

Financial Statements



AMERICAN
BANKRUPTCY
INSTITUTE

American Bankruptcy Institute

**For the Year Ended December 31, 2025
With Summarized Financial
Information for 2024**

American Bankruptcy Institute

Table of Contents
For the Year Ended December 31, 2025
With Summarized Financial Information for 2024

Independent Auditor's Report	2
Statement of Financial Position	5
Statement of Activities and Change in Net Assets	6
Statement of Functional Expenses	7
Statement of Cash Flows	9
Notes to Financial Statements	10



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Bankruptcy Institute
Alexandria, Virginia

Opinion

We have audited the accompanying financial statements of the American Bankruptcy Institute (ABI), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Report on Summarized Comparative Information

We have previously audited ABI's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 24, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

April 23, 2026

American Bankruptcy Institute

Statement of Financial Position
As of December 31, 2025
With Summarized Financial Information for 2024

ASSETS

	2025	2024
Cash and cash equivalents	\$ 1,377,905	\$ 2,872,665
Investments	20,753,521	18,646,449
Accounts receivable, net	334,753	405,882
Contributions receivable, net	22,590	19,319
Prepaid expenses	539,300	517,777
Other assets	70,423	70,423
Right-of-use assets, operating lease	1,399,631	1,619,386
Fixed assets, net	58,510	76,461
Total Assets	\$ 24,556,633	\$ 24,228,362

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 872,812	\$ 1,357,161
Deferred revenue	2,619,429	2,788,155
Lease liability	1,626,859	1,849,406
Total liabilities	5,119,100	5,994,722

NET ASSETS

Without donor restrictions:		
Undesignated	7,652,406	7,820,724
Board designated	11,577,805	10,262,717
Total without donor restrictions	19,230,211	18,083,441
With donor restrictions	207,322	150,199
Total net assets	19,437,533	18,233,640
Total Liabilities and Net Assets	\$ 24,556,633	\$ 24,228,362

See accompanying notes to financial statements.

American Bankruptcy Institute

**Statement of Activities and Change in Net Assets
For the Year Ended December 31, 2025
With Summarized Financial Information for 2024**

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Conference and Meetings	\$ 6,117,166	\$ -	\$ 6,117,166	\$ 6,647,706
Membership	3,055,460	-	3,055,460	2,996,091
Publications	814,765	-	814,765	550,575
Interest and dividend income, net	560,459	-	560,459	371,759
Other revenue	229,684	-	229,684	228,000
Contributions	143,343	92,100	235,443	181,676
Net assets released from donor restrictions	34,977	(34,977)	-	-
Total revenue and support	10,955,854	57,123	11,012,977	10,975,807
EXPENSES				
Program Services:				
Conferences and Meetings	5,580,416	-	5,580,416	5,713,460
Publications and Other Sales	1,805,803	-	1,805,803	1,629,505
Membership Services	848,369	-	848,369	671,016
Research Projects and Grants	1,556	-	1,556	11,628
Total program services	8,236,144	-	8,236,144	8,025,609
Supporting Services:				
General and Administrative	2,427,795	-	2,427,795	2,880,272
Membership Development	275,366	-	275,366	332,205
Fundraising	420,835	-	420,835	331,868
Total supporting services	3,123,996	-	3,123,996	3,544,345
Total expenses	11,360,140	-	11,360,140	11,569,954
Change in net assets before other item	(404,286)	57,123	(347,163)	(594,147)
OTHER ITEM				
Unrealized and realized gain	1,551,056	-	1,551,056	912,774
Total other item	1,551,056	-	1,551,056	912,774
Change in net assets	1,146,770	57,123	1,203,893	318,627
Net assets at beginning of year	18,083,441	150,199	18,233,640	17,915,013
Net Assets at End of Year	\$ 19,230,211	\$ 207,322	\$ 19,437,533	\$ 18,233,640

See accompanying notes to financial statements.

American Bankruptcy Institute

**Statement of Functional Expenses
For the Year Ended December 31, 2025
With Summarized Financial Information for 2024**

	2025				
	Program Services				
	Conferences and Meetings	Publications and Other Sales	Membership Services	Research Projects and Grants	Total Program Services
Salaries, benefits, and payroll taxes	\$ 1,888,103	\$ 1,236,189	\$ 559,033	\$ 1,311	\$ 3,684,636
Event expenses	2,675,405	612	20,203	-	2,696,220
Consulting fees	31,344	31,050	100,974	-	163,368
Audio visual and technology	105,388	32,537	35,302	2	173,229
Professional fees	164,088	107,433	48,583	114	320,218
Occupancy	118,190	77,382	34,994	82	230,648
Travel and entertainment	249,237	5,550	5,615	6	260,408
Printing and production	72,539	160,930	5,763	-	239,232
Other	101,892	37,988	15,402	29	155,311
Bank fees	18,835	-	-	-	18,835
Postage and delivery	43,369	99,137	15,930	-	158,436
Supplies	94,678	5,564	3,108	6	103,356
Grant making	-	-	-	-	-
Advertising and promotions	3,760	5,500	779	-	10,039
Insurance	8,949	5,859	2,650	6	17,464
Depreciation and amortization	-	-	-	-	-
Telephone	4,529	-	-	-	4,529
Interest expense	110	72	33	-	215
Total	\$ 5,580,416	\$ 1,805,803	\$ 848,369	\$ 1,556	\$ 8,236,144

See accompanying notes to financial statements.

American Bankruptcy Institute

**Statement of Functional Expenses
For the Year Ended December 31, 2025
With Summarized Financial Information for 2024**

	2025 (Continued)				2024	
	Supporting Services					
	General and Administrative	Membership Development	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries, benefits, and payroll taxes	\$ 639,676	\$ 232,093	\$ 240,728	\$ 1,112,497	\$ 4,797,133	\$ 4,664,481
Event expenses	3,358	-	10,401	13,759	2,709,979	2,958,955
Consulting fees	712,645	-	1,260	713,905	877,273	1,297,851
Audio visual and technology	652,875	322	228	653,425	826,654	780,477
Professional fees	55,592	20,170	14,264	90,026	410,244	324,361
Occupancy	40,042	14,528	10,274	64,844	295,492	272,267
Travel and entertainment	5,809	1,042	2,836	9,687	270,095	254,432
Printing and production	-	-	502	502	239,734	216,342
Other	67,244	5,052	9,460	81,756	237,067	169,512
Bank fees	173,465	-	40,637	214,102	232,937	202,565
Postage and delivery	4,004	-	354	4,358	162,794	178,626
Supplies	3,074	1,045	739	4,858	108,214	104,223
Grant making	-	-	88,364	88,364	88,364	22,228
Advertising and promotions	37,042	-	-	37,042	47,081	43,435
Insurance	3,032	1,100	778	4,910	22,374	24,550
Depreciation and amortization	17,951	-	-	17,951	17,951	13,292
Telephone	11,953	-	-	11,953	16,482	41,963
Interest expense	33	14	10	57	272	394
Total	\$ 2,427,795	\$ 275,366	\$ 420,835	\$ 3,123,996	\$ 11,360,140	\$ 11,569,954

See accompanying notes to financial statements.

American Bankruptcy Institute

**Statement of Cash Flows
For the Year Ended December 31, 2025
With Summarized Financial Information for 2024**

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,203,893	\$ 318,627
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	17,951	13,292
Unrealized and realized gain	(1,551,056)	(912,774)
Amortization of operating lease right-of-use asset	219,755	192,576
Allowance for credit loss	63,620	63,000
Decrease (increase) in:		
Accounts receivable, net	7,509	(45,204)
Contributions receivable	(3,271)	5,369
Prepaid expenses	(21,523)	(119,476)
Deposits	-	23,645
(Decrease) increase in:		
Accounts payable and accrued liabilities	(484,349)	418,115
Deferred revenue	(168,726)	183,676
Lease liability	(222,547)	37,444
Net cash (used) provided by operating activities	<u>(938,744)</u>	<u>178,290</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	-	(89,753)
Purchases of investments	(19,444,888)	(422,246)
Proceeds from sale of investments	18,888,872	47,742
Net cash used by investing activities	<u>(556,016)</u>	<u>(464,257)</u>
Net decrease in cash and cash equivalents	(1,494,760)	(285,967)
Cash and cash equivalents at beginning of year	2,872,665	3,158,632
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,377,905</u></u>	<u><u>\$ 2,872,665</u></u>
SUPPLEMENTAL INFORMATION		
Interest Paid	<u><u>\$ -</u></u>	<u><u>\$ 394</u></u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTION		
Right-of-Use Asset	<u><u>\$ -</u></u>	<u><u>\$ 1,811,962</u></u>
Operating Lease Liability for Right-of-Use Asset	<u><u>\$ -</u></u>	<u><u>\$ 1,811,962</u></u>

See accompanying notes to financial statements.

American Bankruptcy Institute

Notes to Financial Statements December 31, 2025

1. Summary of Significant Accounting Policies

Organization

The American Bankruptcy Institute (ABI) was founded in 1982 as a non-profit and nonpartisan educational institution. ABI provides a multi-disciplinary forum for the exchange of ideas and information on insolvency, reorganization, and bankruptcy issues. Through ABI, accountants, attorneys, bankers, court clerks, consumer specialists, credit managers, finance and insurance executives, judges, legislators, professors, and others pursue mutual business, professional, and academic interests. In fulfillment of its mission to provide information to its members, journalists, Congress and the public, ABI is engaged in numerous educational and research activities, as well as the production of a number of publications both for the insolvency practitioner and the public. ABI's major programs consist of the following:

Conferences and Meetings: ABI holds two national membership meetings and many regional conferences throughout the year. These meetings offer a concentrated opportunity for the exchange of ideas, discussions of findings among colleagues, and continuing legal education.

Publications and Other Sales: ABI produces various publications and journals that represent its commitment to the ongoing enhancement of quality education on insolvency topics. Additionally, ABI maintains a comprehensive Internet site covering insolvency issues and providing instant updates on legislation, new filings, Supreme Court cases, bankruptcy filing statistics, and daily bankruptcy news.

Membership Services: ABI provides ongoing services to its members in order to provide a broad, in-depth resource of insolvency issues and related services.

Research Projects and Grants: ABI provides funding and scholarships to enhance bankruptcy research and education.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

American Bankruptcy Institute

Notes to Financial Statements

December 31, 2025

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with ABI's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Cash and Cash Equivalents

ABI considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding money market funds held by investment managers in the amount of \$296,180 as of December 31, 2025. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, ABI maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments

Investments are recorded at their readily determinable fair value. Interest and dividends is presented net of investment expenses paid to external investment advisors. Realized and unrealized gains and losses are included in the Other Item section in the accompanying Statement of Activities and Change in Net Assets.

Receivables

Accounts receivable primarily consists of amounts due within one year related to conferences and meetings, memberships and publications. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. ABI recognized an allowance of \$63,620 as of December 31, 2025.

American Bankruptcy Institute

Notes to Financial Statements December 31, 2025

1. Summary of Significant Accounting Policies (Continued)

Receivables (Continued)

Contributions receivable include unconditional promises to give that are expected to be collected in future years. Contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions. ABI recognized an allowance to discount balance to present value is \$22,117 as of December 31, 2025.

Fixed Assets

Fixed assets in excess of \$2,500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense totaled \$17,951 for the year ended December 31, 2025.

Income Taxes

ABI is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. ABI is not a private foundation.

Revenue from Contracts with Customers

ABI's membership dues, conferences and meetings, publications and other sales are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. ABI has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. ABI's contracts with customers generally have initial terms of one year or less.

Membership Dues: Membership dues includes general member benefits that are a series of distinct obligations. Membership dues revenue is recognized ratably over the membership period. There are several benefits received that are individual distinct obligations. However, these benefits are immaterial in nature to the contract and, as a result, they are included with the general member benefits.

Conferences and Meetings: Conference and meetings revenue consists of registration fees, workshop fees and sponsorship revenue. The performance obligation for conference registration and workshop fees is admission to the event. Conference and meetings revenue, including sponsorships, are recognized in the period in which the conferences and workshops are held.

American Bankruptcy Institute

Notes to Financial Statements December 31, 2025

1. Summary of Significant Accounting Policies (Continued)

Revenue from Contracts with Customers (Continued)

Publications: Publications consist of advertising, publications, royalties and commissions, and miscellaneous other sales, and revenue is recognized upon satisfaction of the respective performance obligations. The performance obligation for advertising revenues is satisfied upon issuance of the print ads or when digital content is displayed. The performance obligation for publication revenues is satisfied when shipped or when digital access to the content has been granted. Royalty and commission revenue is generally based on third-party sale of publications using ABI content based on the terms of the agreement. ABI's performance obligation is satisfied over time as data is provided to the third-party on a regular basis, and revenue is recognized quarterly accordingly.

Revenue received in advance for membership dues, sponsorships, conferences and meetings, and publications is recorded as deferred revenue within the Statement of Financial Position.

Deferred revenue consisted of the following as of December 31, 2025 and January 1, 2025:

	December 31, 2025	January 1, 2025
Memberships	\$ 2,073,651	\$ 2,112,762
Conferences and meetings	314,698	308,176
Sponsorships	230,052	307,609
Advertising	1,028	59,608
Total Deferred Revenue	\$ 2,619,429	\$ 2,788,155

Support from Contributions

Contributions are recognized in the appropriate category of net assets in the period received. ABI performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

American Bankruptcy Institute

Notes to Financial Statements December 31, 2025

1. Summary of Significant Accounting Policies (Continued)

Support from Contributions (Continued)

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, ABI had no refundable advances as of December 31, 2025.

In addition, ABI may obtain funding source agreements related to conditional contributions, which will be received in future years. However, ABI had no conditional contributions to be received in future years as of December 31, 2025.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing ABI's programs and supporting services have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as personnel costs, occupancy, depreciation and office costs were allocated based on estimated time and effort.

Investment Risks and Uncertainties

ABI invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

2. Investments and Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurement*, ABI has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

American Bankruptcy Institute

Notes to Financial Statements

December 31, 2025

2. Investments and Fair Value Measurements (Continued)

If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the accompanying Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market ABI has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended December 31, 2025. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *Common Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Exchange-Traded Funds* - Valued at the daily closing price as reported by the fund. The funds held by ABI are open-end funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. The funds held by ABI are deemed to be actively traded.
- *Corporate, Municipal Bonds, and U.S. Government Securities* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

American Bankruptcy Institute

Notes to Financial Statements December 31, 2025

2. Investments and Fair Value Measurements (Continued)

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 296,180	\$ -	\$ -	\$ 296,180
Common stocks	5,958,406	-	-	5,958,406
Exchange-traded funds	6,390,764	-	-	6,390,764
Corporate and municipal bonds	-	3,802,495	-	3,802,495
Government securities	-	4,305,676	-	4,305,676
Total Investments	\$ 12,645,350	\$ 8,108,171	\$ -	\$ 20,753,521

Net investment return consisted of the following for the year ended December 31, 2025:

Interest and dividends	\$ 632,297
Realized and unrealized gain	1,551,056
Investment fees	(71,838)
Net Investment Return	\$ 2,111,515

3. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31, 2025:

Subject to expenditure for specified purpose:	
Shapero Symposium	\$ 110,340
West Grant	7,500
Smith Grant	60,525
Subtotal	178,365
Subject to passage of time	28,957
Total Net Assets with Donor Restrictions	\$ 207,322

American Bankruptcy Institute

Notes to Financial Statements December 31, 2025

3. Net Assets with Donor Restrictions (Continued)

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended December 31, 2025:

Purpose restrictions accomplished:

Shapero Symposium	\$ 31,889
Smith Grant	975
Subtotal	<u>32,864</u>
Expiration of time restrictions	2,113
Total Net Assets Released from Donor Restrictions	<u><u>\$ 34,977</u></u>

4. Liquidity and Availability

ABI holds investments in its general fund for long-term purposes. Although ABI does not intend to spend from investments other than the amount budgeted during its annual budget approval and appropriation, amounts from its investments could be made available as necessary. Additionally, the Board designated reserve funds (Endowment Fund) of \$11,577,805 as of December 31, 2025 could be made available for operations as needed, at the Board's discretion.

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following as of December 31, 2025:

Cash and cash equivalents	\$ 1,377,905
Investments	20,753,521
Accounts receivable, net	334,753
Contributions receivable, net	22,590
Subtotal financial assets available within one year	<u>22,488,769</u>
Less: Donor-restricted funds for purpose	(178,365)
Less: Board designated funds	(11,577,805)
Financial Assets Available for Use Within One Year	<u><u>\$ 10,732,599</u></u>

5. Lease Commitments

ABI follows FASB ASC 842 for leases. ABI has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. ABI has also elected to use a risk-free rate of 3.93% as the lease discount rate for the lease as allowed under FASB ASC 842.

American Bankruptcy Institute

Notes to Financial Statements December 31, 2025

5. Lease Commitments (Continued)

ABI has an operating lease for office space in Alexandria, Virginia that expires in September 2031. The office lease includes a nine-month rent abatement and an escalation of base rentals which is being amortized on a basis to achieve straight-line rent expense over the life of the lease.

The lease provides ABI with a conditional option to renew for an additional 5-year term. Additionally, ABI has a one-time right to terminate the lease effective September 1, 2029 by submitting a termination notice at least one year in advance. As of December 31, 2025, it is more likely than not that the tenant will not exercise either option. Consequently, these provisions have not been included in the lease calculations.

The right-of-use asset totaled \$1,399,631 and the lease liability totaled \$1,626,859 as of December 31, 2025. The lease cost, including imputed interest and amortization of the right-of-use asset for the year ended December 31, 2025, total lease cost was \$295,492, and is included in Occupancy in the accompanying Statement of Functional Expenses. Total cash paid for the year ended December 31, 2025 was \$290,819.

The following is a schedule of the future minimum lease payments due under the operating lease, net of imputed interest, as of December 31, 2025:

Year Ending December 31,	
2026	\$ 298,105
2027	305,532
2028	313,168
2029	321,015
2030	329,072
2031	252,952
Subtotal	<u>1,819,844</u>
Less: Imputed interest	(192,985)
Lease Liability	<u><u>\$ 1,626,859</u></u>

6. Retirement Plan

ABI provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with six months of eligible experience. ABI provides a 100% match of each eligible employee's contribution, up to 6% of covered compensation. ABI's contributions to the Plan totaled \$183,330 for the year ended December 31, 2025, and have been included Benefits in the accompanying Statement of Functional Expenses.

7. Commitments

ABI is committed under agreements for conference space through the fiscal year ending 2031. The total commitments under the agreements are not determinable as it depends upon attendance and other unknown factors. There are cancellation penalties that would be due if the agreements were cancelled prior to the event date. The amount of the cancellation penalties increase through the date of the event.

American Bankruptcy Institute

Notes to Financial Statements December 31, 2025

7. Commitments (Continued)

Additionally, ABI has an employment agreement with its current executive director through December 31, 2028. The terms of the agreement stipulate that if employment is terminated without cause during the period of the agreement, ABI will continue to pay salary for a period of thirty-six weeks subsequent to the effective date of such termination.

8. Management Service Agreement

ABI has a management service agreement with American Board of Certification (ABC), a tax-exempt organization under Section 501(c)(6) of the IRC. ABI provides services including administrative, payroll, executive, and staffing support for a monthly fee of \$14,250. During the year ended December 31, 2025, ABI recognized revenue from this agreement totaling \$171,000.

9. Board Designated Endowment

ABI's endowment funds consist of funds designated by the Board of Directors to function as endowments (quasi-endowments). As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law -

ABI has been advised that the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by Virginia requires the preservation of fair value of time restricted funds until the governing Board appropriates such amounts for expenditures. ABI has also been advised that UPMIFA does not require the maintenance of purchasing power of the endowment fund.

As a result, of this advice, ABI classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of initial and subsequent amounts added to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity.

ABI has been advised that UPMIFA permits spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with the advice ABI received regarding UPMIFA, ABI considers the following factors in making a determination to appropriate or accumulate Board designated endowment funds:

- The duration and preservation of the fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

American Bankruptcy Institute

Notes to Financial Statements

December 31, 2025

9. Board Designated Endowment (Continued)

Return Objectives and Risk Parameters -

ABI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to ensure a total return necessary to preserve and enhance the principal of the fund and provide a dependable source of support for current operations and programs. Therefore, ABI's goal for its endowment fund is capital preservation and to minimize the loss of capital. The finance committee of the Board of Directors reviews the performance and diversification of the portfolio in relation to ABI's investment policy.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, ABI relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). ABI targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

Expenditure of the principal of funds contributed to ABI and designated for the endowment fund would require a 2/3 vote of the Board of Directors. Historically, ABI has limited spending to earnings only.

Funds with Deficiencies -

From time to time, the fair value of assets associated with Board designated endowment funds may fall below the level that the donor or UPMIFA requires ABI to maintain as a fund of perpetual duration. However, there were no funds with deficiencies as of December 31, 2025.

Endowment net asset composition by fund as of December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions: Available for Appropriation	With Donor Restrictions: Held in Perpetuity	Total
Board Designated Funds	<u>\$ 11,577,805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,577,805</u>

American Bankruptcy Institute

Notes to Financial Statements

December 31, 2025

9. Board Designated Endowment (Continued)

Changes in endowment funds consisted of the following as of and for the year ended December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions: Available for Appropriation	With Donor Restrictions: Held in Perpetuity	Total
Beginning of year	\$ 10,262,717	\$ -	\$ -	\$ 10,262,717
Contributions	200,668	-	-	200,668
Net investment return	1,340,528	-	-	1,340,528
Appropriations	(226,108)	-	-	(226,108)
End of Year	\$ 11,577,805	\$ -	\$ -	\$ 11,577,805

10. Subsequent Events

In preparing these financial statements, ABI has evaluated events and transactions for potential recognition or disclosure through April 23, 2026, the date the financial statements were issued.