	-0-	19,551	-0-	62,110
Political Action Committee	5,755	4,800	18	(6,480)	4,093
	<u>10,715,444</u>	<u>101,791</u>	<u>1,921,685</u>	<u>(611,848)</u>	<u>12,127,072</u>
Subject to spending policy or appropriation					
Endowments					
Kiang Fund for Excellence	100,000	-0-	-0-	-0-	100,000
Oliver Bishop Harriman Scholarship Fund	68,553	-0-	-0-	-0-	68,553
Beneficial interest in trusts	935,598	-0-	134,943	-0-	1,070,541
	<u>1,104,151</u>	<u>-0-</u>	<u>134,943</u>	<u>-0-</u>	<u>1,239,094</u>
	<u>\$ 11,819,595</u>	<u>\$ 101,791</u>	<u>\$ 2,056,628</u>	<u>\$ (611,848)</u>	<u>\$ 13,366,166</u>

* Includes realized and unrealized gains (losses)

The Association maintains the following donor-restricted endowment funds classified as restricted in perpetuity. The original principal portion of the funds may not be expended.

Kian Fund for Excellence: This fund was established for the purposes of providing financial aid scholarships to children of AFSA members whose parents are or were Foreign Service Employees.

Oliver Bishop Harriman Scholarship Fund: This fund was established for the purposes of providing financial aid scholarships to children of AFSA members whose parents are or were Foreign Service Employees.

The income earned on the endowment funds is expendable but only for the purpose established by the respective donors.

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 9: Net Assets with Donor Restrictions (Continued)

FASB issued guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This guidance also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The District of Columbia has enacted UPMIFA. The Governing Board of the Association has interpreted the District of Columbia's enacted version of 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. As a result of this interpretation, the Association 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 the applicable donor gift instrument at the time the accumulation is added to the fund, such as net realized and unrealized gains (losses).

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions that are perpetual in nature is classified as net assets with donor restrictions that are temporary in nature until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 Association, and (7) the Association's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The Association has adopted investment and spending policies, approved by the Governing Board of the Association, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which protects the purchasing power of the fund against inflation, with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity securities, mutual funds and money market funds that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the funds if possible. Therefore, the Association expects its endowment assets, over time, to produce an average rate of return that is higher than the inflation rate in order to maintain the purchasing power of the endowment funds. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Association has a policy of appropriating for distribution each year not more than 5% of the rolling five-year average of each of the endowment fund's fair value. In establishing this policy, the Association considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Association expects the current spending policy to allow its endowment funds to grow at a nominal average rate that is higher than the rate of inflation. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 9: Net Assets with Donor Restrictions (Continued)

Endowment net asset composition by type of fund as of December 31, 2024 and 2023 is as follows:

		With Donor Restrictions		Total Net
	Without Donor	Temporary	Permanent	Endowment
	Restriction	in Nature	in Nature	Assets
December 31, 2024:				
Donor-restricted endowment funds	\$ -0-	\$ 218,148	\$ 168,553	\$ 386,701
December 31, 2023:				
Donor-restricted endowment funds	\$ -0-	\$ 177,282	\$ 168,553	\$ 345,835

Changes in endowment net assets during the year ended December 31, 2024 and 2023, are as follows:

		With Donor Restrictions		Total Net
	Without Donor	Temporary	Permanent	Endowment
	Restrictions	in Nature	in Nature	Assets
Endowment net assets,				
December 31, 2022	\$ -0-	\$ 125,378	\$ 168,553	\$ 293,931
Contributions	-0-	-0-	-0-	-0-
Net investment return	-0-	51,904	-0-	51,904
Amounts appropriated for				
expenditure	-0-	-0-	-0-	-0-
Endowment net assets,				
December 31, 2023	-0-	177,282	168,553	345,835
Contributions	-0-	-0-	-0-	-0-
Net investment return	-0-	40,866	-0-	40,866
Amounts appropriated for				
expenditure	-0-	-0-	-0-	-0-
Endowment net assets,				
December 31, 2024	\$ -0-	\$ 218,148	\$ 168,553	\$ 386,701

Note 10: Commitments

As of December 31, 2024 and 2023, the Association had outstanding conditional scholarship awards of \$123,000 and \$127,000, respectively. Scholarship awards are subject to the fulfillment of certain conditions, as defined in the respective scholarship agreements. Conditional scholarship awards are included in prepaid expenses in the consolidated statements of financial position as of December 31, 2024 and 2023.

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Note 11: Retirement Plans

Defined Contribution Retirement Plan: The Association maintains a retirement plan under IRC Section 401(k) for substantially all of its employees. Under the terms of the plan, participating employees may elect to contribute pre-tax dollars up to the maximum limit established by the IRS for each calendar year. The plan requires the Association to make matching contributions equal to the 100% of the first 5% contributed by an employee based on the calendar year. Total retirement expense for the years ended December 31, 2024 and 2023 was \$182,465 and \$175,288, respectively.

Defined Compensation Plan: The Association maintains a deferred compensation plan under IRC Section 457(b) for the benefit of certain key employees. Under the terms of the plan, participating employees can elect to defer a portion of their compensation on a pre-tax basis into the plan, not to exceed the maximum salary deferral amount allowable under the applicable provisions of the IRC. The Association can make discretionary contributions to the plan for each participating employee. The Association made discretionary contributions of \$19,500 to the plan during both years ended December 31, 2024 and 2023. The Association maintains an investment account to fund the deferred compensation plan which is classified as deferred compensation investments on the consolidated statements of financial position. The investment account has a balance of \$783,906 and \$677,642 as of December 31, 2024 and 2023, respectively.

Note 12: Certain Significant Risks and Uncertainties

Uninsured Balances: The Association maintains its cash balances in various financial institutions. Periodically during the year, the Association's cash balances may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to significant risk on its cash balances.

Investment Risk: The Association invests in money market funds, common equity securities and mutual funds. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the balances reported in the consolidated financial statements.

Legal Matters: AFSA is a co-plaintiff in two lawsuits pending against the Trump Administration in the federal district court for the District of Columbia. The first case challenges the dismantling of the US Agency for International Development (USAID). AFSA is being represented pro bono. The second case involves the illegal dismantling of the US Agency for Global Media (USAGM). AFSA's cost is capped at \$25,000. Additionally, AFSA is a plaintiff in a lawsuit involving AFSA's challenge to the Administration's Executive Order that revoked AFSA's right to be a union at the State Department and USAID. The AFSA legal defense fund is funding this lawsuit. AFSA is not seeking monetary damages in any of the lawsuits. The ultimate outcome of these cases cannot be determined until future periods.

Economic Uncertainty: In early 2025, the President of the United States signed several Executive Orders related to federal funding of certain currently funded programs, tariffs and other government initiatives, including the dismantling of USAID and USAGM. It is not possible to fully quantify the effect of these Executive Orders, the interpretation or administration of such Executive Orders, or any other initiatives on the Association's operations and financial status or the outcome of lawsuits related to these initiatives. Accordingly, there is no assurance that these orders and initiatives will not adversely affect the Association's financial position, business operations and cash flows.

**AMERICAN FOREIGN SERVICE ASSOCIATION
AND AFFILIATES**

CONSOLIDATING INFORMATION

DECEMBER 31, 2024 AND 2023

Independent Auditor's Report on Consolidating Information

To the Governing Board
American Foreign Service Association
and Affiliates

We have audited the consolidated financial statements of American Foreign Service Association and Affiliates as of and for the years ended December 31, 2024 and 2023, and our report thereon dated September 10, 2025, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on the following pages is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Gross, Mendelsohn & Associates, P. A.

Baltimore, Maryland
September 10, 2025

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Consolidating Statement of Financial Position
December 31, 2024

	AFSA	Fund	Scholarship Fund	PAC	Eliminations	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ 202,295	\$ -0-	\$ -0-	\$ 3,482	\$ -0-	\$ 205,777
Accounts receivable (net of allowance for credit losses)	136,882	7,382	10	-0-	-0-	144,274
Investments, current portion	3,619,608	907,000	12,532,305	-0-	-0-	17,058,913
Prepaid expenses and other assets	62,505	-0-	123,000	-0-	-0-	185,505
Inventory	-0-	8,162	-0-	-0-	-0-	8,162
Due from affiliates	6,810,459	1,428,029	4,200,505	7,243	(12,446,236)	-0-
Total Current Assets	10,831,749	2,350,573	16,855,820	10,725	(12,446,236)	17,602,631
Property , net of accumulated depreciation and amortization	1,856,323	-0-	-0-	-0-	-0-	1,856,323
Other Assets						
Investments, long-term portion	-0-	-0-	168,553	-0-	-0-	168,553
Beneficial interest in trusts	-0-	-0-	1,199,962	-0-	-0-	1,199,962
Deferred compensation investments	783,906	-0-	-0-	-0-	-0-	783,906
Total Other Assets	783,906	-0-	1,368,515	-0-	-0-	2,152,421
Total Assets	\$ 13,471,978	\$ 2,350,573	\$ 18,224,335	\$ 10,725	\$ (12,446,236)	\$ 21,611,375
Liabilities and Net Assets						
Current Liabilities						
Accounts payable and accrued expenses	\$ 505,850	\$ 8,861	\$ 9,423	\$ 45	\$ -0-	\$ 524,179
Current maturities of finance lease liabilities	3,452	-0-	-0-	-0-	-0-	3,452
Contract liabilities	388,073	7,192	-0-	-0-	-0-	395,265
Due to affiliates	5,635,777	2,586,292	4,215,704	8,463	(12,446,236)	-0-
Total Current Liabilities	6,533,152	2,602,345	4,225,127	8,508	(12,446,236)	922,896
Non-Current Liabilities						
Finance lease liabilities, net of current maturities	10,333	-0-	-0-	-0-	-0-	10,333
Deferred compensation	783,906	-0-	-0-	-0-	-0-	783,906
Total Non-Current Liabilities	794,239	-0-	-0-	-0-	-0-	794,239
Total Liabilities	7,327,391	2,602,345	4,225,127	8,508	(12,446,236)	1,717,135
Net Assets						
Without donor restrictions	5,712,348	(251,772)	-0-	-0-	-0-	5,460,576
With donor restrictions	432,239	-0-	13,999,208	2,217	-0-	14,433,664
Total Net Assets	6,144,587	(251,772)	13,999,208	2,217	-0-	19,894,240
Total Liabilities and Net Assets	\$ 13,471,978	\$ 2,350,573	\$ 18,224,335	\$ 10,725	\$ (12,446,236)	\$ 21,611,375

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Consolidating Statement of Financial Position
December 31, 2023

	AFSA	Fund	Scholarship Fund	PAC	Eliminations	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ 291,493	\$ -0-	\$ -0-	\$ 5,358	\$ -0-	\$ 296,851
Accounts receivable (net of allowance for credit losses)	133,236	11,947	14	-0-	-0-	145,197
Investments, current portion	3,850,284	835,228	11,647,993	-0-	-0-	16,333,505
Prepaid expenses and other assets	51,588	-0-	127,000	-0-	-0-	178,588
Inventory	531	4,398	-0-	-0-	-0-	4,929
Due from affiliates	6,224,975	1,341,595	4,145,410	7,243	(11,719,223)	-0-
Total Current Assets	10,552,107	2,193,168	15,920,417	12,601	(11,719,223)	16,959,070
Property , net of accumulated depreciation and amortization	1,938,363	-0-	-0-	-0-	-0-	1,938,363
Other Assets						
Investments, long-term portion	-0-	-0-	168,553	-0-	-0-	168,553
Beneficial interest in trusts	-0-	-0-	1,070,541	-0-	-0-	1,070,541
Deferred compensation investments	677,642	-0-	-0-	-0-	-0-	677,642
Total Other Assets	677,642	-0-	1,239,094	-0-	-0-	1,916,736
Total Assets	\$ 13,168,112	\$ 2,193,168	\$ 17,159,511	\$ 12,601	\$ (11,719,223)	\$ 20,814,169
Liabilities and Net Assets						
Current Liabilities						
Accounts payable and accrued expenses	\$ 498,592	\$ 11,135	\$ 13,496	\$ 45	\$ -0-	\$ 523,268
Current maturities of finance lease liabilities	3,138	-0-	-0-	-0-	-0-	3,138
Contract liabilities	427,834	7,192	-0-	-0-	-0-	435,026
Due to affiliates	5,494,247	2,083,904	4,132,609	8,463	(11,719,223)	-0-
Total Current Liabilities	6,423,811	2,102,231	4,146,105	8,508	(11,719,223)	961,432
Non-Current Liabilities						
Finance lease liabilities, net of current maturities	13,785	-0-	-0-	-0-	-0-	13,785
Deferred compensation	677,642	-0-	-0-	-0-	-0-	677,642
Total Non-Current Liabilities	691,427	-0-	-0-	-0-	-0-	691,427
Total Liabilities	7,115,238	2,102,231	4,146,105	8,508	(11,719,223)	1,652,859
Net Assets						
Without donor restrictions	5,704,207	90,937	-0-	-0-	-0-	5,795,144
With donor restrictions	348,667	-0-	13,013,406	4,093	-0-	13,366,166
Total Net Assets	6,052,874	90,937	13,013,406	4,093	-0-	19,161,310
Total Liabilities and Net Assets	\$ 13,168,112	\$ 2,193,168	\$ 17,159,511	\$ 12,601	\$ (11,719,223)	\$ 20,814,169

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Consolidating Statement of Activities
Year Ended December 31, 2024

	AFSA	Fund	Scholarship Fund	PAC	Eliminations	Total
Without Donor Restrictions						
Support and Revenue						
Member dues	\$ 5,506,533	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 5,506,533
Advertising sales, net of discounts	549,511	-0-	-0-	-0-	-0-	549,511
Contributions	15	98,376	-0-	-0-	-0-	98,391
Gifts-in-kind	-0-	36,995	-0-	-0-	-0-	36,995
Book sales	-0-	26,164	-0-	-0-	-0-	26,164
Subscriptions	3,383	-0-	-0-	-0-	-0-	3,383
Special events, net	-0-	(12,997)	-0-	-0-	-0-	(12,997)
Miscellaneous revenue	3,175	27,341	-0-	-0-	-0-	30,516
Net investment return	357,426	98,694	-0-	-0-	-0-	456,120
Net assets released from restrictions:						
Satisfaction of program restrictions	45,000	-0-	572,719	4,404	-0-	622,123
Total Support and Revenue	6,465,043	274,573	572,719	4,404	-0-	7,316,739
Expenses						
Program services:						
Journal	1,372,555	-0-	-0-	-0-	-0-	1,372,555
Labor relations	1,892,493	-0-	-0-	-0-	-0-	1,892,493
Membership services	306,174	-0-	-0-	-0-	-0-	306,174
Retirees	246,464	-0-	-0-	-0-	-0-	246,464
Public affairs	594,018	-0-	-0-	-0-	-0-	594,018
Foreign professional services policy issues	229,345	-0-	-0-	-0-	-0-	229,345
Congressional affairs	323,081	-0-	-0-	-0-	-0-	323,081
Public education and outreach	-0-	293,139	-0-	-0-	-0-	293,139
Professional awards	-0-	176,089	-0-	-0-	-0-	176,089
Essay contest	-0-	76,532	-0-	-0-	-0-	76,532
Scholarships	-0-	-0-	434,710	-0-	-0-	434,710
Political action committee	-0-	-0-	-0-	4,404	-0-	4,404
Total program services	4,964,130	545,760	434,710	4,404	-0-	5,949,004
Supporting services:						
Management and general	1,172,616	69,346	138,009	-0-	-0-	1,379,971
Member support	71,258	-0-	-0-	-0-	-0-	71,258
Board and president	246,845	-0-	-0-	-0-	-0-	246,845
Fundraising	-0-	2,176	-0-	-0-	-0-	2,176
Election	2,053	-0-	-0-	-0-	-0-	2,053
Total supporting services	1,492,772	71,522	138,009	-0-	-0-	1,702,303
Total Expenses	6,456,902	617,282	572,719	4,404	-0-	7,651,307
Change in Net Assets without Donor Restrictions	\$ 8,141	\$ (342,709)	\$ -0-	\$ -0-	\$ -0-	\$ (334,568)
With Donor Restrictions						
Support and Revenue						
Contributions	\$ 128,572	\$ -0-	\$ 71,696	\$ 2,511	\$ -0-	\$ 202,779
Net investment return	-0-	-0-	1,357,404	17	-0-	1,357,421
Change in beneficial interest in trusts	-0-		129,421	-0-	-0-	129,421
Net assets released from restrictions:		-0-				
Satisfaction of program restrictions	(45,000)	-0-	(572,719)	(4,404)	-0-	(622,123)
Change in Net Assets with Donor Restrictions	\$ 83,572	\$ -0-	\$ 985,802	\$ (1,876)	\$ -0-	\$ 1,067,498
Change in Net Assets	\$ 91,713	\$ (342,709)	\$ 985,802	\$ (1,876)	\$ -0-	\$ 732,930
Net Assets at Beginning of Year	6,052,874	90,937	13,013,406	4,093	-0-	19,161,310
Net Assets at End of Year	\$ 6,144,587	\$ (251,772)	\$ 13,999,208	\$ 2,217	\$ -0-	\$ 19,894,240

AMERICAN FOREIGN SERVICE ASSOCIATION AND AFFILIATES
Consolidating Statement of Activities
Year Ended December 31, 2023

	AFFSA	Fund	Scholarship Fund	PAC	Eliminations	Total
Without Donor Restrictions						
Support and Revenue						
Member dues	\$ 5,176,337	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 5,176,337
Advertising sales, net of discounts	576,909	-0-	-0-	-0-	-0-	576,909
Contributions	15	77,745	-0-	-0-	-0-	77,760
Gifts-in-kind	-0-	35,745	-0-	-0-	-0-	35,745
Book sales	-0-	27,107	-0-	-0-	-0-	27,107
Subscriptions	4,086	-0-	-0-	-0-	-0-	4,086
Gain on disposal of property	118	-0-	-0-	-0-	-0-	118
Miscellaneous revenue	4,740	18,352	-0-	-0-	-0-	23,092
Net investment return	354,143	142,226	-0-	-0-	-0-	496,369
Net assets released from restrictions:						
Satisfaction of program restrictions	15,000	-0-	590,368	6,480	-0-	611,848
Total Support and Revenue	6,131,348	301,175	590,368	6,480	-0-	7,029,371
Expenses						
Program services:						
Journal	1,376,056	-0-	-0-	-0-	-0-	1,376,056
Labor relations	1,751,546	-0-	-0-	-0-	-0-	1,751,546
Membership services	278,171	-0-	-0-	-0-	-0-	278,171
Retirees	259,009	-0-	-0-	-0-	-0-	259,009
Public affairs	397,517	-0-	-0-	-0-	-0-	397,517
Foreign professional services policy issues	207,337	-0-	-0-	-0-	-0-	207,337
Congressional affairs	318,191	-0-	-0-	-0-	-0-	318,191
Public education and outreach	-0-	273,321	-0-	-0-	-0-	273,321
Professional awards	-0-	90,410	-0-	-0-	-0-	90,410
Essay contest	-0-	71,353	-0-	-0-	-0-	71,353
Scholarships	-0-	-0-	460,931	-0-	-0-	460,931
Political action committee	-0-	-0-	-0-	6,480	-0-	6,480
Total program services	4,587,827	435,084	460,931	6,480	-0-	5,490,322
Supporting services:						
Management and general	1,169,696	45,891	129,437	-0-	-0-	1,345,024
Member support	64,636	-0-	-0-	-0-	-0-	64,636
Board and president	261,269	-0-	-0-	-0-	-0-	261,269
Fundraising	-0-	726	-0-	-0-	-0-	726
Election	38,924	-0-	-0-	-0-	-0-	38,924
Total supporting services	1,534,525	46,617	129,437	-0-	-0-	1,710,579
Total Expenses	6,122,352	481,701	590,368	6,480	-0-	7,200,901
Change in Net Assets						
without Donor Restrictions	\$ 8,996	\$ (180,526)	\$ -0-	\$ -0-	\$ -0-	\$ (171,530)
With Donor Restrictions						
Support and Revenue						
Contributions	\$ 11,575	\$ -0-	\$ 85,416	\$ 4,800	\$ -0-	\$ 101,791
Net investment return	-0-	-0-	1,921,667	18	-0-	1,921,685
Change in beneficial interest in trusts	-0-	-0-	134,943	-0-	-0-	134,943
Net assets released from restrictions:						
Satisfaction of program restrictions	(15,000)	-0-	(590,368)	(6,480)	-0-	(611,848)
Change in Net Assets						
with Donor Restrictions	\$ (3,425)	\$ -0-	\$ 1,551,658	\$ (1,662)	\$ -0-	\$ 1,546,571
Change in Net Assets	\$ 5,571	\$ (180,526)	\$ 1,551,658	\$ (1,662)	\$ -0-	\$ 1,375,041
Net Assets at Beginning of Year	6,047,303	271,463	11,461,748	5,755	-0-	17,786,269
Net Assets at End of Year	\$ 6,052,874	\$ 90,937	\$ 13,013,406	\$ 4,093	\$ -0-	\$ 19,161,310

