Financial Statements

for

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Years Ended March 31, 2026 and 2025
with Independent Auditor's Report

DEANDORTON

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DEANDORTON

Independent Auditor's Report

To the Board of Trustees
Greater Louisville Medical Society Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Greater Louisville Medical Society Foundation, Inc. (the Foundation), which comprise the statements of financial position as of March 31, 2026 and 2025, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of March 31, 2026 and 2025, 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. 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.

To the Board of Trustees
Greater Louisville Medical Society Foundation, Inc.
Independent Auditor's Report, continued

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 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 financial statements.

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

- 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.

Dean Dorton Allen Ford, PLLC

Louisville, Kentucky
June 10, 2026

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Statements of Financial Position

March 31, 2026 and 2025

	2026	2025
Assets		
Cash and cash equivalents	**$ 60,795**	$ 125,694
Investments	**8,469,439**	7,980,858
Prepaid expenses and other assets	**2,736**	3,604
Total assets	**$ 8,532,970**	$ 8,110,156
Liabilities and Net Assets		
Liabilities:		
Accounts payable, related parties	**$ 53,787**	$ 48,406
Accounts payable and accrued expenses	**21,481**	44,183
Unearned revenue	**6,500**	16,750
Total liabilities	**81,768**	109,339
Net assets:		
Without donor restrictions - undesignated	**8,429,915**	7,985,141
With donor restrictions - purpose restrictions	**21,287**	15,676
Total net assets	**8,451,202**	8,000,817
Total liabilities and net assets	**$ 8,532,970**	$ 8,110,156

See accompanying notes.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Statement of Activities

Year ended March 31, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Revenue and support:			
Contributions	$ 10,462	$ 5,000	$ 15,462
Doctor's Cup	-	101,976	101,976
Doctors' Ball	-	108,449	108,449
Interest and dividend income	298,288	763	299,051
Net assets released from restrictions	210,333	(210,333)	-
Total revenue and support	519,083	5,855	524,938
Expenses:			
Program services	462,766	-	462,766
General and administrative	114,237	-	114,237
Fundraising and development	140,970	-	140,970
Total expenses	717,973	-	717,973
Change in net assets from operations	(198,890)	5,855	(193,035)
Nonoperating activities:			
Net realized and unrealized gain (loss) on investments	643,664	(244)	643,420
Change in net assets	444,774	5,611	450,385
Net assets, beginning of year	7,985,141	15,676	8,000,817
Net assets, end of year	$ 8,429,915	$ 21,287	$ 8,451,202

See accompanying notes.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Statement of Activities

Year ended March 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Revenue and support:			
Contributions	$ 12,608	$ 15,464	$ 28,072
Doctor's Cup	-	92,904	92,904
Doctors' Ball	-	75,673	75,673
Interest and dividend income	278,719	196	278,915
Net assets released from restrictions	187,147	(187,147)	-
Total revenue and support	478,474	(2,910)	475,564
Expenses:			
Program services	366,979	-	366,979
General and administrative	116,591	-	116,591
Fundraising and development	133,195	-	133,195
Total expenses	616,765	-	616,765
Change in net assets from operations	(138,291)	(2,910)	(141,201)
Nonoperating activities:			
Net realized and unrealized gain on investments	165,013	16	165,029
Change in net assets	26,722	(2,894)	23,828
Net assets, beginning of year	7,958,419	18,570	7,976,989
Net assets, end of year	$ 7,985,141	$ 15,676	$ 8,000,817

See accompanying notes.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Statement of Functional Expenses

Year ended March 31, 2026

	Program Services	General and Administrative	Fundraising and Development	Total
Bank fees	$ -	$ 972	$ -	$ 972
Computer	-	11,162	-	11,162
Development and promotions	-	755	10,204	10,959
Doctors' Ball	160,503	-	1,621	162,124
Doctor's Cup	-	-	59,034	59,034
General insurance	-	6,479	-	6,479
Grants and initiatives	73,685	-	-	73,685
Labor allocation	102,518	70,596	69,394	242,508
Other	-	2,093	-	2,093
Professional fees	-	21,450	-	21,450
Rent	1,060	730	717	2,507
Scholarships	125,000	-	-	125,000
Total expenses by function	$ 462,766	$ 114,237	$ 140,970	$ 717,973

See accompanying notes.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Statement of Functional Expenses

Year ended March 31, 2025

	Program Services	General and Administrative	Fundraising and Development	Total
Bank fees	$ -	$ 823	$ -	$ 823
Computer	-	10,448	-	10,448
Depreciation	-	488	-	488
Development and promotions	-	198	25,048	25,246
Doctors' Ball	46,171	-	8,795	54,966
Doctor's Cup	-	-	46,414	46,414
General insurance	-	6,410	-	6,410
Grants and initiatives	81,837	-	-	81,837
Labor allocation	112,891	66,923	52,436	232,250
Other	-	10,186	-	10,186
Professional fees	-	20,475	-	20,475
Rent	1,080	640	502	2,222
Scholarships	125,000	-	-	125,000
Total expenses by function	$ 366,979	$ 116,591	$ 133,195	$ 616,765

See accompanying notes.

GREATER LOUISVILLE MEDICAL SOCIETY FOUNDATION, INC.

Statements of Cash Flows

Years ended March 31, 2026 and 2025

	2026	2025
Cash flows from operating activities:		
Change in net assets	**$ 450,385**	$ 23,828
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	**-**	488
Loss on sale of property and equipment	**-**	8,130
Net realized gain on investments	**(2,281,774)**	(229,021)
Net unrealized loss on investments	**1,638,354**	63,992
Increase (decrease) in cash due to changes in:		
Prepaid expenses and other assets	**868**	42
Accounts payable, related parties	**5,381**	(17,746)
Accounts payable and accrued expenses	**(22,702)**	(23,832)
Unearned revenue	**(10,250)**	2,500
Net cash used in operating activities	**(219,738)**	(171,619)
Cash flows from investing activities:		
Proceeds from sale of investments - reinvested	**7,404,703**	1,421,217
Proceeds from sale of investments - used in operations	**456,125**	499,775
Purchase of investments	**(7,705,989)**	(1,715,596)
Net cash provided by investing activities	**154,839**	205,396
Net change in cash and cash equivalents	**(64,899)**	33,777
Cash and cash equivalents, beginning of year	**125,694**	91,917
Cash and cash equivalents, end of year	**$ 60,795**	$ 125,694

See accompanying notes.

1. Description of the Organization

Greater Louisville Medical Society Foundation, Inc. (the Foundation) is an association consisting of active and non-active members of the Greater Louisville Medical Society (the Society) who express an interest in the Foundation and make a financial contribution.

The mission of the Foundation is to support the Society and initiatives that improve the health and well-being of physicians and our community. This is achieved through fundraising and prudent management of the Foundation that generate revenues to support the Foundation's causes.

2. Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), which requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Foundation in preparation of its financial statements.

<u>Basis of Presentation</u>

Under GAAP, net assets and revenues, expenses, gains and losses are classified based 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** include net assets that are not subject to donor-imposed stipulations and are available in operation of the Foundation.
>
> **Net Assets With Donor Restrictions** include 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 can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Foundation treats donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

2. Summary of Significant Accounting Policies, continued

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return on investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less that are not designated for a specific purpose. The Foundation has a concentration of credit risk in that it periodically maintains cash deposits in financial institutions in excess of federally insured limits. Management considers it very unlikely that any loss will result from the cash balance in excess of federal insurance limits.

Investment Valuation and Income Recognition

Investments are carried at fair value, generally determined by quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Net realized and unrealized gains and losses are reflected in the statements of activities.

The Foundation invests in cash equivalent funds, publicly-traded common stocks, fixed-income securities, exchange traded funds and mutual funds. These investments are subject to the risks common to financial markets, including interest rate risks, credit risks, and overall market risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Gain (loss) on investments includes the Foundation's gains and losses on investments bought and sold as well as held during the year.

The Foundation has elected not to further disaggregate the investments as displayed in Note 4 as additional risk information is not deemed material to the financial statements.

Pledges and Accounts Receivable

Receivables, if any, consist primarily of donations. Delinquent receivables are written off based on individual and specific circumstances of the donor.

2. Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment are stated at cost, or if donated, at the approximate fair value at the date of the donation. The capitalization threshold is $5,000. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Furniture and equipment	3 to 5 years
Donated art	40 years

Repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed as incurred. All property and equipment were fully depreciated as of March 31, 2026 and 2025.

Revenue Recognition

The Foundation derives its revenues primarily from contributions and fundraising events such as the Doctor's Cup and the Doctors' Ball. The Foundation recognizes contributions when cash, securities, an unconditional promise to give, or donated goods or services are received. The value of donated goods or services, if any, are based on management's estimate of the fair value of the contribution at the time of the donation. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation recognizes the Doctor's Cup and the Doctors' Ball revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the events take place. The Foundation recognizes revenue from ticket sales at the time of admission.

In instances where the timing of revenue recognition differs from the timing of invoicing and/or payment, the contracts generally do not include a significant financing component as the period between when the Foundation transfers a promised good or service to the person and when the person pays for that good or service is one year or less. Unearned revenue as of March 31, 2026, 2025, and 2024, was $6,500, $16,750, and $14,250, respectively, and consisted primarily of sponsorships for the Doctor's Cup received but not yet earned.

Grants, Scholarships, and Initiatives

Grants, scholarships, and initiatives are recorded as expenses when they are approved by the Board of Trustees for payment. Amounts not paid as of year-end are included in the financial statements as accounts payable and accrued expenses and are generally expected to be paid within one year or less. During the year ended March 31, 2023, the Foundation awarded a grant of $100,000. The Foundation paid $25,000 of the grant during each of the years ended March 31, 2026, 2025, 2024, and 2023. There was no outstanding balance for the year ended March 31, 2026.

2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses based on estimated time spent on that function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimated budgeted amounts. The expenses that are allocated include development and promotions, labor allocation, and rent.

Income Taxes

The Foundation is a non-profit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Although the Foundation is exempt from income taxes, any income generated from activities unrelated to its exempt purpose is subject to tax under IRC Section 511. There were no unrelated business income for the years ended March 31, 2026 and 2025. Accordingly, the financial statements include no provision for income taxes.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through June 10, 2026, which was the date at which the financial statements were available to be issued.

3. Liquidity and Availability

The Foundation receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. In addition, the Foundation receives support without donor restrictions; such support has historically represented approximately 6 - 10% of annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Foundation’s Grant Committee (the Committee) meets regularly to review and approve grant requests. Due to this timing, the Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative, general, and fundraising expenses plus grants approved by the Committee.

3. Liquidity and Availability, continued

The following table reflects the Foundation's financial assets available as of March 31, 2026 and 2025 to meet general expenditures within one year of the financial statements date, reduced by amounts that are not available because of Board or donor designations. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the financial statement date, comprise the following:

	2026	2025
Cash and cash equivalents	**$ 60,795**	$ 125,694
Investments	**8,469,439**	7,980,858
Financial assets	**8,530,234**	8,106,552
Less: net assets with donor restrictions	**(21,287)**	(15,676)
Financial assets available to meet cash needs for general expenditures within one year	**$ 8,508,947**	$ 8,090,876

4. Fair Value Measurement

The Foundation classifies its investments measured at fair value based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available), and Level 3 (valued based on significant unobservable inputs). 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

The following methods and assumptions were used by the Foundation in estimating the fair value of its investments. There were no changes in the methodologies used to measure fair value during the years ended March 31, 2026 and 2025.

Money market funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Certificates of deposit: Valued at cost plus interest earned.

Corporate stocks: Valued at unadjusted quoted prices for identical assets in active markets.

Corporate bonds and government securities: Valued at unadjusted quoted prices for similar assets in active markets or valued at unadjusted quoted prices for identical assets in inactive markets.

Mutual funds: Valued at net asset value (NAV) of shares held by the Foundation at year end. The NAV is based on the value of the underlying investment assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

4. Fair Value Measurement, continued

Exchange traded funds: The fair value is determined based on the fair value of the underlying assets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments at fair value:

March 31, 2026	Fair Value	Level 1	Level 2	Level 3
Money market funds	**$ 267,725**	**$ 267,725**	**$ -**	**$ -**
Certificates of deposit	**100,318**	**100,318**	**-**	**-**
Corporate bonds	**1,580,885**	**-**	**1,580,885**	**-**
Mutual funds	**174,264**	**174,264**	**-**	**-**
Government securities	**1,204,737**	**1,204,737**	**-**	**-**
Corporate stocks	**971,414**	**971,414**	**-**	**-**
Exchange traded funds	**4,170,096**	**4,170,096**	**-**	**-**
	$ 8,469,439	**$ 6,888,554**	**$ 1,580,885**	**$ -**

March 31, 2025	Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 245,794	$ 245,794	$ -	$ -
Certificates of deposit	125,737	125,737	-	-
Corporate bonds	688,803	-	688,803	-
Mutual funds	1,737,750	1,737,750	-	-
Government securities	606,474	606,474	-	-
Corporate stocks	2,437,530	2,437,530	-	-
Exchange traded funds	2,138,770	2,138,770	-	-
	$ 7,980,858	$ 7,292,055	$ 688,803	$ -

5. Net Investment Return

Net investment return for the years ended March 31, 2026 and 2025 consists of the following components:

	2026	2025
Unrealized loss	$ (1,638,354)	$ (63,992)
Realized gain	2,329,810	274,782
Investment fees	(48,036)	(45,761)
Net realized and unrealized gain	643,420	165,029
Interest and dividend income	299,051	278,915
Net investment return	$ 942,471	$ 443,944

6. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes for the years ended March 31, 2026 and 2025:

	2026	2025
Subject to expenditure for specified purpose:		
DeWeese Student Advocacy Fund	$ 18,695	$ 15,676
Heal the Ville	2,592	-
	$ 21,287	$ 15,676

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended March 31, 2026 and 2025:

	2026	2025
Satisfaction of purpose restrictions:		
Doctor's Cup	$ 101,514	$ 77,850
Medical scholarships	462	15,054
Physician Health and Wellness	1,050	-
Doctors' Ball	107,307	94,243
	$ 210,333	$ 187,147

7. Related Party Transactions

The Foundation is associated with the Society and the Medical Society Professional Services, Inc. (MSPS), by common membership. The Foundation and Society have a fee structure for services provided by Society employees. The Foundation has no employees and utilizes the employees of the Society for various services. The Foundation is charged a fee equivalent to the prorated employees' salaries and costs for the time spent working on Foundation-related matters. The Foundation paid $242,508 and $232,250 for these services during the years ended March 31, 2026 and 2025, respectively. At March 31, 2026 and 2025, $53,787 and $48,406, respectively, was due to the Society for other shared services and expenses. Additionally, the Foundation used a portion of the Society's storage space and the Society charged them accordingly. The total rent expense for the years ended March 31, 2026 and 2025 was $2,507 and $2,222, respectively.