CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Association For Research on Nonprofit Organizations and Voluntary Action

Financial Statements

December 31, 2025 and 2024

with Independent Auditors' Report

TABLE OF CONTENTS

Independent Auditors' Report 1-2

Financial Statements:

Statements of Financial Position 3

Statements of Activities 4-5

Statements of Functional Expenses 6-7

Statements of Cash Flows 8

Notes to the Financial Statements 9-17

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Association For Research on Nonprofit
Organizations and Voluntary Action

Opinion

We have audited the accompanying financial statements of the Association For Research on Nonprofit Organizations and Voluntary Action (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association For Research on Nonprofit Organizations and Voluntary Action as of December 31, 2025 and 2024, and the results of 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association For Research on Nonprofit Organizations and Voluntary Action 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 Association For Research on Nonprofit Organizations and Voluntary Action's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Association For Research on Nonprofit Organizations and Voluntary Action'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 Association For Research on Nonprofit Organizations and Voluntary Action'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.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio

September 4, 2026

Association For Research on Nonprofit Organizations and Voluntary Action
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash	$ 55,884	68,771
Cash held for others	38,725	46,225
Investments	396,719	409,612
Accounts receivable, net	30,975	87,672
Prepaid expenses	47,962	18,292
Other current assets	81,538	-
	651,803	630,572
Equipment and software, net	-	451
Total Assets	$ 651,803	631,023
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 10,914	125,165
Accrued payroll and benefits	1,600	2,539
Deferred revenue	48,241	50,918
Funds held on behalf of others	38,725	46,225
	99,480	224,847
Net assets:		
Without donor restrictions		
Undesignated	321,965	46,431
Board designated	148,618	199,695
	470,583	246,126
With donor restrictions	81,740	160,050
	552,323	406,176
Total Liabilities and Net Assets	$ 651,803	631,023

See accompanying notes to the financial statements.

Association For Research on Nonprofit Organizations and Voluntary Action
Statement of Activities
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Grants	$ 1,000	-	1,000
Membership dues	98,037	-	98,037
Conference revenue and sponsorships	392,971	-	392,971
Publications and royalties	168,131	-	168,131
Contributions	19,392	-	19,392
In-kind contributions	103,625	-	103,625
Investment income, net	43,276	3,690	46,966
	826,432	3,690	830,122
Net assets released from restrictions	82,000	(82,000)	-
	908,432	(78,310)	830,122
Expenses:			
Program services:			
Events	309,219	-	309,219
Publications	135,536	-	135,536
Membership services	89,081	-	89,081
	533,836	-	533,836
Management and general	144,761	-	144,761
Fundraising	5,378	-	5,378
	150,139	-	150,139
	683,975	-	683,975
Change in net assets	224,457	(78,310)	146,147
Net assets - beginning of year	246,126	160,050	406,176
Net assets - end of year	$ 470,583	81,740	552,323

See accompanying notes to the financial statements.

Association For Research on Nonprofit Organizations and Voluntary Action
Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Grants	$ -	250	250
Membership dues	104,820	-	104,820
Conference revenue and sponsorships	459,357	-	459,357
Publications and royalties	186,276	-	186,276
Contributions	7,889	-	7,889
In-kind contributions	108,450	-	108,450
Investment income, net	53,432	3,422	56,854
Other	9,201	-	9,201
	929,425	3,672	933,097
Net assets released from restrictions	82,500	(82,500)	-
	1,011,925	(78,828)	933,097
Expenses:			
Program services:			
Events	493,792	-	493,792
Publications	167,260	-	167,260
Membership services	175,648	-	175,648
	836,700	-	836,700
Management and general	238,940	-	238,940
Fundraising	24,488	-	24,488
	263,428	-	263,428
	1,100,128	-	1,100,128
Change in net assets	(88,203)	(78,828)	(167,031)
Net assets - beginning of year	334,329	238,878	573,207
Net assets - end of year	$ 246,126	160,050	406,176

See accompanying notes to the financial statements.

Association For Research on Nonprofit Organizations and Voluntary Action
Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services						
	Events	Publications	Membership Services	Total	Management and General	Fundraising	Total Expense
Payroll costs	$ 18,087	4,651	16,537	39,275	11,581	5,168	56,024
Contract labor	25,000	103,625	1,531	130,156	9,600	-	139,756
NVSQ direct expenses	-	27,113	-	27,113	-	-	27,113
Conferences	244,372	-	4,392	248,764	-	-	248,764
Travel and meetings	2,628	-	-	2,628	-	-	2,628
Scholarships and awards	6,800	-	2,955	9,755	-	-	9,755
Rent	-	-	-	-	10,094	-	10,094
Administration	-	-	12,999	12,999	5,512	-	18,511
Technology	2,140	147	9,897	12,184	11,404	210	23,798
Accounting	-	-	-	-	70,237	-	70,237
Other	10,192	-	40,770	50,962	25,882	-	76,844
Depreciation	-	-	-	-	451	-	451
	$ 309,219	135,536	89,081	533,836	144,761	5,378	683,975

See accompanying notes to the financial statements.

Association For Research on Nonprofit Organizations and Voluntary Action
Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services						
	Events	Publications	Membership Services	Total	Management and General	Fundraising	Total Expense
Payroll costs	$ 84,867	21,823	77,593	184,283	54,153	24,248	262,684
Contract labor	89,220	108,450	64,481	262,151	14,802	-	276,953
NVSQ direct expenses	-	36,837	-	36,837	-	-	36,837
Conferences	283,003	-	5,101	288,104	-	-	288,104
Travel and meetings	25,270	-	-	25,270	5,104	-	30,374
Scholarships and awards	8,769	-	3,155	11,924	-	-	11,924
Rent	-	-	-	-	16,260	-	16,260
Administration	-	-	15,813	15,813	5,061	-	20,874
Technology	990	150	9,505	10,645	18,441	240	29,326
Accounting	-	-	-	-	93,422	-	93,422
Other	1,673	-	-	1,673	31,233	-	32,906
Depreciation	-	-	-	-	464	-	464
	$ 493,792	167,260	175,648	836,700	238,940	24,488	1,100,128

See accompanying notes to the financial statements.

Association For Research on Nonprofit Organizations and Voluntary Action
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 146,147	(167,031)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Provision for credit losses	50,962	-
Depreciation	451	464
Unrealized and realized gain on investments	(39,112)	(43,863)
Effects of changes in operating assets and liabilities:		
Accounts receivable	5,735	(45,717)
Grants receivable	-	3,000
Prepaid expenses	(29,670)	(16,039)
Other current assets	(81,538)	-
Accounts payable	(114,251)	(56,944)
Accrued payroll and benefits	(939)	1,270
Deferred revenue	(2,677)	11,514
Funds held on behalf of others	(7,500)	(8,083)
Net cash flows used in operating activities	(72,392)	(321,429)
Cash flows from investing activities:		
Purchase of investments	(27,324)	(53,362)
Proceeds from sale of investments	79,329	330,316
Net cash flows from investing activities	52,005	276,954
Change in cash and cash held for others	(20,387)	(44,475)
Cash and cash held for others - beginning of year	114,996	159,471
Cash and cash held for others- end of year	$ 94,609	114,996
Reconciliation to Statements of Financial Position		
Cash	$ 55,884	68,771
Cash held for others	38,725	46,225
	$ 94,609	114,996

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of the Association for Research on Nonprofit Organizations and Voluntary Action are set forth to facilitate the understanding of data presented in the financial statements:

Nature of operations
The Association for Research on Nonprofit Organizations and Voluntary Action ("ARNOVA") is a not-for-profit corporation incorporated in 1971 in the District of Columbia which was established to foster the creation, application, and dissemination of research about voluntary action, nonprofit organizations and philanthropy both nationally and internationally. ARNOVA's primary activities include an annual conference, publications, electronic discussions, and special interest groups. ARNOVA's major sources of revenue are grants, membership dues, conference revenue and sponsorships, and revenue from publications and royalties.

The following program and supporting services are included in the accompanying financial statements:

Events:
Conference - salaries, benefits, and direct costs related to the ARNOVA annual conference.

Scholarships and awards - scholarships to attend the conference and book, dissertation, and lifetime achievement awards.

Publications - salaries, benefits, and direct costs related to the publication of the ARNOVA News, Nonprofit & Voluntary Sector Quarterly, and the website.

Membership services - salaries, benefits, and direct costs related to providing benefits to members.

Management and general - includes the functions necessary to provide coordination and articulation of ARNOVA's program strategy; maintain proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of ARNOVA.

Fundraising - provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

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

Use of estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of presentation
The financial statements of ARNOVA have been prepared in accordance with U.S. GAAP, which requires ARNOVA to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of ARNOVA. These net assets may be used at the discretion of ARNOVA's management and governing board.

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

Cash and cash equivalents
For purposes of the statements of cash flows, ARNOVA considers all highly liquid investments and certificates of deposit with an original maturity of three months or less to be cash equivalents. ARNOVA maintains cash in deposit accounts, which at times, may exceed federally insured limits. ARNOVA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. At December 31, 2025 and 2024, ARNOVA had no cash equivalents.

Investments
Investments are carried at fair value for financial reporting purposes. Realized gains or losses upon the sale of investments are based on the cost of specifically identified securities. Changes in unrealized appreciation or depreciation of investments are reflected in the statements of activities in the period in which such changes occur. Interest and dividend income is recorded when earned. Realized and unrealized gains and losses, interest and dividend income are recorded net of fees as investment income, net, on the statements of activities.

Accounts receivable and allowance for credit losses
Accounts receivable primarily represent sponsorships promised to ARNOVA and are carried at their estimated collectible amounts. ARNOVA does not assess interest on past-due accounts. An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. During 2025, ARNOVA elected the practical expedient to assume that the current economic conditions as of the financial position date will remain unchanged until the remaining outstanding accounts receivable are collected. ARNOVA also made the accounting policy election to consider collection activity after the statement of financial position date when estimating credit losses. For the year ended December 31, 2025, ARNOVA considered subsequent collection activity through June 30, 2026. The provision for credit losses was adjusted at the financial position date to reflect material allowance activity.

Management has determined that any allowance for credit losses would be immaterial, and therefore, no amount has been recorded as of December 31, 2024. As of December 31, 2025, management recorded a provision for credit losses of $50,962 which is included in other expenses on the statement of functional expenses.

Grants receivable
Grants receivable are unconditional promises to give due in future periods. Management has not recorded an allowance or discount on future receivables as they believe all accounts are collectible and a discount on future receivables is immaterial. All grants receivable are due within one year as of December 31, 2025 and 2024.

Other current assets
Other current assets consist primarily of advance payments and refundable deposits made in connection with past events and program activities. Deposits are recorded as assets when paid and are recognized as expense when the related goods or services are received or the associated event occurs.

Equipment and software
ARNOVA capitalizes all significant acquisitions of equipment and software at cost, if purchased, and at fair value at the date of donation, if donated. Equipment is capitalized if it has a useful life when acquired of more than one year and a value greater than $1,000. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization is computed using the straight line method over the estimated useful lives of the assets ranging between 3 and 5 years.

Equipment and software consists of the following at December 31:

		2025	2024
Computer equipment	$	684	18,127
Furniture and equipment		-	3,079
Software		-	500
		684	21,706
Less: accumulated depreciation		(684)	(21,255)
	$	-	451

Donated assets, property and software, and services
Donated marketable securities, property and software, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, ARNOVA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ARNOVA reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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

Editorial and peer review services related to the publication of ARNOVA's Nonprofit & Voluntary Sector Quarterly publication (the NVSQ) are provided by volunteers who contribute their time to ARNOVA. ARNOVA has valued and recorded these services which meet the criteria for recognition and are necessary for it to carry out its programs. For the years ended December 31, 2025 and 2024, the value of contributed services of $103,625 and $108,450, respectively, are included in in-kind contributions and program expenses in the statements of activities. ARNOVA estimated the value of these services based on rates offered by providers of similar services.

No amounts have been reflected in the statements for donor volunteer time where there is no objective basis available to measure the value of such services. As a result, these services do not meet the criteria for recognition as contributed services. However, a substantial number of volunteers have donated significant amounts of their time in ARNOVA's activities. ARNOVA received more than approximately 2,075 and 10,000 volunteer hours during the years ended December 31, 2025 and 2024, respectively.

Funds held on behalf of others
Donations received and held on behalf of a separate not-for-profit entity, Nonprofit Policy Forum, are recorded as funds held on behalf of others on the statements of financial position.

Revenue recognition
ARNOVA's primary revenue and support is obtained from membership dues, grants/contributions, conference revenue and sponsorships, and publications and royalties. Incidental items that are immaterial in the context of the contract are recognized as expense. ARNOVA does not have any significant financing components as payment is received at or shortly after the point of sale.

Membership dues are earned by ARNOVA based on the satisfaction of performance obligations over time. Revenue from performance obligations satisfied over time is recognized using the output method. Under this method, ARNOVA measures completion of the total performance obligation as time elapses because the members are granted access to ARNOVA on an ongoing basis.

Conference, sponsorship, publication, and royalty fees are based on the satisfaction of performance obligations at a point in time. Performance obligations related to conference are the delivery of the event. Upon completion of the event, ARNOVA records revenue. Fees received in advance are deferred to the applicable period in which the event takes place.

The following table disaggregates ARNOVA's earned revenue based on the timing of satisfaction of performance obligations for the year ended December 31:

		2025	2024
Over time	$	98,037	104,820
Point in time		561,102	645,633
	$	659,139	750,453

Deferred revenue, which is considered a contract liability, of $48,241 and $50,918 at December 31, 2025, December 31, 2024, respectively, consists of membership dues collected in advance of services provided to members.

During the year ended December 31, 2025 and 2024, $50,918 and $39,404, respectively, of revenue was recognized and included on the statements of activities that was included in deferred revenue as of January 1, 2025 and 2024. As of January 01, 2024, the deferred revenue balance was $39,404 and the accounts receivable balance was $41,955.

Grants, conference sponsorships, and contributions including unconditional promises to give are recognized in the period the promise is made. Amounts that are not restricted by the donor are reported as an increase in net assets without donor restrictions. All other donor-restricted support or support where payment is expected in a future period is reported as an increase in net assets with donor restrictions. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Expense allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs or supporting services identified. Salaries and benefits that are related to more than one function are charged to programs and supporting services on the basis of periodic time studies. Management and general expenses include those expenses that are not directly identifiable with any other specific functions but provide for the overall support and direction of ARNOVA.

Income taxes
ARNOVA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), except for income derived from unrelated business activities, as defined in the Code. In addition, ARNOVA qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an Organization that is not a private foundation under Section 509(a)(1). ARNOVA is subject to unrelated business income tax. ARNOVA's policy with regards to interest and penalties is to recognize interest through interest expenses and penalties through other expenses. ARNOVA believes their estimates are appropriate based on the current facts and circumstances and that no unrelated business income tax accrual is necessary as of December 31, 2025 and 2024.

Advertising expenses
Advertising costs are expensed in the period in which they are incurred. Advertising expense was $499 and $2,151 for the years ended December 31, 2025 and 2024, respectively.

Subsequent events
ARNOVA evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through September 4, 2026, the date on which the financial statements were available to be issued.

2. FAIR VALUE MEASUREMENTS:

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. 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.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities ARNOVA has the ability to access.
- Level 2 inputs (other than quoted prices included within Level 1) are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following tables present ARNOVA's fair value hierarchy for those assets measured at fair value on a recurring basis:

December 31, 2025				
	Level 1	Level 2	Level 3	Total
Investments, at fair value:				
Mutual funds	$ 396,719	-	-	396,719

December 31, 2024				
	Level 1	Level 2	Level 3	Total
Investments, at fair value:				
Mutual funds	$ 409,612	-	-	409,612

3. BOARD DESIGNATED NET ASSETS:

The following schedule summarizes the board designated net assets as of December 31:

		2025	2024
Cash flow volatility	$	50,000	100,000
Grant advance		25,000	25,000
Scholarships		42,992	42,992
Section funds		30,626	31,703
	$	148,618	199,695

4. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restriction consists of the following at December 31:

		2025	2024
Subject to time restrictions	$	40,000	120,500
Subject to purpose restrictions		10,065	7,875
		50,065	128,375
Endowment held in perpetuity		31,675	31,675
Total net assets with donor restrictions	$	81,740	160,050

5. ENDOWMENT FUNDS:

ARNOVA's endowment consists of two donor restricted funds that were established to support scholarships. As required by generally accepted accounting principles, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

Management has interpreted the Uniform Prudent Management Institutional Funds Act ("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 the interpretation, ARNOVA classifies as net assets with donor restrictions of a perpetual nature (a) the original value of the gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulation to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulations are added to the fund.

The remaining portion of the perpetual endowment fund that is not classified in perpetually restricted net assets is classified as time and purpose restricted net assets until those amounts are appropriated for expenditure by ARNOVA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, ARNOVA considers the following factors in making a determination to appropriate or accumulate perpetual endowment funds:

1) The duration and preservation of the fund
2) The purpose of ARNOVA and the perpetual endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of ARNOVA
7) The investment policies of ARNOVA

Return objectives and risk parameters
ARNOVA has adopted investment and spending policies for investments functioning as perpetual endowment that attempts to provide a predictable stream of funding to the program supported by its perpetual endowment while seeking to maintain the fair value of the perpetual endowment assets. Under this policy, as approved by the Board of Directors, the endowed investments are invested in a manner that is intended to produce a total return which protects the purchasing power of the endowed investments and which allows spending consistent with the terms of the donor's restriction of the perpetual endowment.

ARNOVA expects its perpetual endowment investments, over time, to provide an average rate of return of at least 1% annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives
ARNOVA's primary investment objective is to provide preservation of capital. ARNOVA relies on a total return strategy in which investment returns are achieved primarily through current yield (interest and dividends). ARNOVA's policy is to invest in mutual funds, exchange traded funds, and certificates of deposit to achieve its long-term return objectives within prudent risk constraints.

Spending policy
ARNOVA has a policy for its perpetual endowment fund to appropriate for expenditure up to 5% of the total market value of the three-year market value average. The composition and change in perpetual endowment net assets for each year are as follows:

2025		Temporarily Restricted	Perpetually Restricted	Total
Endowment net assets, beginning of year	$	6,220	31,675	37,895
Net investment earnings		3,690	-	3,690
Appropriated for expenditure		(1,500)	-	(1,500)
Endowment net assets, end of year	$	8,410	31,675	40,085

2024		Temporarily Restricted	Perpetually Restricted	Total
Endowment net assets, beginning of year	$	4,298	31,675	35,973
Net investment earnings		3,422	-	3,422
Appropriated for expenditure		(1,500)	-	(1,500)
Endowment net assets, end of year	$	6,220	31,675	37,895

6. CONCENTRATIONS:

A concentration in accounts receivable exists when an organization's outstanding balance exceeds 10% of total accounts receivable. At December 31, 2025, one organization accounted for approximately 26% of accounts receivable. At December 31, 2024, one organization accounted for approximately 54% of accounts receivable.

A concentration in revenue exists when support from an organization exceeds 10% of total revenue. Two organizations accounted for approximately 33% of total revenue in 2025. Two organizations accounted for approximately 32% of total revenue in 2024.

7. LIQUIDITY:

ARNOVA strives to maintain sufficient operating cash to cover annual expenditures. Due to the irregular nature of cash flow as a result of operations, cash reserves can vary significantly throughout the year. Financial assets in excess of annual requirements are invested in mutual funds and other liquid assets. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through the approval of the Board of Directors.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

		2025	2024
Cash	$	94,609	114,996
Investments		396,719	409,612
Accounts and grants receivable		30,975	87,672
		522,303	612,280
Less amounts not available to be used within one year:			
Funds held on behalf of others		38,725	46,225
Board designated net assets		148,618	199,695
Net assets with donor restrictions		81,740	160,050
Financial assets available to meet cash needs for general expenditures within one year	$	253,220	206,310

