Physician Associate Foundation of the American Academy of Physician Associates

Financial Report
December 31, 2025

Contents

Independent Auditor's Report

Board of Trustees
Physician Associate Foundation
of the American Academy of Physician Associates

Opinion
We have audited the financial statements of Physician Associate Foundation of the American Academy of Physician Associates (PA Foundation), which comprise the statements of financial position as of December 31, 2025 and 2024, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the PA Foundation as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 the PA Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the PA Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 the PA Foundation’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the PA Foundation’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audits.

RSM US LLP

McLean, Virginia
April 22, 2026

Physician Associate Foundation of the American Academy of Physician Associates

Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 228,852	$ 570,752
Investments	2,592,072	1,966,816
Contributions receivable and other assets	14,403	24,680
Investments held for endowments	2,122,609	2,363,158
Total assets	$ 4,957,936	$ 4,925,406
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 51,169	$ 45,415
Due to related party	97,310	147,640
Refundable advances	100,256	181,242
Total liabilities	248,735	374,297
Net assets:		
Without donor restrictions	2,146,578	1,749,787
With donor restrictions	2,562,623	2,801,322
Total net assets	4,709,201	4,551,109
Total liabilities and net assets	$ 4,957,936	$ 4,925,406

See notes to financial statements.

Physician Associate Foundation of the American Academy of Physician Associates

Statement of Activities
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Corporate support	$ 135,000	$ -	$ 135,000
Individual support	140,811	43,107	183,918
Grants	371,837	43,464	415,301
Other income	138,281	-	138,281
Contributions of nonfinancial assets	36,847	-	36,847
Investment income, net	285,059	264,229	549,288
Net assets released from restrictions due to satisfaction of program restrictions	415,692	(415,692)	-
Total support and revenue	1,523,527	(64,892)	1,458,635
Expenses:			
Program services:			
Grants	602,451	-	602,451
Scholarships	220,003	-	220,003
Total program services	822,454	-	822,454
Supporting services:			
General and administrative	287,187	-	287,187
Fundraising	172,276	-	172,276
Total supporting services	459,463	-	459,463
Total expenses	1,281,917	-	1,281,917
Change in net assets before other changes	241,610	(64,892)	176,718
Other changes:			
Equity transfer from affiliate under common control	155,181	-	155,181
Return of donor endowment	-	(173,807)	(173,807)
Change in net assets	396,791	(238,699)	158,092
Net assets:			
Beginning	1,749,787	2,801,322	4,551,109
Ending	$ 2,146,578	$ 2,562,623	$ 4,709,201

See notes to financial statements.

Physician Associate Foundation of the American Academy of Physician Associates

Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Corporate support	$ 110,200	$ 5,500	$ 115,700
Individual support	115,203	223,219	338,422
Grants	244,278	58,282	302,560
Other income	34,400	-	34,400
Contributions of nonfinancial assets	50,989	-	50,989
Investment income, net	218,207	226,463	444,670
Net assets released from restrictions due to satisfaction of program restrictions	856,007	(856,007)	-
Total support and revenue	1,629,284	(342,543)	1,286,741
Expenses:			
Program services:			
Grants	575,418	-	575,418
Scholarships	220,280	-	220,280
Total program services	795,698	-	795,698
Supporting services:			
General and administrative	326,006	-	326,006
Fundraising	132,599	-	132,599
Total supporting services	458,605	-	458,605
Total expenses	1,254,303	-	1,254,303
Change in net assets before other changes	374,981	(342,543)	32,438
Other changes:			
Equity transfer from affiliate under common control	163,751	-	163,751
Change in net assets	538,732	(342,543)	196,189
Net assets:			
Beginning	1,211,055	3,143,865	4,354,920
Ending	$ 1,749,787	$ 2,801,322	$ 4,551,109

See notes to financial statements.

Physician Associate Foundation of the American Academy of Physician Associates

Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services		Supporting Services		
	Grants	Scholarships	General and Administrative	Fundraising	Total
Personnel	$ 142,384	$ 119,650	$ 113,666	$ 126,600	$ 502,300
Awards and contributions	104,864	96,797	714	-	202,375
Professional and subcontractor fees	321,016	-	102,426	8,093	431,535
Travel	15,082	-	13,011	5,053	33,146
Occupancy	-	-	36,612	-	36,612
Meetings and conferences	-	-	6,306	32,427	38,733
Postage and subscriptions	14,259	3,556	8,891	-	26,706
Other expenses	4,155	-	4,870	103	9,128
Supplies	691	-	691	-	1,382
Total	$ 602,451	$ 220,003	$ 287,187	$ 172,276	$ 1,281,917

See notes to financial statements.

Physician Associate Foundation of the American Academy of Physician Associates

Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services		Supporting Services		
	Grants	Scholarships	General and Administrative	Fundraising	Total
Personnel	$ 186,964	$ 124,642	$ 125,944	$ 116,050	$ 553,600
Awards and contributions	91,536	84,495	2,628	3,257	181,916
Professional and subcontractor fees	264,954	-	116,534	-	381,488
Travel	17,274	-	15,670	3,533	36,477
Occupancy	-	-	46,508	903	47,411
Meetings and conferences	-	-	2,005	4,437	6,442
Postage and subscriptions	3,965	11,143	6,607	3,463	25,178
Other expenses	8,745	-	8,130	956	17,831
Supplies	1,980	-	1,980	-	3,960
Total	$ 575,418	$ 220,280	$ 326,006	$ 132,599	$ 1,254,303

See notes to financial statements.

Physician Associate Foundation of the American Academy of Physician Associates

Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	**$ 158,092**	$ 196,189
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized and unrealized gain on investments	**(440,439)**	(335,194)
Endowment contributions	**(27,500)**	(150,000)
Return of donor endowment	**173,807**	-
Changes in assets and liabilities:		
(Decrease) increase in:		
Contributions receivable and other assets	**10,277**	162,320
Increase (decrease) in:		
Accounts payable	**5,754**	(49,434)
Due to/from related party	**(50,330)**	140,281
Refundable advances	**(80,986)**	131,242
Net cash (used in) provided by operating activities	**(251,325)**	95,404
Cash flows from investing activities:		
Proceeds from sale of investments	**494,328**	880,373
Purchases of investments	**(438,596)**	(815,831)
Net cash provided by investing activities	**55,732**	64,542
Cash flows from financing activities:		
Endowment contributions received	**27,500**	150,000
Return of donor endowment	**(173,807)**	-
Net cash (used in) provided by financing activities	**(146,307)**	150,000
Net (decrease) increase in cash and cash equivalents	**(341,900)**	309,946
Cash and cash equivalents:		
Beginning	**570,752**	260,806
Ending	**$ 228,852**	$ 570,752

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Physician Associate Foundation of the American Academy of Physician Associates (PA Foundation) is a nonprofit organization established in 1978, and operates exclusively for charitable, educational, research and community-based purposes. The PA Foundation is organized as the philanthropic arm of the American Academy of Physician Associates, Inc. (AAPA), a tax-exempt organization whose mission is to ensure the professional growth, personal excellence and recognition of physician associates, and to support their efforts to enable them to improve the quality, accessibility and cost-effectiveness of patient-centered health care. The PA Foundation's mission is to develop and allocate resources that empower the physician associates (PA) profession to impact the health and wellness of communities it serves.

A summary of the PA Foundation's significant accounting policies follows:

Basis of presentation: The financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Non-Profit Entities Topic of the FASB ASC, the PA Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets without donor restrictions include those net assets whose use is not restricted by donors. The governing board has designated, from net assets without donor restriction, net assets for a board-designated endowment.

Net assets with donor restrictions: Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Endowment net assets with donor restrictions include a stipulation that assets provided be maintained in perpetuity while permitting the PA Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations.

Income taxes: The PA Foundation is organized as a nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Section 10(b)(1)(A)(viii), and has been determined not to be a private foundation under IRC Section 509(a)(3). The PA Foundation is annually required to file a Return of Organization Exempt form Income Tax (Form 990) with the IRS.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents: For financial statement purposes, the PA Foundation considers demand accounts and highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments: Investments with readily determinable fair values are reflected at fair value. The change in the fair value of investments, interest and dividends and realized and unrealized gains and losses are included in investment income in the accompanying statements of activities.

Financial risk: The PA Foundation maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The PA Foundation has not experienced any losses in such accounts. The PA Foundation believes it is not exposed to any significant financial risk on cash.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The PA Foundation invests funds in professionally managed portfolios that are exposed to various risks, such as interest rate, credit and market value risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amount reported in the financial statements. As a result, investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Contributions receivable: Receivables are contribution amounts for promises to give, less an estimate made for doubtful receivables based on a review of all outstanding amounts. All receivables are due within the coming year. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts receivable. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. There is no provision for doubtful accounts at December 31, 2025 and 2024, as management believes that all receivables are fully collectible.

Contributions and grants: Contributions and grants include unconditional contributions from individuals and various organizations. Revenue is recognized when an unconditional donation is received or when an unconditional promise is made.

Unconditional contributions and grants are recorded as with donor restrictions or without donor restrictions, depending upon the existence and/or nature of any donor intent. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions and then reclassified to net assets without donor restrictions when the restriction expires.

Conditional gifts, with measurable performance or other barrier and right of return are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. Conditional gifts that are received prior to the conditions being met are recorded as refundable advances on the statements of financial position. Grants on a cost-reimbursement basis are recognized as revenue as costs qualified under the grants are incurred and conditions are met.

Equity transfer from affiliate under common control: AAPA has substantial influence over the board of directors of the PA Foundation, with no economic interest. Services provided to the PA Foundation from AAPA that are nonreciprocal are considered equity transfers. Transferred assets are recorded at their historical carrying values in accordance with U.S. GAAP for transactions between entities under common control. No gain or loss was recognized as a result of the transfer.

Functional allocation of expense: The costs of providing various program and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, costs primarily associated with personnel have been allocated among the program and supporting services on the basis of the labor costs utilized by each area. Other costs are allocated on the basis of the direct expenses of the program and supporting services.

Reclassifications: Certain 2024 amounts have been reclassified to conform to the 2025 presentation. There were no changes to net assets or changes in net assets as a result.

Subsequent events: The PA Foundation has evaluated subsequent events through April 22, 2026, the date on which the financial statements were available to be issued.

Note 2. Liquidity and Availability

The PA Foundation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to maximize the return on investment of its funds not required for annual operations. As of December 31, 2025 and 2024, the following financial assets are available within one year to meet cash needs for general expenditures:

	2025	2024
Financial assets:		
Cash and cash equivalents	$ 228,852	$ 570,752
Investments	2,592,072	1,966,816
Contributions receivable and other assets	1,453	6,686
Financial assets	2,822,377	2,544,254
Less contractual or donor-imposed restrictions making financial assets unavailable for general expenditure:		
Net assets with donor restrictions less endowments	(440,014)	(438,164)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,382,363	$ 2,106,090

Note 3. Investments

Investments are classified on the statements of financial position as of December 31, 2025 and 2024, as follows:

	2025	2024
Investments	$ 2,592,072	$ 1,966,816
Investments held for endowment	2,122,609	2,363,158
	$ 4,714,681	$ 4,329,974

In accordance with U.S. GAAP, the PA Foundation uses the following prioritized input levels to measure fair value of financial instruments. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2: Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the PA Foundation's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments recorded at fair value include mutual funds and exchange-traded funds which are all valued using Level 1 inputs based on quoted prices for identical assets in active markets. Management believes the estimated fair values on investments to be a reasonable approximation of their exit price. Money market funds are recorded at cost.

Note 3. Investments (Continued)

Investments as of December 31, 2025 and 2024, consist of the following:

	2025	2024
Investments at fair value:		
Equity funds (Level 1)	$ 2,827,434	$ 1,642,110
Fixed income funds (Level 1)	1,763,713	2,546,490
	4,591,147	4,188,600
Investments at cost:		
Money market	123,534	141,374
	$ 4,714,681	$ 4,329,974

Net investment income for the years ended December 31, 2025 and 2024, consists of the following:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 72,574	$ 72,356	$ 144,930
Realized and unrealized gain on investments	230,947	209,492	440,439
Investment fees	(18,462)	(17,619)	(36,081)
	$ 285,059	$ 264,229	$ 549,288

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	$ 65,007	$ 77,086	$ 142,093
Realized and unrealized gain on investments	169,535	165,659	335,194
Investment fees	(16,335)	(16,282)	(32,617)
	$ 218,207	$ 226,463	$ 444,670

Note 4. Related-Party Transactions, Equity Transfer from Affiliate Under Common Control and Contributed Nonfinancial Assets

AAPA provides services and other support to the PA Foundation. These expenses include salaries and related benefits of AAPA employees devoting time and effort working for the PA Foundation, allocable rent, utilities, office equipment and other general administrative expenses, such as financial accounting and reporting.

Accordingly, the services are recorded as a transfer of net assets to the PA Foundation. For the years ended December 31, 2025 and 2024, approximately $155,000 and $164,000, respectively, was transferred to the PA Foundation by AAPA and are included in equity transfer from affiliate under common control and program and supporting service expenses in the accompanying statements of activities. The transfers were directed by AAPA and did not represent exchange transactions.

Note 4. Related-Party Transactions, Equity Transfer from Affiliate Under Common Control, and Contributed Nonfinancial Assets (Continued)

The other support contributions are recorded as contributed nonfinancial assets to the PA Foundation. For the years ended December 31, 2025 and 2024, approximately $37,000 and $51,000, respectively, was contributed to the PA Foundation by AAPA and are included in contributions of nonfinancial assets and program and supporting service expenses in the accompanying statements of activities.

In addition, AAPA transferred cash to PA Foundation in the amount of $115,000 and $110,000 for the years ended December 31, 2025 and 2024, respectively.

Note 5. Net Assets With Donor Restrictions and Endowment Funds

The change in net assets with donor restrictions for the year ended December 31, 2025, consisted of the following:

	Beginning Balance	Revenue/ Income	Return	Releases/ Appropriations	Ending Balance
Subject to expenditure for specified purpose:					
Scholarship Program	$ 408,151	$ 66,666	$ -	$ (55,793)	$ 419,024
PAF Program Fund	30,013	11,977	-	(21,000)	20,990
	438,164	78,643	-	(76,793)	440,014
Endowments:					
Unappropriated accumulated income	937,604	244,657	(50,792)	(338,899)	792,570
Amounts required to be maintained in perpetuity	1,425,554	27,500	(123,015)	-	1,330,039
	2,363,158	272,157	(173,807)	(338,899)	2,122,609
	$ 2,801,322	$ 350,800	$ (173,807)	$ (415,692)	$ 2,562,623

Note 5. Net Assets With Donor Restrictions and Endowment Funds (Continued)

The change in net assets with donor restrictions for the year ended December 31, 2024, consisted of the following:

	Beginning Balance	Revenue/ Income	Return	Releases	Ending Balance
Subject to expenditure for specified purpose:					
Scholarship Program	$ 925,449	$ 317,675	$ -	$ (834,973)	$ 408,151
PAF Program Fund	1,588	49,459	-	(21,034)	30,013
	927,037	367,134	-	(856,007)	438,164
Endowments:					
Unappropriated accumulated income	941,274	(3,670)	-	-	937,604
Amounts required to be maintained in perpetuity	1,275,554	150,000	-	-	1,425,554
	2,216,828	146,330	-	-	2,363,158
	$ 3,143,865	$ 513,464	$ -	$ (856,007)	$ 2,801,322

The PA Foundation has received contributions restricted by donors for the following purposes:

Scholarship program: Annually, selected students in the PA program are awarded scholarships in amounts ranging from $500 to $6,000 each.

PAF program fund: Donor restricted contributions which fund a variety of programs, generally in the form of private grants, that support domestic and global community outreach projects.

Note 5. Net Assets With Donor Restrictions and Endowment Funds (Continued)

Endowment composition: Endowment net assets as of December 31, 2025 and 2024, consisted of the following:

	2025		
	Unappropriated Income	Maintained In Perpetuity	Total
PAF General Endowment Fund	$ 426,901	$ 493,376	$ 920,277
W. Marquardt Scholarship Endowment	60,288	310,000	370,288
Robert K. Pedersen Global Outreach Endowment	114,586	204,935	319,521
NCCPA Endowed Scholarship Fund	88,312	140,000	228,312
Ruth Ballweg Endowment	12,738	50,000	62,738
The Jerald A. Breitman & Stephen J. Dorn Endowed Research Fellowship	44,306	40,100	84,406
LBGPA Endowment Fund	38,344	25,128	63,472
Joyce Nichols Scholarship	2,428	25,000	27,428
PAHPM	2,811	25,000	27,811
Timi Agar Barwick Scholarship for Humanism in Medicine	1,856	16,500	18,356
	$ 792,570	$ 1,330,039	$ 2,122,609

	2024		
	Unappropriated Income	Maintained In Perpetuity	Total
PAF General Endowment Fund	$ 598,790	$ 591,876	$ 1,190,666
W. Marquardt Scholarship Endowment	49,022	300,500	349,522
Robert K. Pedersen Global Outreach Endowment	99,195	204,935	304,130
Nebraska Endowment Fund	47,891	123,015	170,906
NCCPA Endowed Scholarship Fund	71,685	140,000	211,685
The Jerald A. Breitman & Stephen J. Dorn Endowed Research Fellowship	39,840	40,100	79,940
LBGPA Endowment Fund	31,181	25,128	56,309
	$ 937,604	$ 1,425,554	$ 2,363,158

Endowment fund descriptions: The PA Foundation has received contributions permanently restricted by donors for the following purposes:

PAF General Endowment Fund: This fund was established by individual and corporate contributions for the general scholarship program. Income from these contributions support annual scholarships.

W. Marquart Scholarship Endowment: This endowment was established in 2020 with an initial amount of $200,000. The income from this endowment provides scholarships and fellowships recognizing PA students and practicing PAs dedicated to working with patients in communities lacking access to adequate health care providers and services.

Note 5. Net Assets With Donor Restrictions and Endowment Funds (Continued)

Robert K. Pedersen Global Outreach Endowment: The Pedersen Family Foundation established this endowment in 2005 with an initial amount of $100,000, and the Pedersen family has continued to contribute to this endowment. The income from this endowment provides grants to support projects that involve PAs or PA students in an international setting.

Nebraska Endowment Fund: Nebraska Academy of Physician Assistants established this endowment fund from Nebraska PA Foundation to the PA Foundation in 2009. The income from this endowment fund is used to provide scholarships for students attending PA programs in Nebraska. See Note 6 for additional information on the return of these funds.

NCCPA Endowed Scholarship Fund: National Commission on Certification of Physician Assistants (NCCPA) contributed $100,000 to create this endowment. The income from this endowment is used to fund scholarships granted as part of the general scholarship program.

Ruth Bullweg Memorial Scholarship Endowment: This fund was established in 2023 by the family of Ruth Ballweg for the purpose of establishing an enduring scholarship benefiting PA students and encouraging expanded diversity of the PA profession. It honors the legacy and distinguished career of Ruth Ballweg, MPA, PA-C Emeritus (1944-2022), and aims to continue Ruth's work to expand diversity within the PA profession. The income from this endowment provides the Ruth Ballweg Memorial Scholarship, supporting PA students from historically marginalized populations.

The Jerald A. Breitman & Stephen J. Dorn Endowed Research Fellowship: In 1998, a donation of $40,000 established this endowment fund. Income from this endowment fund assists in funding an annual $3,000 research fellowship that provides financial assistance to a doctoral candidate whose dissertation contributes to research on the influence of physician associates in medical care.

LBGPA Endowment Fund: The Lesbian, Bisexual, Gay and Transgender Physician Assistant Caucus of the AAPA (LBGT PA) created this endowment. Income from this endowment is intended to support self-identified LBGT PA students to attend AAPA's Annual PA Conference.

Joyce Nichols Memorial Scholarship Endowment: This fund was established in 2020 with initial funding from lead donor Brian Palm and converted to an endowed fund in 2025 by the Physician Associate Foundation Board of Trustees. It was named in honor of Joyce Nichols, the first woman to be formally educated as a PA and first Black woman to practice as a PA. The income from this endowment provides scholarships to Black or African American PA students who meet the general eligibility criteria of the PAF Scholarship Program.

PAHPM Scholarship Endowment: This fund was established by PAs in Hospice and Palliative Medicine (PAHPM) in 2019, for the purpose of providing financial support of PA Students participating in a clinical rotation in hospice and palliative medicine and converted to an endowed fund upon request in 2025. The income from this endowment provides the Eva Dimitrov, MD & PAHPM Student Scholarship, benefiting PA students dedicated to a future career in hospice and palliative medicine.

Timi Agar Barwick Scholarship for Humanism in Medicine Endowment: This fund was established in 2016 by the Physician Assistant Education Association (PAEA) Board of Directors in recognition of PAEA Chief Executive Officer Timi Agar Barwick's 25th anniversary with the Association and converted to an endowed fund in 2024. The income from this endowment provides scholarships to PA students who meet the general eligibility criteria of the PAF Scholarship Program and who identify as part of a historically marginalized group and/or as economically disadvantaged and/or as educationally disadvantaged.

Note 5. Net Assets With Donor Restrictions and Endowment Funds (Continued)

Interpretation of relevant law: The management of the PA Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted in the Commonwealth of Virginia, as requiring the preservation of the fair value of original donor-restricted endowment gifts as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, the PA Foundation classifies as net assets with donor restrictions to be held in perpetuity: (a) the original value of cash gifts donated to endowment held in perpetuity and (b) the discounted value of future gifts promised to endowment held in perpetuity, net of allowance for uncollectible pledges. The remaining portion of donor-restricted endowment funds not classified in net assets with donor restrictions to be held in perpetuity is in net assets with donor restrictions—unappropriated income, until those amounts are appropriated for expenditure by the PA Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the PA Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the foundation
- The investment policies of the foundation

Return objectives and risk parameters: The PA Foundation has an investment policy specific for its endowment funds, which is monitored by the Finance Committee of the Board of Trustees. The investment policy describes the objective for the funds and sets ranges for asset allocation. The objective of the endowment funds is to maintain the original principle, obtain a reasonable and competitive return on assets and to ensure a reasonable degree of liquidity, consistent with acceptance of prudent risk.

Strategies employed for achieving objectives: The investment objective of each endowment fund is to generate sufficient income to support its respective annual scholarship or grant. Investments held by endowment funds may include fixed income instruments with credit ratings BBB and higher, mutual funds and cash equivalents. These investments should exclude common stocks, short positions, private equity, commodities, options, securities not readily marketable, real estate, tax-exempt securities, leveraged transactions or non-U.S. dollar denominated securities, unless they are within a well-diversified mutual fund.

Note 5. Net Assets With Donor Restrictions and Endowment Funds (Continued)

Spending policy and how the investment objectives relate to spending policy: Target amounts to be retained within each endowment are established during the annual budget process. PA Foundation staff disburses allowable funds for expenditures in accordance with donor stipulations. In establishing this policy, the PA Foundation considered the long-term expected return on its endowments. Accordingly, over the long term, the PA Foundation expects the current spending policy to allow the endowments to grow at a reasonable rate each year. This is consistent with the PA Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor originally contributed as an endowment fund to the PA Foundation. Funds with deficiencies totaled $0 and $946 as of December 31, 2025 and 2024, respectively.

Changes in endowment net assets for the year ended December 31, 2025, consisted of the following:

	Net Assets Donor-Restricted Time	Net Assets With Donor Restrictions in Perpetuity	Total
Net assets, beginning of year	$ 937,604	$ 1,425,554	$ 2,363,158
Investment income, net	244,657	-	244,657
Contributions	-	27,500	27,500
Appropriations	(338,899)	-	(338,899)
Return of donor endowment	(50,792)	(123,015)	(173,807)
Net assets, end of year	$ 792,570	$ 1,330,039	$ 2,122,609

Changes in endowment net assets for the year ended December 31, 2024, consisted of the following:

	Net Assets Donor-Restricted Time	Net Assets With Donor Restrictions in Perpetuity	Total
Net assets, beginning of year	$ 941,274	$ 1,275,554	$ 2,216,828
Investment loss, net	(3,670)	-	(3,670)
Contributions	-	150,000	150,000
Net assets, end of year	$ 937,604	$ 1,425,554	$ 2,363,158

Note 6. Return of Donor-Restricted Endowment Funds

During the year ended December 31, 2025, the PA Foundation returned a donor-restricted endowment fund to the original donor. In May 2025, the donor notified the PA Foundation that they wished to transfer the endowment to another organization and requested the return of corpus and accumulated earnings associated with the endowment. In accordance with the terms of the gift instrument and ASC 958-605, the PA Foundation determined that it would honor the request to return the specified amount.

As a result, the PA Foundation derecognized $173,807 from net assets with donor restrictions and recorded a corresponding refundable advance liability during the year. The PA Foundation remitted the full amount to the donor in June 2025.

The returned funds consisted of unspent accumulated investment earnings of $50,792 and the original endowment corpus of $123,015. The return did not affect the PA Foundation's spending policy or its interpretation of state UPMIFA requirements.

A summary of the financial statement impact is as follows:

Decrease in net assets with donor restrictions: $173,807
Increase (and subsequent settlement) of refundable advance liability: $173,807
No effect on net assets without donor restrictions or operating results

Note 7. Conditional Promise to Give From Grantor

The PA Foundation has a conditional promise (conditional private grants) to give from its grantor totaling $298,394 and $181,242 as of December 31, 2025 and 2024, respectively. Future payments are contingent upon the PA Foundation carrying out certain activities (meeting donor-imposed barriers) stipulated by the grant.