AFS Intercultural Programs, Inc.
and Affiliate

Consolidated Financial Statements

December 31, 2025 and 2024

Independent Auditors' Report

Board of Trustees of
AFS Intercultural Programs, Inc. and Affiliate

Opinion

We have audited the accompanying consolidated financial statements of AFS Intercultural Programs, Inc. and Affiliate (collectively, "AFS International"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AFS International as of December 31, 2025 and 2024, and the consolidated 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of AFS International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AFS International'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AFS International'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 Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of activities on pages 33 and 34 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

PKF O'Connor Davies, LLP

July 14, 2026

AFS Intercultural Programs, Inc. and Affiliate

Statements of Consolidated Financial Position

	December 31	
	2025	2024
ASSETS		
Cash and cash equivalents	USD 11,637,019	USD 3,241,355
Fee for service receivable	47,166	-
Contribution receivable	375,000	-
Accounts receivable	197,227	131,449
Due from partner organizations in clearinghouse	689,357	577,033
Partner lines of credit outstanding, net	419,000	510,000
Investments	2,954,212	2,779,397
Collective insurance account, net	1,678,483	1,618,139
Prepaid expenses and other assets, net	921,634	1,125,920
Property and equipment, net	94,851	38,601
Beneficial interest in assets held by others	659,863	606,617
Operating lease right-of-use assets, net	4,019,179	4,371,519
Total Assets	USD 23,692,991	USD 15,000,030
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	USD 1,044,468	USD 810,820
Due to partner organizations in clearinghouse	825,988	769,505
Deferred revenue	7,202,007	40,206
Accrued post-retirement benefit obligation	808,278	943,862
Loans payable	483,821	496,903
Operating lease liability	4,368,516	4,668,763
Total Liabilities	14,733,078	7,730,059
Net Assets		
Without Donor Restrictions		
Undesignated	2,973,569	2,396,925
Board Designated		
Liability fund	1,222,182	1,269,936
Participant medical fund	1,997,505	1,368,836
Network strategic investment fund	24,979	-
International emergency fund	88,623	88,623
Total Net Assets without Donor Restrictions	6,306,858	5,124,320
With Donor Restrictions		
Time and purpose restrictions	1,317,724	864,666
Perpetual in nature	1,335,331	1,280,985
Total Net Assets with Donor Restrictions	2,653,055	2,145,651
Total Net Assets	8,959,913	7,269,971
Total Liabilities and Net Assets	USD 23,692,991	USD 15,000,030

See notes to consolidated financial statements

AFS Intercultural Programs, Inc. and Affiliate

Consolidated Statements of Activities

	Year Ended December 31, 2025			Year Ended December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Revenue and Support						
Fees from partner organizations	USD 9,820,038	USD -	USD 9,820,038	USD 11,200,144	USD -	USD 11,200,144
Contributions and government grants	242,543	5,449,485	5,692,028	171,880	4,448,897	4,620,777
International conference fees and projects	1,236,511	-	1,236,511	1,095,619	-	1,095,619
Fee for service income	60,220	-	60,220	-	-	-
In-kind donation	31,753	-	31,753	-	-	-
Investment return	296,100	23,145	319,245	266,967	31,880	298,847
Other income	2	-	2	59,551	-	59,551
Total Revenue and Support Before Net Assets Released From Restriction	11,687,167	5,472,630	17,159,797	12,794,161	4,480,777	17,274,938
Net assets released from restrictions	5,243,472	(5,243,472)	-	4,426,403	(4,426,403)	-
Total Revenue and Support	16,930,639	229,158	17,159,797	17,220,564	54,374	17,274,938
OPERATING EXPENSES						
Program						
Partner services	10,003,842	-	10,003,842	9,523,866	-	9,523,866
Participant medical fund	3,091,186	-	3,091,186	4,697,542	-	4,697,542
Liability fund	1,248,233	-	1,248,233	1,112,285	-	1,112,285
Network strategic investment fund	310,685	-	310,685	339,743	-	339,743
Soliya, Inc. program expenses	377,971	-	377,971	-	-	-
Total Program Services	15,031,917	-	15,031,917	15,673,436	-	15,673,436
Administration	1,349,185	-	1,349,185	1,365,628	-	1,365,628
Fundraising	23,547	-	23,547	22,116	-	22,116
Total Operating Expenses	16,404,649	-	16,404,649	17,061,180	-	17,061,180
Change in Net Assets from Operations	525,990	229,158	755,148	159,384	54,374	213,758
NONOPERATING ACTIVITIES						
Net assets acquired in acquisition of Soliya, Inc.	567,201	225,000	792,201	-	-	-
Appreciation in value of beneficial interest in assets held by others	-	53,246	53,246	-	31,303	31,303
Net periodic pension cost, except service cost	79,090	-	79,090	51,483	-	51,483
Adjustment in post-retirement benefit obligation	10,257	-	10,257	104,834	-	104,834
Change in Net Assets	1,182,538	507,404	1,689,942	315,701	85,677	401,378
NET ASSETS						
Beginning of year	5,124,320	2,145,651	7,269,971	4,808,619	2,059,974	6,868,593
End of year	USD 6,306,858	USD 2,653,055	USD 8,959,913	USD 5,124,320	USD 2,145,651	USD 7,269,971

See notes to consolidated financial statements

AFS Intercultural Programs, Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services						Supporting Services				
	Partner Services	Participant Medical Fund	Liability Fund	Network Strategic Investment Fund	Soliya Inc.	Total Program Services	Administration	Fundraising	Total Supporting Services	2025 Total	2024 Total
Salaries, payroll taxes and fringe benefits	USD 2,628,459	USD 141,368	USD 211,246	USD 40,232	USD 108,095	USD 3,129,400	USD 322,650	USD 16,059	USD 338,709	USD 3,468,109	USD 3,713,719
Professional fees	2,001,378	442,808	287,198	270,453	241,965	3,243,802	276,377	9	276,386	3,520,188	2,793,874
Occupancy	5,857	-	-	-	-	5,857	418,868	-	418,868	424,725	429,011
Insurance premiums	-	2,501,120	677,483	-	422	3,179,025	14,293	16	14,309	3,193,334	5,012,521
International meetings, field visits and lodging	1,270,485	1,269	46	-	3,778	1,275,578	50,633	406	51,039	1,326,617	1,283,469
Training and recognition	950	-	650	-	-	1,600	9,505	-	9,505	11,105	48,532
Office supplies	88,315	-	213	-	28	88,556	14,208	1,524	15,732	104,288	101,524
Equipment rental and maintenance	-	-	-	-	-	-	24,445	-	24,445	24,445	52,050
Financial support from partner programs	3,137,105	-	-	-	-	3,137,105	-	-	-	3,137,105	2,532,262
Telecommunications	653,081	-	-	-	20,920	674,001	12,659	390	13,049	687,050	626,799
Depreciation	18,776	-	-	-	-	18,776	18,776	-	18,776	37,552	6,418
Amortization of intangible asset	4,153	-	-	-	-	4,153	4,153	-	4,153	8,306	9,942
Medical expenses	-	4,582	-	-	-	4,582	-	-	-	4,582	-
Bad debt expense	-	-	-	-	-	-	128,582	-	128,582	128,582	109,209
Offsite storage	17,786	-	-	-	-	17,786	5,989	-	5,989	23,775	128,196
Printing	16,675	-	-	-	-	16,675	1,673	2,593	4,266	20,941	14,352
Bank charges	56,633	-	-	-	182	56,815	4,577	2,434	7,011	63,826	56,303
Interest expense	12,476	-	-	-	-	12,476	1,386	-	1,386	13,862	32,129
Miscellaneous	91,713	39	71,397	-	2,581	165,730	40,411	116	40,527	206,257	110,870
Total Expenses	USD 10,003,842	USD 3,091,186	USD 1,248,233	USD 310,685	USD 377,971	USD 15,031,917	USD 1,349,185	USD 23,547	USD 1,372,732	USD 16,404,649	USD 17,061,180

See notes to consolidated financial statements

AFS Intercultural Programs, Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services					Supporting Services			
	Partner Services	Participant Medical Fund	Liability Fund	Network Strategic Investment Fund	Total Program Services	Administration	Fundraising	Total Supporting Services	Total
Salaries, payroll taxes and fringe benefits	USD 2,824,007	USD 157,908	USD 252,514	USD 39,143	USD 3,273,572	USD 429,248	USD 10,899	USD 440,147	USD 3,713,719
Professional fees	1,971,738	152,979	204,007	300,600	2,629,324	159,675	4,875	164,550	2,793,874
Occupancy	12,136	-	-	-	12,136	416,875	-	416,875	429,011
Insurance premiums	-	4,380,500	604,748	-	4,985,248	27,273	-	27,273	5,012,521
International meetings, field visits and lodging	1,204,325	5,230	2,067	-	1,211,622	71,818	29	71,847	1,283,469
Training and recognition	1,488	-	-	-	1,488	47,044	-	47,044	48,532
Office supplies	81,803	398	-	-	82,201	18,011	1,312	19,323	101,524
Equipment rental and maintenance	-	-	-	-	-	52,050	-	52,050	52,050
Financial support from partner programs	2,532,262	-	-	-	2,532,262	-	-	-	2,532,262
Telecommunications	614,849	-	-	-	614,849	11,503	447	11,950	626,799
Depreciation	3,209	-	-	-	3,209	3,209	-	3,209	6,418
Amortization of intangible asset	4,971	-	-	-	4,971	4,971	-	4,971	9,942
Bad debt expense	-	-	-	-	-	109,209	-	109,209	109,209
Offsite storage	121,048	-	-	-	121,048	7,148	-	7,148	128,196
Printing	10,985	-	-	-	10,985	1,103	2,264	3,367	14,352
Bank charges	50,783	208	-	-	50,991	3,053	2,259	5,312	56,303
Interest expense	28,916	-	-	-	28,916	3,213	-	3,213	32,129
Miscellaneous	61,346	319	48,949	-	110,614	225	31	256	110,870
Total Expenses	USD 9,523,866	USD 4,697,542	USD 1,112,285	USD 339,743	USD 15,673,436	USD 1,365,628	USD 22,116	USD 1,387,744	USD 17,061,180

See notes to consolidated financial statements

AFS Intercultural Programs, Inc. and Affiliate

Consolidated Statements of Cash Flows

	Year Ended December 31 2025	Year Ended December 31 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	USD 1,689,942	USD 401,378
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	37,552	6,418
Amortization of intangible asset	8,306	9,942
Net realized and unrealized gains on investments	(23,145)	(31,087)
Appreciation in value of beneficial interest in assets held by others	(53,246)	(31,303)
Bad debt expense	128,582	109,209
Contributions - perpetual in nature	(1,100)	(25,200)
Amortization of operating lease right-of-use asset	352,340	374,545
Changes in operating assets and liabilities, net of acquisition		
Fee for service receivable	(47,166)	-
Contribution receivable	(204,222)	-
Accounts receivable	(65,778)	(41,411)
Due from partner organizations in clearinghouse	(240,906)	180,325
Collective insurance account	(60,344)	(96,447)
Prepaid expenses and other assets	308,994	(236,489)
Accounts payable and accrued expenses	191,051	73,740
Due to partner organizations in clearinghouse	56,483	(469,663)
Deferred revenue	7,161,801	(30,703)
Accrued post-retirement benefit obligation	(135,584)	(207,535)
Operating lease liability	(300,247)	(308,440)
Net Cash from Operating Activities	8,803,313	(322,721)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired from Soliya, Inc.	(193,861)	-
Purchases of property and equipment	(93,802)	(3,000)
Purchases of intangible asset	(47,334)	(5,207)
Purchases of investments	(2,900,467)	(2,198,543)
Proceeds from sales of investments	2,748,797	2,044,673
Net Cash from Investing Activities	(486,667)	(162,077)
CASH FLOWS FROM FINANCING ACTIVITIES		
Partner lines of credit advances	91,000	(36,529)
Repayment on loans payable	(13,082)	(3,097)
Contributions - perpetual in nature	1,100	25,200
Net Cash from Financing Activities	79,018	(14,426)
Net Change in Cash and Cash Equivalents	8,395,664	(499,224)
CASH AND CASH EQUIVALENTS		
Beginning of year	3,241,355	3,740,579
End of year	USD 11,637,019	USD 3,241,355
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	USD 13,862	USD 32,129

See notes to consolidated financial statements

1. Organization and Tax Status

The accompanying consolidated financial statements include the accounts of AFS Intercultural Programs, Inc. and Soliya, Inc.

AFS Intercultural Programs, Inc. ("AFS Inc.") is an international, nongovernmental, volunteer-based not-for-profit organization incorporated in New York State in 1947. AFS Inc. promotes intercultural learning worldwide through exchange programs for students, professionals, workers and families. AFS Inc. is exempt from U.S. federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code"), and from state and local taxes under comparable laws.

AFS Inc. is the governing and coordinating body for the learning programs worldwide and also provides a range of services to participating national organizations. National organizations each have financial and managerial responsibility for programs and operations within their national territories and are called "partners" or "partner organizations." Each has signed a legal agreement with AFS Inc., binding AFS Inc. and each legally separate national organization to the terms of the "Articles of Partnership," which set forth the operating principles and procedures of the "partnership system." The terms "partner" and "partnership" reflect the spirit of mutual cooperation that AFS Inc. and the partners seek to promote, rather than on the legal form that is known as a partnership under the laws of some countries, including the United States. At December 31, 2025 and 2024, there were 56 partners.

Generally, every partner receives all the revenue generated within its territories, including participant fees and funds raised. Each is responsible for all costs generated within its territory, including office costs and costs associated with hosting participants from other partners. These revenues and expenses are not included in the accompanying consolidated financial statements.

Partners pay a hosting fee for each participant they send on AFS Inc. programs and also receive a hosting fee for each participant hosted. AFS Inc. acts as a clearinghouse (or agency) for these payments between partners, and therefore, these transactions are not reflected as revenues and are not included in the accompanying consolidated statements of activities. Total amounts cleared for the benefit of partners in the clearinghouse for the years ended December 31, 2025 and 2024 were approximately USD 23,265,000 and USD 24,100,000, respectively.

1. Organization and Tax Status *(continued)*

The AFS Inc. trademark licenses are held by the AFS Foundation (the "Foundation"), a related party in Switzerland. In 2004, AFS Inc. entered into a license agreement with the Foundation, pursuant to which AFS Inc. is responsible for maintaining and protecting the trademark licenses worldwide, and for sublicensing the trademark licenses to partners and other organizations affiliated with AFS Inc. The trademark licenses and the related amortization have been included within the category of prepaid expenses and other assets in the accompanying consolidated statements of financial position. Amortization of trademark licenses is provided using the straight-line basis of the estimated useful life of the asset, which is ten years. At December 31, 2025 and 2024, the net accumulated amortization of the trademark licenses was USD 83,942 and USD 75,636, respectively. There were no material revenues or expenses between the two entities for either of the years ended December 31, 2025 or 2024. AFS Inc. has no control over the Foundation, and accordingly, the consolidated financial statements of the Foundation have not been consolidated with those of AFS International.

Soliya, Inc., (the "Organization") was incorporated as a New York not-for-profit corporation in July 2002 and was acquired by AFS Inc. on October 29, 2025.

The Organization's mission is global, but its current focus is on strengthening relationships and fostering cooperation between youth from Western and predominantly Muslim societies. Rising cultural and religious tensions within and between these societies play a major role in preventing people worldwide from working collaboratively to find mutually beneficial solutions to global challenges. The Organization aims to bridge this divide by directly connecting young adults from diverse communities and empowering them to use the latest in new media and communication technologies to share their voices, build respectful relationships and inspire understanding.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of AFS Inc. and the Organization (collectively, "AFS International"). During 2025, the Organization was acquired by AFS Inc. which resulted in an increase of USD 792,201 of net assets to AFS Inc. All intercompany balances and transactions have also been eliminated upon consolidation.

Basis of Presentation

The consolidated financial statements of AFS International have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenues, expenses and non-operating activities, as well as disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

2. Summary of Significant Accounting Policies (*continued)*

Cash and Cash Equivalents

For financial-reporting purposes, AFS International considers highly liquid investments, purchased with a maturity of three months or less, to be cash equivalents.

Investments

AFS International's investments consist of certificates of deposit, government bonds and mutual funds. Purchases of long-term certificates of deposit with maturities of more than three months are included in AFS International's investment portfolio and are reported at fair value. Equity securities, government bonds and mutual funds are reported at fair value based on quoted market prices.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted through donor stipulation.

Realized gains and losses on investments are determined by comparison of the cost at acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Certain AFS International's investment fees are embedded in various other investment accounts and transactions as part of its mutual fund portfolio and are included as part of that investment's acquisition cost.

Donated securities are recorded at their estimated fair values at the dates of donation, with realized gains and losses recorded at the time the securities are sold. AFS International's policy is to sell donated securities immediately upon receipt, and, accordingly, for purposes of the consolidated statements of cash flows, donated securities and the proceeds generated from their sale are included as operating activities. There were no donated securities in 2025 and 2024.

Property and Equipment

Property and equipment are reported at their original costs, or, if contributed, at their estimated fair values on the dates of donation, net of accumulated depreciation and amortization. Minor costs of repairs and maintenance are expensed as incurred. AFS International capitalizes items of property and equipment that have a cost of USD 1,500 or more and a useful life greater than one year. Depreciation of furniture and equipment is provided using the straight-line method over the estimated useful lives of the related assets, which range from three to ten years. Leasehold improvements are capitalized and amortized using the straight-line method over the remaining lease term or the useful lives of the improvements, whichever is shorter.

2. Summary of Significant Accounting Policies (*continued)*

Property and Equipment (continued)

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. There were no triggering events occurring to property and equipment requiring management to test for, or adjust for, impairment losses during 2025 or 2024. However, it is reasonably possible that relevant conditions could change in the near-term and necessitate a change in management's estimate of the recoverability of these assets.

Accrued Vacation

AFS International's employees are entitled to be paid in a lump sum for accrued unused vacation time through April of the subsequent year, calculated on a pro-rata basis, in the event that they leave AFS International prior to April in any given year. Accordingly, at each year-end, AFS International must recognize a liability for the amount that would be incurred if all employees with such unused vacation time were to leave. At December 31, 2025 and 2024, this accrued vacation obligation was approximately USD 84,000 and USD 97,000, respectively, and was reported in the accompanying consolidated statements of financial position as a part of accounts payable and accrued expenses.

Net Assets

AFS International's net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent those resources for which there are no restrictions by donors and are therefore available for current operations. The Board of Trustees has allocated a portion of these net assets without donor restrictions to act as Board-designated funds for program purposes.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or a specific period of time. Also included within net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). These donors have stipulated that those resources be maintained in perpetuity, with the resultant income and net capital appreciation arising from the underlying assets to be used in satisfaction of the wishes of those donors.

2. Summary of Significant Accounting Policies *(continued)*

Net Assets (continued)

Net assets released from restrictions represent one of the following: (i) appropriations for expenditure by the Board of Trustees; (ii) the satisfaction of the restricted purposes specified by the donors; or (iii) the passage of time, and are reclassified as net assets without donor restrictions and are reported in the consolidated statements of activities as "net assets released from restrictions."

Revenue Recognition

Fees From Partner Organizations

Partners pay certain annual fees to AFS International to cover the cost of international governance, program and supporting services and program development. These are based on a per-capita charge for the participant in the program, using the prior year's program volume as a basis to determine the appropriate charge rate for the current year and a partnership fee of USD 25,000 for level one partners and USD 10,000 for level two partners.

Such fees totaled approximately USD 4,696,000 and USD 4,800,000 for the years ended December 31, 2025 and 2024, respectively.

Partners also pay an annual fee to AFS International, related to the liability fund, participant medical fund, network strategic investment fund and international emergency fund. Revenues from these sources are recorded at the end of the year based on services rendered for the calendar year. Revenue from these sources for the years ended December 31, 2025 and 2024 were approximately USD 5,124,000 and USD 6,400,000, respectively. Funds for services that had yet to be provided at the end of each year have been recorded as deferred for use in future periods.

At December 31, 2025 and 2024 contract assets consisted of accounts receivable and fee for service receivables totaling USD 244,393 and USD 131,449. Contract liabilities consisted of deferred revenue at December 31, 2025 and 2024 were USD 7,202,007 and USD 40,206, respectively. At January 1, 2024, there were no contract assets and contract liabilities were USD 70,909.

Contributions

Contributions to AFS International are recognized as revenue upon the receipt of cash, other assets or unconditional pledges. Contributions are recorded as "with donor restrictions" if they are received with purpose restrictions or time considerations as to their use. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. AFS International periodically assesses collectability of its contribution receivables using management's judgment of potential defaults, which considers factors such as prior collection history, type of contribution, and the nature of fund-raising activity and provides allowances for anticipated losses, if any, when necessary.

2. Summary of Significant Accounting Policies *(continued)*

Revenue Recognition (continued)

International Conference Fees

AFS International recognizes revenues from conferences when the conferences take place. Any fees collected in advance of the event are deferred until the conference services have been provided.

Fee for Service Income

AFS International follows the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 606 for recognizing revenue from contracts with customers. AFS International has fee for service income that falls under FASB ASC 606 and has been included in the consolidated statements of activities. AFS International analyzes each source of revenue to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Fee for services is recognized as revenue when the performance obligations are considered to be met, when certain metrics are met, and services are provided. Fee for services that have been earned but not paid at year end are recognized as revenue and a related receivable. Cash that has been received but not earned at year end is recognized as deferred revenue.

Allowance for Credit Losses

Due from partner organizations in clearinghouse, partner lines of credit outstanding receivables, accounts receivable and fee for service receivables are carried at the original amount less an estimate made for credit losses that are not expected to be recovered. AFS International assesses allowances for credit losses resulting from the expected failure or inability of its debtor to make required payments on a specific-identification basis. This is completed at inception and reassessed at every reporting date based on the remaining receivable's expected collectability. The allowance is based on multiple factors including historical experience, the credit quality of the partner, the aging of such receivables and current macroeconomic conditions, as well as expectations of conditions in the future, if applicable. At December 31, 2025 and 2024, management determined that all due from partner organizations in clearinghouse and partner lines of credit outstanding receivables are collectible. During 2025, AFS International wrote off USD 128,582 due from partner organizations in clearinghouse. During 2024, AFS International wrote off USD 109,209 due from partner organizations in clearinghouse.

AFS International's receivables are short-term in nature and written off only when all collection attempts have failed or when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any receivables previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery to be included in the consolidated statements of activities in accordance with AFS International's accounting policy election.

2. Summary of Significant Accounting Policies *(continued)*

In-Kind Services

In-kind services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind.

Volunteers

A number of unpaid volunteers have made significant contributions of their time performing administrative functions for AFS International. The value of this contributed time is not recorded in the consolidated financial statements because it does not meet the criteria for revenue recognition required by U.S. GAAP.

Functional Allocation of Expenses

AFS International's consolidated financial statements report certain categories of expenses that are attributable to its program and supporting services. These costs have been summarized on a functional and natural classification in the consolidated statements of functional expenses. Accordingly, certain costs that are directly attributable to a specific functional area of AFS International are reported as an expense to the appropriate program or supporting service. Natural expenses attributable to more than one functional expense category have been allocated among the programs and supporting services based on the time spent by employees and the nature of the expense. The expenses that are allocated include professional fees, insurance premiums, international meetings, field visits and lodging, and depreciation and amortization.

Measurement of Operations

AFS International includes in its measurement of operations all revenue and expenses that are an integral part of its programs and supporting activities. Non-operating activities include: (i) the change in value of beneficial interest in assets held by others; (ii) net periodic pension cost, except service cost; and (iii) the change in post-retirement benefit obligation other than the operating expense portion.

Accounting for Uncertainty in Income Taxes

AFS International recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that AFS International had no uncertain tax positions that would require financial statement recognition or disclosure. AFS International is no longer subject to examinations by the applicable taxing jurisdictions for period prior to 2022.

Leases

AFS International leases office space and furniture and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets ("ROU assets") and operating lease liabilities on the accompanying consolidated statements of financial position.

2. Summary of Significant Accounting Policies *(continued)*

Leases (continued)

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. When leases do not provide an implicit borrowing rate, AFS International uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend the lease and when it is reasonably certain that AFS International will exercise that option, such amounts are included in ROU assets and lease liabilities. Lease expense for the lease payments is recognized on a straight-line basis of the lease term.

AFS International's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

AFS International has a lease agreement with lease and non-lease components, which are generally accounted for separately. Variable lease components in this lease is common area maintenance, utilities, and real estate taxes and are recognized in operating expenses in the period in which the obligation incurred.

Subsequent Events Evaluation by Management

AFS International evaluated subsequent events through July 14, 2026, the date on which the consolidated financial statements were available to be issued.

3. Concentration of Credit Risk

Financial instruments that potentially subject AFS International to concentrations of credit risk consist principally of cash and cash equivalents in high-credit-quality financial institutions, the balances of which, from time to time, may exceed federal insurance limits. However, management operates within Board of Trustees' policies to manage counterparty risks to avoid significant risk of loss on these accounts that would be due to the failure of these institutions. As of December 31, 2025 and 2024, AFS International's cash and cash equivalent balances on deposit exceeded the federal insurance limits by approximately USD 10,528,000 and USD 2,816,000, respectively.

Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to USD 500,000 (USD 250,000 for cash holdings). At times balances may exceed SIPC limits. At December 31, 2025 and 2024, AFS International's uninsured investment holdings totaled approximately USD 2,454,000 and USD 1,675,000, respectively.

3. Concentration of Credit Risk *(continued)*

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of credit risk.

4. Liquidity and Availability of Resources

The following reflects AFS International's financial assets as of each year-end, reduced by amounts not available for general use within one year of year-end because of contractual, donor-imposed restrictions or internal designations:

	December 31, 2025	December 31, 2024
Cash and cash equivalents	USD 11,637,019	USD 3,241,355
Fee for service receivable	47,166	-
Contribution receivable	375,000	-
Accounts receivable	197,227	131,449
Due from partner organizations in clearinghouse	689,357	577,033
Investments	2,954,212	2,692,527
Collective insurance account, net	1,678,483	1,618,139
Beneficial interest in assets held by others	659,863	606,617
Total Financial Assets	18,238,327	8,867,120
Less amounts unavailable for general expenditure:		
Contractual obligations:		
Collateral for letter of credit	(89,137)	(86,870)
Collateral for line of credit	(1,356,367)	(1,311,120)
Collateral for Economic Injury Disaster Loan	(483,821)	(496,903)
	(1,929,325)	(1,894,893)
Restricted by donors with:		
Purpose and time restrictions	(1,317,724)	(864,666)
Perpetual in nature	(1,335,331)	(674,368)
	(2,653,055)	(1,539,034)
Amounts unavailable to management without Board's approval:		
Board-designated	(3,333,289)	(2,727,395)
Financial Assets at Year-End Available to Meet Cash Needs for General Expenditure Within One Year	USD 10,322,658	USD 2,705,798

AFS International has a policy to structure its financial assets to maintain a sufficient level of operating cash to be available as its general expenditures, liabilities and other obligations come due as part of AFS International's liquidity management. Additionally, AFS International has Board-designated funds whereby amounts could be made available for current operations, if necessary; however, AFS International does not intend to spend these funds for purposes other than those approved by the Board of Trustees.

5. Accounts Receivable

At each fiscal year-end, accounts receivable consisted of amounts due to AFS International for exchange-type transactions. All amounts are fully collectible and due within one year. There were no amounts reserved as uncollectible during 2025 and 2024. During 2025 and 2024, management deemed USD 0 of receivables as uncollectible.

6. Investments

Investments consist of the following:

	December 31, 2025	December 31, 2024
Money market	USD 89,137	USD -
Certificates of deposit	-	86,870
Government bonds	1,356,367	1,311,120
Mutual funds	1,508,708	1,381,407
	USD 2,954,212	USD 2,779,397

ASC Topic 820, Fair Value Measurements, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting date.

Level 2: Valuations are based on: (i) quoted prices for similar investments in active markets; or (ii) quoted prices for those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

Level 3: Valuations are based on pricing inputs that are unobservable and include situations where there is little, if any, market activity for the investments, or the investments cannot be independently valued.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

6. Investments *(continued)*

The following tables summarize the inputs used to measure the fair values of AFS International's investments at each year-end:

	December 31, 2025					
	Amounts Within Fair-Value Hierarchy					
	Level 1		Level 2		Total	
Mutual funds	USD	1,508,708	USD	-	USD	1,508,708
Government bonds		1,356,367		-		1,356,367
Money market		89,137		-		89,137
	USD	2,954,212	USD	-	USD	2,954,212

	December 31, 2024					
	Amounts Within Fair-Value Hierarchy					
	Level 1		Level 2		Total	
Mutual fund	USD	1,381,407	USD	-	USD	1,381,407
Government bonds		1,311,120		-		1,311,120
Certificates of deposit		-		86,870		86,870
	USD	2,692,527	USD	86,870	USD	2,779,397

During the years ended December 31, 2025 and 2024, there were no transfers in or out of levels 1, 2 or 3 of the fair value hierarchy.

7. Property and Equipment

At each year-end, property and equipment consisted of the following:

	December 31,			
	2025		2024	
Furniture	USD	17,540	USD	17,540
Equipment		719,927		626,125
Leasehold improvements		34,079		34,079
		771,546		677,744
Accumulated depreciation		(676,695)		(639,143)
	USD	94,851	USD	38,601

During 2025 and 2024, there were no write-offs of property and equipment.

8. Beneficial Interest in Assets Held by Others

The wills of Laura Hassler and Robert Hassler provided that their estates were to be invested by trustees into a charitable perpetual trust (the "Trust") established for multiple beneficiaries, of which AFS International is a 20% participant. The annual income therefrom is to be contributed to AFS International for purposes of scholarships to those participants of AFS International's programs. The Trust's assets are invested in bond and equity mutual funds and equities, and AFS International's interest in the fair value totaled USD 659,863 and USD 606,617 at December 31, 2025 and 2024, respectively. During 2025 and 2024, AFS International received distributions from the Trust of USD 60,412 and USD 54,906, respectively. The change in the value of the beneficial interest is recorded in net assets with donor restrictions within the statements of activities.

At December 31, 2025 and 2024, AFS International's beneficial interest in assets held by others is classified within Level 3 in the fair value hierarchy.

Quantitative information regarding unobserved inputs developed by AFS International and assumptions used to measure the fair value of the beneficial interest in assets held by others as of December 31, 2025 are as follows:

Type	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Beneficial interest in assets held by others	USD 659,863	Market approach	Fair value of participant portion of Trust assets	N/A

9. Restructuring Activities and Partners' Lines of Credit Outstanding

On a periodic basis, AFS International is requested to help manage restructuring opportunities for various partners.

The Board of Trustees has established unsecured lines of credit with certain partners, with lines of credit totaling USD 419,000 and USD 510,000 at December 31, 2025 and 2024, respectively. Drawdowns during 2025 and 2024 totaled USD 0 and USD 100,000, respectively. Beginning in September 2019 and continuing through 2025, AFS International did not charge interest on the lines of credit. The lines of credit were extended through December 2029. Partners' lines of credit amounts were outstanding from various partners as follows:

	December 31, 2025	December 31, 2024
Partners' lines of credit outstanding	USD 419,000	USD 510,000

During 2025 and 2024, AFS International wrote off USD 0 lines of credit outstanding.

10. Employee Benefit Plans

Defined Contribution Plan

AFS International sponsors a Section 403(b) tax-shelter annuity plan, which is available to all employees who have completed 1,000 hours of service for a calendar year. Participants in the plan must contribute a minimum of 5.0% of their compensation to the plan in order to receive a 7.5% employer contribution by AFS International. Participants' contributions and employer contributions are 100% vested immediately. AFS International's contribution to the pension plan for 2025 and 2024 amounted to USD 152,263 and USD 174,450 respectively.

Post-Retirement Medical Benefits

AFS International also administers a post-retirement medical benefits plan (the "Plan"). The Plan provides subsidized medical and pharmaceutical benefits for employees who retire at age 60 having completed 15 years of service, or at age 62, or at a later age, having completed 10 years of service. The Board of Trustees adopted a Plan change, effective January 1, 2013, which grandfathers future retirees who were hired prior to January 1, 2009, and born prior to January 1, 1960, with non-participatory group medical benefits.

Effective September 30, 2018, AFS International terminated its current health plan with its former provider and offered a new plan with a new provider. All Medicare retirees wishing to continue coverage with AFS International need to buy a replacement plan supplemental to Medicare Parts A and B in the private market. For prescription drug coverage, the Medicare retirees need to buy a Medicare Part D plan in the private market. Pre-Medicare retirees will be eligible to continue the active medical plan, with plans provided by a new provider, until they reach age 65.

Effective October 1, 2018, AFS International will reimburse grandfathered retirees under Medicare and any covered spouse up to the cost of Medicare supplement plan G in the retiree's state of residence. AFS International will also reimburse the retiree and any covered spouse up to a flat USD 60 per month for the drug plan. For spouses over age 65, there is a monthly contribution of USD 25. AFS International will pay Pre-Medicare grandfathered retirees for 100% of the premium rates. Additionally, AFS International reduced the monthly subsidy from USD 300 per month to USD 150 per month for Medicare and Pre-Medicare non-grandfathered retirees. The subsidy is expected to remain flat. Non-grandfathered participants will need to pay the total cost of the Plan less USD 150 per month. Those covering a spouse do not receive a greater subsidy.

10. Employee Benefit Plans *(continued)*

Post-Retirement Medical Benefits (continued)

The Plan's status consists of the following:

	December 31, 2025		December 31, 2024	
Change in post-retirement benefit obligation:				
Post-retirement benefit obligation at beginning of year	USD	(943,865)	USD	(1,151,397)
Service cost		(4,526)		(4,714)
Interest cost		(38,820)		(47,785)
Actuarial gain (loss)		128,170		204,099
Benefits paid		50,763		55,935
Accrued Post-retirement Benefit Obligation at end of year		(808,278)		(943,862)
Change in plan assets				
Fair value of plan assets at beginning of year		-		-
Employer contributions		50,763		55,935
Benefits paid		(50,763)		(55,935)
Fair Value of Plan Assets at end of year		-		-
Funded Status at end of year	USD	(808,278)	USD	(943,862)

The table below reflects amounts recognized in net assets without donor restrictions as follows:

	December 31, 2025		December 31, 2024	
Net actuarial loss	USD	927,800	USD	1,105,338
Prior service credit		(1,105,151)		(1,272,429)
	USD	(177,351)	USD	(167,091)

10. Employee Benefit Plans *(continued)*

Post-Retirement Medical Benefits (continued)

The net periodic post-retirement benefit included the following components for the years ended December 31:

	2025	2024
Service cost	USD 4,526	USD 4,714
Interest cost	38,820	47,785
Amortization of prior service cost	(167,278)	(167,278)
Amortization of net loss	49,368	68,010
Net Periodic Post-retirement Benefit	(74,564)	(46,769)
Net actuarial loss	(128,167)	(204,102)
Recognized actuarial loss	(49,368)	(68,010)
Recognized prior service credit	167,278	167,278
Total Changes Recognized in Net Assets Without Donor Restrictions	(10,257)	(104,834)
Total Recognized in Net Periodic Post-Retirement Benefit and Net Assets Without Donor Restrictions	USD (84,821)	USD (151,603)

The following weighted-average assumptions were used in accounting for the Plan for the years ended December 31:

	2025	2024
Discount rate - pension benefit obligation	5.35%	5.60%
Discount rate - net periodic pension benefit cost	5.60%	5.05%

The assumed rate of increase for 2025 in the per-capita cost of healthcare benefits was 8.3%, and it is assumed to grade down to 4.75% in 2036 and thereafter.

The following benefit payments (total benefits paid less participant contributions), which reflect expected future service, as appropriate, are expected to be approximately paid as follows:

Year Ending December 31,	Amount
2026	USD 49,504
2027	53,229
2028	53,505
2029	54,975
2030	57,105
2031-2035	332,472

11. Deferred Revenue

Deferred revenue consists of the following:

	December 31,			
	2025		2024	
Deferred revenue, beginning of year	USD	40,206	USD	70,909
Revenue recognized that was included in deferred revenue at the beginning of the year		(40,206)		(30,703)
Increase in deferred revenue due to cash received during the year		7,202,007		-
Deferred Revenue, end of year	USD	7,202,007	USD	40,206

12. Board Designated Funds

Liability Fund

The AFS International network experiences a number of threatened lawsuits each year related to program operations. Partners in the network are responsible for the amount of any fee refunded to participants, but AFS International coordinates the defense of such claims, covers the cost of legal fees, and provides an indemnity to partners for settlement or judgment costs exceeding the participant fee. AFS International currently insures the risk of claim up to USD 11,000,000 with a variety of insurance policies, primarily with United Educators ("UE"), a reciprocal risk retention group. UE distributes profits to subscribers each year into a subscriber's savings account ("SSA"). AFS International received USD 131,741 and USD 145,396 in dividends for the years ended December 31, 2025 and 2024, respectively. The inputs used to value the SSA are Level 3 inputs in the fair value hierarchy. The SSA account is reported at estimates of fair value based upon the discounted cash flow method. A discount of approximately USD 266,000 and USD 214,000 for the years ended December 31, 2025 and 2024, respectively, was applied to determine the fair value of the deposit should AFS International decide to withdraw from UE.

Activity of the Liability Fund's net asset balances was as follows:

	Year Ended December 31,			
	2025		2024	
Balance at beginning of year	USD	1,269,936	USD	1,250,992
Revenues:				
Fees from partner organizations		1,068,738		1,007,650
Dividends		131,741		145,396
Expenses		(1,248,233)		(1,134,102)
Balance at end of year	USD	1,222,182	USD	1,269,936

12. Board Designated Funds *(continued)*

Liability Fund (continued)

The collective insurance account, net balances consist of the following:

	December 31, 2025	December 31, 2024
Balance at beginning of year	USD 1,618,139	USD 1,521,693
Dividends	131,741	145,396
Change in discount to present value	(71,397)	(48,950)
Balance at end of year	USD 1,678,483	USD 1,618,139

Participant Medical Fund

AFS International operates a fully insured medical program that provides medical expense coverage to participants. AFS International bills partners based on an estimate of medical insurance cost, and fees are recognized on the accrual basis related to the program period.

Activity of the Participant Medical Fund's net asset balances were as follows:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Balance at beginning of year	USD 1,368,836	USD 1,018,167
Revenues:		
Fees from partner organizations	3,719,855	5,133,154
Interest	-	938
Expenses		
Insurance premiums	(2,501,120)	(4,380,500)
Other expenses	(590,066)	(402,923)
Balance at end of year	USD 1,997,505	USD 1,368,836

Analysis of the consolidated statement of financial position of the Participant Medical Fund was as follows:

	December 31, 2025	December 31, 2024
Cash	USD 1,997,505	USD 1,368,836
Prepaid premiums and other assets (liabilities)	-	-
	USD 1,997,505	USD 1,368,836

12. Board Designated Funds *(continued)*

Network Strategic Investment Fund

The Network Strategic Investment Fund provides funding for projects that benefit the network. Fees from partners to the Network Strategic Investment Fund are established as part of the annual payments by partners to AFS International.

Activity of the Network Strategic Investment Fund's net asset balances were as follows:

	Year Ended December 31,			
	2025		2024	
Balance at beginning of year	USD	-	USD	-
Fees from partner organizations		335,664		259,570
Expenses		(310,685)		(259,570)
Balance at end of year	USD	24,979	USD	-

International Emergency Fund

The International Emergency Fund deals with extraordinary needs due to external circumstances affecting partners, such as natural disasters or political unrest that leads to significant curtailment or suspension of programs in a partner country if they cannot be managed by the partner's resources. The balance of the International Emergency Fund's net assets was USD 88,623 as of December 31, 2025 and 2024 and is composed entirely of cash. For the years ended December 31, 2025 and 2024, there was no expenses for the fund.

13. Loans Payable

During 2020, AFS International applied for and received USD 150,000 from the SBA for an Economic Injury Disaster Loan ("EIDL"). In July 2021, AFS applied for and received from the SBA a loan modification, increasing the total loan amount to USD 500,000. The loan bears interests at a rate of 2.75% per annum and is secured by the general assets of AFS International. The proceeds of the loan are to be used as working capital to alleviate economic injury caused by the pandemic. Installment payments, including principal and interest, are USD 2,217 and are due monthly beginning 30 months from the date of the original promissory note, and are payable over 30 years from the date of the promissory note. Payments will be applied first to interest accrued to the date of the receipt of each payment, and the balance, if any, will be applied to principal.

13. Loans Payable *(continued)*

The required future minimum principal and interest payments on the loan payable subsequent to December 31, 2025 are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	USD 13,484	USD 13,120	USD 26,604
2027	13,859	12,745	26,604
2028	14,245	12,359	26,604
2029	14,642	11,962	26,604
2030	15,050	11,554	26,604
Thereafter	412,541	174,672	587,213
Total	USD 483,821	USD 236,412	USD 720,233

14. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following:

	December 31,	
	2025	2024
Time and Purpose restricted		
Program development and other	USD 390,313	USD 332,787
Faces of the World	35,943	70,531
Archives	18,552	18,452
Global STEM academies	329,821	347,551
Unexpended endowment earnings	168,095	95,345
Time restricted	375,000	-
	1,317,724	864,666
Perpetual in nature		
Donor restricted endowment funds	1,335,331	1,280,985
	USD 2,653,055	USD 2,145,651

Net assets released from restrictions were as follows:

	December 31,	
	2025	2024
Time and Purpose restrictions satisfied		
Program development and other	USD 1,688,670	USD 1,351,224
Faces of the World	95,000	90,000
Global STEM academies	3,384,802	2,985,179
Time restricted	75,000	-
	USD 5,243,472	USD 4,426,403

15. The Endowment

The Endowment

At December 31, 2025 and 2024, AFS International's endowment fund consists of three donor-restricted funds to support student participation and AFS International operations.

Interpretation of Relevant Law

New York Prudent Management of Institutional Funds Act ("NYPMIFA") requires the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and except in those cases where the law allows appropriation for spending of the original gift amounts. As a result, AFS International classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is restricted until appropriated for expenditure by the board in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Return Objectives and Risk Parameters

The Board of Trustees of AFS International has adopted investment and spending policies for its endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that AFS International must hold in perpetuity.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, AFS International relies on a general investment policy, subject to practical constraints, so as to provide a balance that will enhance total real return while avoiding undue risk concentration in any single asset class or investment category.

Spending Policy and Relationship to the Investment Objectives

In satisfaction of the respective donors' gift instruments, the Board of Trustees appropriates the total earnings each year to cover student participation. However, the Board of Trustees voted to suspend its spending for both 2025 and 2024.

15. The Endowment *(continued)*

Endowment Net Asset Composition

The endowment net asset composition by type of fund consisted of the following:

	December 31,	
	2025	2024
John & Franca Pironti Lally Scholarship Endowment Fund	USD 500,000	USD 500,000
Arthur Howe, Jr. Endowment Fund	71,000	71,000
A. Piatt Andrew Endowment Fund	104,468	103,368
Donor-restricted Endowment Funds	675,468	674,368
Beneficial interest in assets held by others (see Note 8)	659,863	606,617
	USD 1,335,331	USD 1,280,985

Changes in Endowment Net Assets

Changes in endowment net assets with donor restrictions (excluding the trusts) were as follows:

	Year Ended December 31, 2025		
	Unexpended Endowment Earnings	Amounts Held in Perpetuity	Total
Endowment assets, beginning of year	USD 95,345	USD 674,368	USD 769,713
Contributions	-	1,100	1,100
Interest and dividends	34,025	-	34,025
Unrealized gains	38,725	-	38,725
Endowment Assets, end of year	USD 168,095	USD 675,468	USD 843,563

	Year Ended December 31, 2024		
	Unexpended Endowment Earnings	Amounts Held in Perpetuity	Total
Endowment assets, beginning of year	USD 60,076	USD 649,168	USD 709,244
Contributions	-	25,200	25,200
Unrealized gains	35,269	-	35,269
Endowment Assets, end of year	USD 95,345	USD 674,368	USD 769,713

15. The Endowment *(continued)*

Funds with Deficiencies

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original restricted contribution, or the amount required to be maintained under state law, referred to as underwater endowment. Under the terms of NYPMIFA, AFS International has no responsibility to restore such decreases in value. As of December 31, 2025, and 2024 there were no deficiencies in the endowment funds.

16. Commitments, Contingencies, and Other Uncertainty

Leases

In November 2019, AFS International entered into a lease agreement for the new office facilities in New York, New York, commencing in 2020 and expiring in 2036. In addition, AFS International has an operating lease for furniture.

The right-of-use assets and corresponding liability associated with future lease payments on the above noted leases as of December 31, are shown below:

	December 31, 2025	December 31, 2024
Right-of-use asset	USD 5,480,109	USD 5,480,109
Less: accumulated amortization	(1,460,930)	(1,108,590)
	USD 4,019,179	USD 4,371,519
Weighted Average:		
Discount rate	1.78%	1.78%
Remaining lease term in years	10.67	11.63
Cash paid for amounts included in the measurement of operating lease liabilities	USD 380,309	USD 393,714

Future minimum rental payments under the lease arrangement are as follows:

Year	Amount
2026	USD 394,813
2027	402,710
2028	410,764
2029	418,979
2030	434,319
Thereafter	2,753,822
Total Future Minimum Lease Payments	4,815,407
Less Imputed Interest	(446,891)
Total Operating Lease Liability	USD 4,368,516

16. Commitments, Contingencies, and Other Uncertainty *(continued)*

Leases (continued)

A breakdown of rental expense is as follows for the years ended December 31:

	December 31,			
	2025		2024	
Operating leases, included in occupancy costs	USD	418,694	USD	418,694
Other lease commitments, included in occupancy costs		1,100		-
Variable lease costs included in occupancy costs		4,931		10,317
Operating leases, included equipment rental and maintenance costs		13,708		41,124
	USD	438,433	USD	470,135

Letter of Credit

In 2025 and 2024, AFS International maintained an unused letter of credit with a bank totaling USD 89,137 and USD 86,870 for its lease of facilities. The letter of credit is collateralized by the certificates of deposit maintained in the investment portfolio of AFS International.

Lines of Credit

At December 31, 2025, AFS Inc. maintains a secured line of credit with a financial institution in the amount of USD 1,000,000. Borrowings under the secured line of credit bear interest at the Secured Overnight Financing Rate plus 0.11448% and the line of credit is secured by cash and investments of USD 1,356,367. There was no outstanding balance on the line of credit as of December 31, 2025.

At December 31, 2025, the Organization maintains an unsecured line of credit with a financial institution in the amount of USD 200,000. There was no outstanding balance on the line of credit as of December 31, 2025.

Contingencies

AFS International may occasionally be a defendant with respect to various claims involving issues arising in the normal course of its business. In the opinion of management and its legal counsel, the resolution of these complaints will not have a material impact on the consolidated financial position or results of operations of AFS International.

16. Commitments, Contingencies, and Other Uncertainty *(continued)*

Risks and Uncertainties

AFS International's operations and financial performance have been, and may continue to be, affected by global and domestic economic uncertainty which has adversely affected economic conditions throughout the world. AFS International may experience a decline in revenue activities as a result of the economic uncertainty.

* * * * *

AFS Intercultural Programs, Inc.
and Affiliate

Supplementary Information

December 31, 2025

AFS Intercultural Programs, Inc. and Affiliate

Consolidating Schedule of Financial Position
December 31, 2025

	AFS Intercultural Program, Inc.	Soliya, Inc.	Total	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	USD 11,387,743	USD 249,276	USD 11,637,019	USD -	USD 11,637,019
Fee for service receivable	-	47,166	47,166	-	47,166
Contribution receivable	-	375,000	375,000	-	375,000
Accounts receivable	197,227	-	197,227	-	197,227
Due from partner organizations in clearinghouse	689,357	-	689,357	-	689,357
Partner lines of credit outstanding, net	419,000	-	419,000	-	419,000
Investments	2,954,212	-	2,954,212	-	2,954,212
Collective insurance account, net	1,678,483	-	1,678,483	-	1,678,483
Prepaid expenses and other assets, net	869,169	52,465	921,634	-	921,634
Property and equipment, net	94,851	-	94,851	-	94,851
Beneficial interest in assets held by others	659,863	-	659,863	-	659,863
Operating lease right-of-use assets, net	4,019,179	-	4,019,179	-	4,019,179
	USD 22,969,084	USD 723,907	USD 23,692,991	USD -	USD 23,692,991
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	USD 980,842	USD 63,626	USD 1,044,468	USD -	USD 1,044,468
Due to partner organizations in clearinghouse	825,988	-	825,988	-	825,988
Deferred revenue	7,202,007	-	7,202,007	-	7,202,007
Accrued post-retirement benefit obligation	808,278	-	808,278	-	808,278
Loans payable	483,821	-	483,821	-	483,821
Operating lease liability	4,368,516	-	4,368,516	-	4,368,516
Total Liabilities	14,669,452	63,626	14,733,078	-	14,733,078
Net Assets					
Without Donor Restrictions					
Undesignated	2,688,288	285,281	2,973,569	-	2,973,569
Board Designated					
Liability fund	1,222,182	-	1,222,182	-	1,222,182
Participant medical fund	1,997,505	-	1,997,505	-	1,997,505
Network strategic investment fund	24,979	-	24,979	-	24,979
International emergency fund	88,623	-	88,623	-	88,623
Total Net Assets without Donor Restrictions	6,021,577	285,281	6,306,858	-	6,306,858
With Donor Restrictions					
Time and purpose restrictions	942,724	375,000	1,317,724	-	1,317,724
Perpetual in nature	1,335,331	-	1,335,331	-	1,335,331
Total Net Assets with Donor Restrictions	2,278,055	375,000	2,653,055	-	2,653,055
Total Net Assets	8,299,632	660,281	8,959,913	-	8,959,913
Total Liabilities and Net Assets	USD 22,969,084	USD 723,907	USD 23,692,991	USD -	USD 23,692,991

See independent auditors' report

AFS Intercultural Programs, Inc. and Affiliate

Consolidating Schedule of Activities
Year Ended December 31, 2025

	Without Donor Restrictions				With Donor Restrictions		
	AFS Intercultural Program, Inc.	Soliya, Inc.	Eliminations	Total	AFS Intercultural Program, Inc.	Soliya, Inc.	Total
REVENUE AND SUPPORT							
Revenue and Support							
Fees from partner organizations	USD 9,820,038	USD -	USD -	USD 9,820,038	USD -	USD -	USD 9,820,038
Contributions and government grants	166,726	75,817	-	242,543	5,224,485	225,000	5,692,028
International conference fees and projects	1,236,511	-	-	1,236,511	-	-	1,236,511
Fee for service income	-	60,220	-	60,220	-	-	60,220
In-kind donation	-	31,753	-	31,753	-	-	31,753
Investment return	296,100	-	-	296,100	23,145	-	319,245
Other income	-	2	-	2	-	-	2
Total Revenue and Support Before Net Assets Released From Restriction	11,519,375	167,792	-	11,687,167	5,247,630	225,000	17,159,797
Net assets released from restrictions	5,168,472	75,000	-	5,243,472	(5,168,472)	(75,000)	-
Total Revenue and Support	16,687,847	242,792	-	16,930,639	79,158	150,000	17,159,797
OPERATING EXPENSES							
Program							
Partner services	10,003,842	-	-	10,003,842	-	-	10,003,842
Participant medical fund	3,091,186	-	-	3,091,186	-	-	3,091,186
Liability fund	1,248,233	-	-	1,248,233	-	-	1,248,233
Network strategic investment fund	310,685	-	-	310,685	-	-	310,685
Soliya, Inc - Program expenses	-	377,971	-	377,971	-	-	377,971
Total Program Services	14,653,946	377,971		15,031,917	-	-	15,031,917
Administration	1,207,836	141,349	-	1,349,185	-	-	1,349,185
Fundraising	18,155	5,392	-	23,547	-	-	23,547
Total Operating Expenses	15,879,937	524,712	-	16,404,649	-	-	16,404,649
Change in Net assets from Operations	807,910	(281,920)	-	525,990	79,158	150,000	755,148
NONOPERATING ACTIVITIES							
Net assets acquired in acquisition of Soliya, Inc.	-	567,201	-	567,201	-	225,000	792,201
Appreciation in value of beneficial interest in assets held by others	-	-	-	-	53,246	-	53,246
Net periodic pension cost, except service cost	79,090	-	-	79,090	-	-	79,090
Adjustment in post-retirement benefit obligation	10,257	-	-	10,257	-	-	10,257
Change in Net Assets	897,257	285,281	-	1,182,538	132,404	375,000	1,689,942
NET ASSETS							
Beginning of year	5,124,320	-	-	5,124,320	2,145,651	-	7,269,971
End of year	USD 6,021,577	USD 285,281	USD -	USD 6,306,858	USD 2,278,055	USD 375,000	USD 8,959,913

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