

TENNESSEE MEDICAL FOUNDATION, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2025 AND 2024



BELLENFANT
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

TENNESSEE MEDICAL FOUNDATION, INC.

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Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tennessee Medical Foundation, Inc.
Brentwood, Tennessee

Opinion

We have audited the accompanying financial statements of Tennessee Medical Foundation, Inc., which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Medical Foundation, Inc. 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tennessee Medical Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Tennessee Medical Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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 Tennessee Medical Foundation, Inc.'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 Tennessee Medical Foundation Inc.'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.

Bellenfant, PLLC

Nashville, Tennessee
May 5, 2026

TENNESSEE MEDICAL FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

ASSETS

	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 259,938	\$ 302,350
Certificates of Deposit	656,002	643,343
Accounts Receivable	63,572	58,039
Grants Receivable	182,721	105,744
Prepaid Expenses	<u>8,496</u>	<u>18,585</u>
Total Current Assets	<u>1,170,729</u>	<u>1,128,061</u>
FIXED ASSETS		
Office Equipment	13,019	11,318
Furniture and Fixtures	<u>46,262</u>	<u>46,262</u>
	59,281	57,580
Less: Accumulated Depreciation	<u>(56,022)</u>	<u>(53,306)</u>
Total Fixed Assets	<u>3,259</u>	<u>4,274</u>
OTHER ASSETS		
Operating Leases, Right-of-Use Assets	82,387	128,448
Development Costs	24,202	24,202
Software	<u>3,909</u>	<u>3,909</u>
	110,498	156,559
Less: Accumulated Amortization	<u>(28,111)</u>	<u>(28,111)</u>
Total Other Assets	<u>82,387</u>	<u>128,448</u>
Total Assets	<u><u>\$ 1,256,375</u></u>	<u><u>\$ 1,260,783</u></u>

The accompanying notes are an integral part of these financial statements.

TENNESSEE MEDICAL FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2025 AND 2024

LIABILITIES AND NET ASSETS

	<u>2025</u>	<u>2024</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 6,332	\$ 4,020
Lease Liabilities, current	<u>61,549</u>	<u>74,240</u>
Total Current Liabilities	<u>67,881</u>	<u>78,260</u>
LONG TERM LIABILITIES		
Lease Liabilities, non-current	<u>20,838</u>	<u>54,208</u>
Total Long Term Liabilities	<u>20,838</u>	<u>54,208</u>
Total Liabilities	<u>88,719</u>	<u>132,468</u>
NET ASSETS		
Without Donor Restrictions	<u>1,167,656</u>	<u>1,128,315</u>
Total Liabilities and Net Assets	<u><u>\$ 1,256,375</u></u>	<u><u>\$ 1,260,783</u></u>

The accompanying notes are an integral part of these financial statements.

TENNESSEE MEDICAL FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NET ASSETS WITHOUT DONOR RESTRICTIONS

	<u>2025</u>	<u>2024</u>
SUPPORT AND REVENUE		
Dues	\$ 140,961	\$ 162,151
Tennessee Medical Association Member Dues Allocations	84,177	100,942
State Volunteer Mutual Insurance Company	231,500	231,700
Gifts In-Kind	1,100	1,100
Contributions	311,640	292,101
Grants	857,900	718,232
Interest	14,259	32,204
Other	<u>25,819</u>	<u>21,375</u>
Total Revenue	<u>1,667,356</u>	<u>1,559,805</u>
EXPENSES		
Physicians Health Program	1,290,582	1,231,276
Management and General	231,702	223,862
Fundraising	<u>105,731</u>	<u>100,168</u>
Total Expenses	<u>1,628,015</u>	<u>1,555,306</u>
Change in Net Assets Without Donor Restrictions	39,341	4,499
Net Assets, Beginning of Year	<u>1,128,315</u>	<u>1,123,816</u>
Net Assets, End of Year	<u><u>\$ 1,167,656</u></u>	<u><u>\$ 1,128,315</u></u>

The accompanying notes are an integral part of these financial statements.

TENNESSEE MEDICAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

		<u>Supporting Services</u>			
	<u>Physicians Health Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries	\$ 831,983	\$ 27,733	\$ 64,710	\$ 924,426	
Payroll Taxes	53,089	1,770	4,129	58,988	
Employee Benefits	105,562	3,519	8,210	117,291	
Rent and Leases	69,688	10,453	6,969	87,110	
Insurance	4,072	34,615	2,036	40,723	
Opioid Abatement Grant	97,355	-	-	97,355	
Printing	12,151	12,151	-	24,302	
Travel	20,326	5,082	-	25,408	
Telephone	-	13,155	-	13,155	
Repairs and Maintenance	-	113	-	113	
Depreciation	-	2,716	-	2,716	
Solicitations	-	-	12,177	12,177	
Professional Fees	-	33,772	-	33,772	
In-Kind	1,100	-	-	1,100	
Miscellaneous	6,112	11,351	-	17,463	
Office	-	49,336	-	49,336	
Committee Expenses	31,905	-	-	31,905	
Public Relations Campaign	-	7,500	7,500	15,000	
Postage	-	1,916	-	1,916	
Dues and Subscriptions	-	9,050	-	9,050	
Caduceus	46,701	-	-	46,701	
Bank Fees	-	6,912	-	6,912	
Licenses and Fees	-	558	-	558	
Website	10,538	-	-	10,538	
Total	<u>\$ 1,290,582</u>	<u>\$ 231,702</u>	<u>\$ 105,731</u>	<u>\$ 1,628,015</u>	

The accompanying notes are an integral part of these financial statements.

TENNESSEE MEDICAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

		<u>Supporting Services</u>			
	<u>Physicians Health Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries	\$ 797,722	\$ 26,590	\$ 62,045	\$ 886,357	
Payroll Taxes	50,292	1,676	3,911	55,879	
Employee Benefits	87,869	2,928	6,835	97,632	
Rent and Leases	70,091	10,513	7,009	87,613	
Insurance	4,202	35,722	2,101	42,025	
Opioid Abatement Grant	99,551	-	-	99,551	
Printing	8,606	8,606	-	17,212	
Travel	30,280	7,570	-	37,850	
Telephone	-	11,239	-	11,239	
Repairs and Maintenance	-	857	-	857	
Depreciation	-	2,149	-	2,149	
Solicitations	-	-	11,117	11,117	
Professional Fees	-	34,605	-	34,605	
In-Kind	1,100	-	-	1,100	
Miscellaneous	6,256	11,616	-	17,872	
Office	-	46,472	-	46,472	
Committee Expenses	26,363	-	-	26,363	
Public Relations Campaign	-	7,150	7,150	14,300	
Postage	-	1,783	-	1,783	
Dues and Subscriptions	-	7,629	-	7,629	
Caduceus	38,371	-	-	38,371	
Bank Fees	-	5,777	-	5,777	
Licenses and Fees	-	980	-	980	
Website	10,573	-	-	10,573	
Total	<u>\$ 1,231,276</u>	<u>\$ 223,862</u>	<u>\$ 100,168</u>	<u>\$ 1,555,306</u>	

The accompanying notes are an integral part of these financial statements.

TENNESSEE MEDICAL FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 39,341	\$ 4,499
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operations:		
Depreciation	2,716	2,149
(Increase) Decrease in:		
Accounts Receivable	(5,533)	6,422
Grants Receivable	(76,977)	(32,987)
Prepaid Expenses	10,089	(5,366)
Increase (Decrease) in:		
Accounts Payable	<u>2,312</u>	<u>(3,205)</u>
Net Cash Provided (Used) by Operating Activities	<u>(28,052)</u>	<u>(28,488)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,701)	(3,688.00)
Certificates of Deposit Purchased	<u>(12,659)</u>	<u>(29,276)</u>
Net Cash Provided (Used) by Investing Activities	<u>(14,360)</u>	<u>(32,964)</u>
Net Increase (Decrease) in Cash	(42,412)	(61,452)
Cash and Cash Equivalents, Beginning of Year	<u>302,350</u>	<u>363,802</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 259,938</u></u>	<u><u>\$ 302,350</u></u>

The accompanying notes are an integral part of these financial statements.

TENNESSEE MEDICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Tennessee Medical Foundation, Inc. ("the Foundation") is a non-profit organization that exists primarily to administer the physicians health program, a program that assists physicians impaired by mental and emotional illnesses, chemical dependency, or both. The Foundation was incorporated in 1952 under the laws of the State of Tennessee and is supported, in part, by Tennessee Medical Association member contributions and dues allocations.

Basis of Accounting

The financial statements of Tennessee Medical Foundation, Inc. are maintained and presented on the accrual basis of accounting. Revenues are generally recognized when earned and expenses are generally recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Associations. Under the FASB Accounting Standards Codification, the 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:

These are net assets that are not subject to donor-imposed stipulations. The Foundation had net assets without donor restrictions of \$1,167,656 and \$1,128,315 as of December 31, 2025 and 2024, respectively.

Net assets with donor restrictions:

These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Foundation. Generally, donors of these assets permit the Foundation to use all or part of the income earned for general or specific purposes. The Foundation had no net assets with donor restrictions as of December 31, 2025 and 2024.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Tennessee Medical Foundation, Inc. considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. As of December 31, 2025 and 2024, the Foundation's cash equivalents consists of Money Market accounts, valued at their fair values of \$105,094 and \$51,701, respectively.

TENNESSEE MEDICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certificates of Deposit

Certificates of Deposit ("CDs") are recorded at their amortized cost, which is the initial cost of the investment adjusted for amortization of premiums or accretion of discounts over the term of the CDs. CDs are listed under cash and cash equivalents on the statement of financial position if the original maturity date when purchased is less than 90 days. CDs with an original maturity date greater than 90 days are listed under certificates of deposit on the statement of financial position. Interest income is recognized on an accrual basis and included in interest income on the statement of activities.

Accounts Receivable

Accounts receivable are reported at their estimated collectible amounts. They are periodically evaluated for collectability based on management's assessment of each account. An allowance for doubtful accounts is established as losses are estimated to have occurred through recognition of bad debt expense. When management confirms the uncollectibility of an account receivable, such amount is charged off against the allowance for doubtful accounts. No allowance for doubtful accounts was recorded at December 31, 2025 and 2024.

Prepaid Expenses

Prepaid expenses consists of rent, insurance, and event deposits which are paid in advance.

Fixed Assets

Fixed assets consists of office equipment and furniture and fixtures. Purchases above \$500 are recorded at cost. Depreciation is provided in amounts necessary to allocate the cost of assets over their estimated useful lives using the straight-line method. The estimated useful lives of all major classes of fixed assets are as follows:

Equipment	3-5 years
Furniture and Fixtures	7 years

Other Assets

Other assets is comprised of software and development costs. Amortization is provided in amounts necessary to allocate the cost of assets over their estimated useful lives using the straight-line method. The estimated useful lives of all major classes of other assets are as follows:

Computer software	3 years
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TENNESSEE MEDICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Foundation made an accounting policy election available under Topic 842 not to recognize right-of-use ("ROU") assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Foundation used the discount rate implicit in the lease agreement if not readily determinable, the Foundation made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Revenue and Revenue Recognition

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Foundation's revenue consists of dues and grants.

<i>Dues</i>	Aftercare is usually a five-year process. It is guided by an individualized monitoring agreement, comprised of recommendations from the individual's treatment facility. Participants are required to pay a monthly fee for which the Foundation satisfies its performance obligation and recognizes revenue as they offer guidance and accountability in the recommended aspects of each participant's recovery.
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<i>Grants</i>	Grant revenue is recognized in accordance each grant contract. Most grant contracts are recognized by the Organization as applicable contingencies, criteria and/or metrics are met. Additionally, an unconditional grant is recognized upon award/receipt and another grant is recognized as the related expenditures are incurred.
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Contributions are nonreciprocal transactions because the donor does not receive commensurate value in return for the transfer of assets. Contributions, both conditional contributions and unconditional, are governed under ASC 958-605. Conditional contributions include both 1) a barrier to entitlement (such as incurring qualifying costs or raising matching funds) and 2) a right of return or release. For conditional contributions, revenue is recognized only when the condition has been met. On the other hand, unconditional contributions are recognized immediately. If an unconditional contribution includes a time or purpose restriction, the funds are reported in the nonprofit's net assets with donor restrictions until the restriction is fulfilled.

TENNESSEE MEDICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Goods

Donated services and goods are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by the Foundation if not donated. Such services are recognized at fair value as support and expensed in the period the services are performed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

Functional Allocation of Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Accordingly, certain costs have been categorized based on specific identification of costs incurred or allocated as determined by management.

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Payroll Taxes	Time and Effort
Depreciation	Use of Asset
Rent and Leases	Square Footage
Insurance	Policy Coverage

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued since per the Foundation's policy, they are not allowed to be carried over, nor do they get paid out upon employee termination.

TENNESSEE MEDICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

2. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of December 31, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 259,938	\$ 302,350
Certificates of Deposit	656,002	643,343
Accounts Receivable	63,572	58,039
Grants Receivable	182,721	105,744
Prepaid Expenses	<u>8,496</u>	<u>18,585</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,170,729</u>	<u>\$ 1,128,061</u>

There is an adequate amount of financial assets available as of December 31, 2025 and 2024. The Foundation effectively manages its liquid available resources to meet cash needs for general expenditures within one year of the statement of financial position date.

3. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of cash and cash equivalents. Cash is maintained in demand deposit accounts which, at times, may exceed federally insured limits. By their nature, all such financial instruments involve risk, including the credit risk of nonperformance by other parties. Exposure to credit risk is managed through credit approvals and monitoring procedures. The Foundation had no major concentrations of credit risk at December 31, 2025 and 2024, other than uninsured deposits.

The Foundation received contributions of \$231,500 and \$231,700 for the years ended December 31, 2025 and 2024, respectively, from private donors. A major reduction of funds by the company would have a significant effect on future operations.

4. RELATED ORGANIZATION

The Foundation conducted business with related party Organizations during the years ended December 31, 2025 and 2024: the Tennessee Medical Association, the TMF Endowment Fund, Inc., and the TMF Loan Fund, Inc.

TENNESSEE MEDICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

4. RELATED ORGANIZATION (Continued)

A portion of dues paid by members of the Tennessee Medical Association are allocated to the Foundation. The allocation was \$84,177 and \$100,942 for the years ended December 31, 2025 and 2024, respectively. The Foundation also purchased educational and advertising space as part of a sponsorship package in Tennessee Medical Association's monthly publication for a total of \$15,000 and \$14,000 for the years ended December 31, 2025 and 2024, respectively.

The Foundation provides office space and staff to TMF Endowment Fund, Inc. ("TMFEF") generally at no cost. TMFEF solicits contributions to a permanent endowment, the income from which can be used to support the Foundation's activities. During the years ended December 31, 2025 and 2024, the Foundation did not receive compensation from TMFEF.

During the years ended December 31, 2025 and 2024, the Foundation was under contract to administer the TMF Loan Fund, Inc. ("TMFLF"). The Foundation was compensated \$2,000 for services rendered during each of the years ended December 31, 2025 and 2024.

5. STATE AND LOCAL GRANTS

Grants receivable consists of grants related to the Physician's Health Program. As of December 31, 2025 and 2024, grants receivable are as follows:

	<u>2025</u>	<u>2024</u>
BME	\$ 103,716	\$ 61,497
D.O.	6,265	6,257
Opioid Abatement	67,172	32,438
PA	2,820	2,812
Respiratory Care	<u>2,748</u>	<u>2,740</u>
Total Grants Receivable	<u>\$ 182,721</u>	<u>\$ 105,744</u>

TENNESSEE MEDICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

5. STATE AND LOCAL GRANTS (Continued)

Grant income consists of grants related to the Physician's Health Program. As of December 31, 2025 and 2024, grant income is as follows:

	<u>2025</u>	<u>2024</u>
BME	\$ 446,704	\$ 405,843
D.O.	40,027	46,709
HCA	25,000	25,000
Memorial	2,500	5,000
Opioid Abatement	288,358	188,798
PA	18,025	18,110
Respiratory Care	17,286	8,772
Tharp	5,000	5,000
TMEF	<u>15,000</u>	<u>15,000</u>
Total Grant Income	<u><u>\$ 857,900</u></u>	<u><u>\$ 718,232</u></u>

6. OPERATING LEASE COMMITMENT

The Foundation leases office space in Middle Tennessee under a 10-year non-cancelable lease which began during the year ended December 31, 2016 and a vehicle under a 3 year lease which began during the year ended December 31, 2026. These operating leases are disclosed to conform to ASC 842.

The components of lease expense are as follows for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Office Space	\$ 74,638	\$ 76,068
Vehicle	<u>12,472</u>	<u>11,545</u>
Total lease cost	<u><u>\$ 87,110</u></u>	<u><u>\$ 87,613</u></u>

Additional information related to occupancy leases is as follows for the years ended December 31, 2025

Operating leases:	<u>2025</u>	<u>2024</u>
Operating lease right-of-use assets	<u>\$ 82,387</u>	<u>\$ 128,448</u>
Operating lease liabilities, current	61,549	74,240
Operating lease liabilities, non-current	<u>20,838</u>	<u>54,208</u>
	<u><u>\$ 82,387</u></u>	<u><u>\$ 128,448</u></u>

TENNESSEE MEDICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2025 AND 2024

6. OPERATING LEASE COMMITMENT (CONTINUED)

Weighted-average remaining lease term:

Operating leases	1.5 years	2.5 years
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Future undiscounted cash flows and a reconciliation to the lease liabilities recognized on the statements of financial position are as follows for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
For the year ended December 31, 2025	\$ -	\$ 74,845
2026	62,819	74,845
2027	20,940	54,307
Total lease payments	<u>83,759</u>	<u>203,997</u>
Less imputed interest	(1,372)	(1,956)
Total present value of lease liabilities	<u>\$ 82,387</u>	<u>\$ 202,041</u>

7. GIFTS-IN-KIND

The Foundation receives various noncash gifts and recognizes them as public support as the gifts are utilized. Generally, these gifts-in-kind are utilized in the same year they are received. Gifts-in-kind received, distributed, and capitalized are summarized as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Sponsorship	<u>\$ 1,100</u>	<u>\$ 1,100</u>

8. INCOME TAXES

The Foundation has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as a charity that is not a private foundation.

The Foundation files a U.S. Federal Form 990-Return of Organization Exempt from Income Tax. The Foundation's returns for the years prior to fiscal year ended December 31, 2022 are no longer open for examination.

The Foundation has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Foundation believes that it has taken no uncertain tax positions.

TENNESSEE MEDICAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 5, 2026, which is the date the financial statements were available to be issued.