



REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

**FAMILIES AGAINST MANDATORY MINIMUMS
FOUNDATION (FAMM)**

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SALTI & ASSOCIATES, LLC
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Families Against Mandatory Minimums Foundation
Washington, DC

Opinion

I have audited the accompanying financial statements of Families Against Mandatory Minimums Foundation (FAMM) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Families Against Mandatory Minimums Foundation. as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Families Against Mandatory Minimums Foundation and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Families Against Mandatory Minimums Foundation ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my 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, including omissions, 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, I:

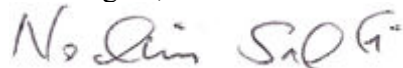
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 Families Against Mandatory Minimums Foundation 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Families Against Mandatory Minimums Foundation ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Summarized Comparative Information

I have previously audited Families Against Mandatory Minimums Foundation 2024 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated March 10, 2025. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Washington, DC



March 03, 2026

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION (FAMM)

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2025

WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (note 2)	\$ 148,606	\$ 1,774,801
Cash and cash equivalents - mutual funds (note 11 & 12)	955,539	1,199,131
Investments - fixed income (note 11 & 12)	1,230,409	485,231
Bequest - current (note 8)	517,500	517,500
Grants receivable (note 8)	1,371,500	2,108,000
Due from related party (note 4)	59,544	210,415
Other receivables	101,520	6,178
Prepaid expenses	89,064	62,553
Total Current Assets	<u>4,473,682</u>	<u>6,363,809</u>
PROPERTY AND EQUIPMENT-AT COST		
Furniture	22,650	18,516
Equipment	90,139	178,253
Less: accumulated depreciation	<u>(60,588)</u>	<u>(146,961)</u>
Property and Equipment, Net	<u>52,201</u>	<u>49,808</u>
OTHER ASSETS		
Right-of-use asset - operating lease (note 5)	554,645	731,747
Bequest receivable-non-current (note 8)	384,917	902,417
Grant receivable-non-current (note 8)	1,969,127	1,813,553
Security deposit	20,533	43,720
Total Other Assets	<u>2,929,222</u>	<u>3,491,437</u>
TOTAL ASSETS	<u>\$ 7,455,105</u>	<u>\$ 9,905,054</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	\$ 104,109	\$ 150,622
Lease payable (note 5)	210,870	117,673
Total Current Liabilities	<u>314,979</u>	<u>268,295</u>
Long term Liabilities		
Lease payable-non-current (note 5)	403,204	614,074
TOTAL LIABILITIES	<u>718,183</u>	<u>882,369</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	1,689,058	1,858,382
Designated by Board (note 10 and 13)	990,000	990,000
Total without donor restrictions	<u>2,679,058</u>	<u>2,848,382</u>
With donor restrictions		
Time-restricted for future periods (note 6)	4,057,864	6,174,303
Total with donor restrictions	<u>4,057,864</u>	<u>6,174,303</u>
Total Net Assets	<u>6,736,922</u>	<u>9,022,685</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,455,105</u>	<u>\$ 9,905,054</u>

See accompanying notes to financial statements

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION (FAMM)

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

	Without Donor Restrictions	With donor Restrictions	2025	2024
REVENUE				
Foundation grants	\$ 460,000	\$ 625,561	\$ 1,085,561	\$ 5,554,705
Bequests (note 8)	82,500	-	82,500	82,500
Individual contributions	472,847	-	472,847	753,882
Revenue from affiliate	237,694	-	237,694	93,511
Interest and dividends income	108,027	-	108,027	121,125
Other revenue	334	-	334	1,993
In-kind donations of goods (note 9)	25,650	-	25,650	-
In-kind donations of services (note 9)	1,020,047	-	1,020,047	270,719
Net assets released from restrictions:				
Time purpose-restrictions	2,742,000	(2,742,000)	-	-
TOTAL REVENUE	5,149,099	(2,116,439)	3,032,660	6,878,435
EXPENSES				
Program Expenses:				
State Programs	2,256,171	-	2,256,171	1,009,003
Federal programs	2,057,616	-	2,057,616	1,056,506
Public Education	-	-	-	1,241,452
Family Storytelling	-	-	-	476,968
Total Program Expenses	4,313,787	-	4,313,787	3,783,929
Supporting Services Expenses:				
General and Administration	870,815	-	870,815	781,652
Fundraising	134,230	-	134,230	129,634
Total Supporting Services Expenses	1,005,045	-	1,005,045	911,286
TOTAL EXPENSES	5,318,832	-	5,318,832	4,695,215
Change in net assets before non-operating losses	(169,733)	(2,116,439)	(2,286,172)	2,183,220
Unrealized gain on investments	409	-	409	6,409
TOTAL CHANGE IN NET ASSETS	(169,324)	(2,116,439)	(2,285,763)	2,189,629
Net assets, beginning of year	2,848,382	6,174,303	9,022,685	6,833,056
NET ASSETS, END OF YEAR	\$ 2,679,058	\$ 4,057,864	\$ 6,736,922	\$ 9,022,685

See accompanying notes to financial statements

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION (FAMM)

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

	State Programs	Federal Programs	General Administration	Fundraising	2025	2024
Salaries	\$ 1,131,968	\$ 604,969	\$ 451,905	\$ 73,903	\$ 2,262,745	\$ 2,490,978
Payroll taxes	89,974	48,282	33,199	5,557	177,012	196,584
Fringe benefits	104,746	55,905	53,374	6,965	220,990	154,144
Accounting and auditing	-	-	71,680	-	71,680	60,409
Advertising	-	-	-	-	-	2,697
Bank, interest & credit card fees	-	-	2,365	2,183	4,548	2,535
Computer support & technology	41	-	75,639	-	75,680	42,631
Conferences & meetings	207,221	953	18,462	-	226,636	51,906
Consultants & temporary help	181,982	84,635	217,575	7,350	491,542	673,960
Depreciation	-	-	25,280	-	25,280	19,882
Donations	66,000	-	-	-	66,000	87,203
Dues, subscriptions, & licensing	11,635	22,089	103,234	9,354	146,312	160,087
Equipment rental and maintenance	-	-	5,073	-	5,073	-
Insurance	-	3,165	9,448	-	12,613	10,806
Legal fees	207	-	-	-	207	-
loss on sale of securities	-	-	-	-	-	2,808
Occupancy	-	8,687	238,247	-	246,934	303,955
Office supplies & expense	305	566	19,057	8	19,936	28,647
Payroll processing fees	-	-	3,771	-	3,771	4,363
Postage & delivery	1,517	780	582	-	2,879	1,941
Printing and publications	1,114	9,514	11,039	3,849	25,516	9,832
Recruiting & staff training	136	339	352	158	985	11,519
Stipends to prisoners/families	1,800	650	-	-	2,450	7,950
Telephone and internet service	13	-	24,719	-	24,732	26,405
Travel	113,200	9,978	59,524	2,562	185,264	73,254
Allocated general operating expenses (note 8)	344,312	187,595	(554,248)	22,341	-	-
Expenses before In-Kind	2,256,171	1,038,107	870,277	134,230	4,298,785	4,424,496
In-kind: Consultant	-	1,019,509	538	-	1,020,047	270,719
Totals	\$ 2,256,171	\$ 2,057,616	\$ 870,815	\$ 134,230	\$ 5,318,832	\$ 4,695,215

See accompanying notes to financial statements

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION (FAMM)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,285,763)	\$ 2,189,629
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	25,280	19,882
Unrealized gain on investment	(409)	(6,409)
(Increase) decrease in:		
Grants and bequest receivables	1,098,426	(2,443,095)
Due from related party	150,817	83,008
Prepaid expenses	(26,511)	(56,031)
Other receivables	(95,342)	-
Right-of-use	177,102	-
Security deposit	23,187	(22,394)
Increase (decrease) in:		
Accounts payable and accrued expenses	(46,513)	(36,093)
Lease liability	(117,673)	-
Due to related party	-	(500,000)
Net cash (used) by operating activities	(1,097,399)	(771,503)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase (donated) of equipment	25,650	(27,992)
Purchase of certificates of deposits	(745,000)	(240,000)
Investments in mutual funds including dividends reinvestment	(52,883)	(1,025,653)
Proceeds from redemption of certificates of deposits	243,437	-
Net cash flows used in investing activities	(528,796)	(1,293,645)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,626,195)	(2,065,148)
Cash, beginning of year	1,774,801	3,839,949
CASH & CASH EQUIVALENTS, END OF YEAR	\$ 148,606	\$ 1,774,801

See accompanying notes to financial statements

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

1. ORGANIZATION

Families Against Mandatory Minimums Foundation (FAMM), a nonprofit organization, was incorporated in 1991 in the District of Columbia. FAMM's mission is to create a more fair and effective justice system that respects our American values of individual accountability and dignity while keeping our communities safe.

For more than 30 years, FAMM has worked to eliminate one-size-fits-all mandatory sentencing laws and has advocated prison reform. We shine a light on the human faces of these issues by sharing the impact of unjust sentencing and prison policies on incarcerated individuals, their families, and their communities. Our two-pronged approach — public education and targeted advocacy — is core to FAMM's success in motivating both the public and policymakers to make meaningful change.

Federal Programs: FAMM is focused on eliminating federal mandatory minimum sentencing laws and improving advisory guidelines so that judges can make individualized assessments of offenders. We also work in prison policy reform, supporting policies that provide incarcerated individuals access to meaningful work and educational opportunities, as well as substance abuse and mental health treatment. We believe that all corrections facilities should be safe and that individuals who are incarcerated should remain close to their homes in order to maintain important family bonds. In our work to educate policymakers on these issues, FAMM hosts Capitol Hill Lobby Days, panels, and briefings; testifies before legislators; and advocates presidential pardons and commutations.

State Programs: FAMM's state work has two components: (1) Project States, which are the states in which we have aggressive, full-scale campaigns for reform led by in-state project directors, and (2) Opportunity States, which are states in which we see an opportunity for reform, we seek to bring a unique or additional voice to the discussion, or are invited to testify or weigh in on a proposed reform.

Family Outreach and Storytelling: FAMM's greatest asset has always been the stories of our members. FAMM maintains a large network of families and formerly incarcerated people across the country to aid us in our fight for reform. We provide intensive training in storytelling and advocacy, and in turn highlight member stories and connect members to direct advocacy. Such opportunities include testifying before legislators, meeting with lawmakers and other officials, and speaking with the media.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of FAMM and changes therein are classified and reported as:

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation (continued)

Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of FAMM or by passage of time.

FAMM has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Families Against Mandatory Minimums Foundation considers cash on hand and cash in the bank with less than three months maturity to be cash equivalents.

At times, the Organization maintains amounts in a commercial bank that are in excess of the insured limits of the FDIC. The Organization has not experienced any losses on such deposits and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Property and Equipment

Property and equipment are stated at cost and is being depreciated using the straight-line method over the estimated lives of the assets ranging from five to seven years. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and the resulting gain or loss is included in revenue or expense. FAMM capitalizes fixed asset purchases of amounts in excess of \$1,500.

Income Taxes

Families Against Mandatory Minimums Foundation has been granted an exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified FAMM as other than a private foundation. FAMM did not incur unrelated business income tax for taxable year 2024.

Uncertain Tax Position

The Financial Accounting Standards Board (FASB) released FASB ASC740-10, Income Taxes, that provide guidance for reporting uncertainty in income taxes. For the year ended December 31, 2025, FAMM has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax provisions qualify for either recognition or disclosure in the financial statements.

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

All contributions are considered to be without donor restrictions unless specifically communicated by the donor. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When restrictions are fulfilled in the same time period as the contribution is received, FAMM presents such contributions in the net assets without donor restrictions.

Grant (Pledges) Receivable and Bequest

Grant (pledges) receivable and bequest consist of outstanding amounts due for grants and promises which have been awarded to the Organization. The Organization recognizes grant and bequest income upon notification of the unconditional grant award.

FAMM Foundation has received unconditional promises to give consisting of pledges. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed at the date of the gift using risk-free interest rates applicable to the years in which the promises are received. The discount rate used in 2024 was 0.4%. Amortization of the discounts is included in contribution revenue. Contributions receivables are written off when deemed uncollectible.

Statement of Cash Flows

This statement reflects inflows and outflows of cash, summarized by operating, and investing activities. The statement of cash flows is prepared using the direct method. For purposes of this statement, cash and cash equivalents consist of checking and money market accounts.

Functional Allocation of Expenses

The Statement of Activities reports expenses by both natural and functional classification. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related or supporting service category when identifiable and possible.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates (continued)

that affect reported amounts of assets and liabilities, revenue and expenses and disclosures of contingent assets and liabilities at the date of the financial statements. Accordingly, actual results could differ from those estimates.

Right of Use Assets and Liabilities

Operating lease right of use (“ROU”) assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As leases generally do not provide an implicit rate, FAMM’s incremental borrowing rate at commencement date is used to determine the present value of future payments. The operating lease ROU asset also includes any lease payments made and lease incentives and any initial direct costs incurred. FAMM’s operating lease ROU assets and operating liabilities are calculated including options to extend the lease when it is reasonably certain that FAMM will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Upon adoption of Topic 842, the recorded ROU assets and liabilities related to real estate rentals. Upon adoption of Topic 842, the balances at adoption date of accrued rent, lease incentives and unamortized assets and liabilities are now presented within operating lease ROU assets on FAMM’s financial position.

3. RELATED PARTY TRANSACTIONS

A related party relationship exists between FAMM Foundation and FAMM Action, an incorporated 501(c)(4) organization. The organizations share office space, fundraising, leadership and personnel. Banking and financial reporting have been separated. For the year ended December 31, 2024, FAMM Action paid FAMM Foundation \$869,196 to cover direct lobbying expenses incurred on its behalf and \$93,511 to cover overhead expenses. Balance due from FAMM Action at December 31, 2025 is \$59,544.

4. OCCUPANCY - LEASE

In October 2024, FAMM extended its lease agreement and signed fourth modification with the lessor (1100 H Street, LLC) to remain at 1100 H Street, NW., Washington, DC for another three months through January 31, 2025 as termination date.

On August 20, 2024, FAMM (Subtenant) agreed to sublease new office space located on 1100 13th Street, NW., from National Committee for Quality Assurance (Sublandlord) in consent with the landlord 1100 13th Street LLC, a Delaware limited liability company. The sublease agreement does not create privity of contract or deemed to have been amended between the Prime Landlord and Subtenant.

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

4. OCCUPANCY - LEASE (continued)

The Sublandlord agreed to sublease to FAMM approximately 6,484 rentable square feet of its prime premises effective February 1, 2025 (Sublease Commencement Date) through August 31, 2028 (Sublease Expiration Date).

The lease calls for free rent in the months following monthly installments, months of 2, 3, 6, 10, 14, and 18.

The security deposit of \$20,532.67 and the first month's rent of \$20,532.67 are due upon signing the lease agreement. The Subtenant agrees to accept the sublease premises "as-is".

FAMM (Subtenant) has an operating lease for its facilities. Operating leases as a lessee are included in operating lease right-of-use assets and operating lease liabilities in the statement of financial position.

Right-of-use assets represent FAMM's right to use the underlying asset for the lease term. Operating lease right-of-use assets and related liabilities are recognized at the commencement date based on the net present value of lease payments over the lease term discounted using the risk-free borrowing rate. FAMM uses risk-free borrowing rate, which is based on the information available at the commencement date, in determining the present value of lease payments.

Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The following summarizes the weighted-average remaining term and weight-average discount rate using a risk-free rate of 4.256% at the commencement of the lease

The future minimum lease payments under a non-cancelable operating lease with terms greater than one year are listed below as of December 31, 2025:

<u>Years Ending December 31,</u>	<u>Amount</u>
2026	210,870
2027	260,738
2028	<u>178,824</u>
Total undiscounted lease payments	650,432
Less imputed interest	<u>(36,358)</u>
Total Lease Liability	<u>\$ 614,074</u>

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2025, are restricted for the following purposes:

Subject to expenditure for specified purpose:	
General support – subject to passage of time 2026	\$2,483,432
General support - subject to passage of time 2027	672,017
Bequest – 2-years 2026 - 2027	<u>902,415</u>
TOTAL	<u>\$4,057,864</u>

6. METHODS USED FOR ALLOCATION OF EXPENSES FROM MANAGEMENT AND GENERAL

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses are grouped under general operating expenses and are allocated on a reasonable basis that is consistently applied. These expenses under general operating expenses include bank fees, occupancy, insurance, depreciation, internet, telephone, accounting and auditing fees and office expenses which are allocated on salaries basis, which are allocated on the basis of estimates of time and effort.

Total general operating expenses allocated among programs totaled \$554,248.

7. GRANTS RECEIVABLE AND BEQUESTS

Grants receivable consist of outstanding amounts due for promises which have been awarded to the Organization. The Organization recognizes grant income upon notification of the unconditional grant award.

Grant receivable balance of \$3,340,627 at December 31, 2025 broken down as follows:

Grant expected to be collected in 2026	\$ 1,371,500
Grants expected to be collected beyond 2026	<u>2,175,000</u>
Total	\$ 3,546,500
Less discount to net present value at 0.4%	<u>(205,873)</u>
Total Grants Receivable	<u>\$ 3,340,627</u>

FAMM does not record an allowance for uncollectible grants and pledges receivable as accounts are written off when they are determined uncollectible. Uncollectible pledges

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

7. GRANTS RECEIVABLE AND BEQUESTS (continued)

are recorded as an expense in the statement of functional expenses when they are determined by management as uncollectible.

Bequest:

FAMM Foundation was named as a beneficiary in the “*Last will and Testament of Philip D. Harvey*”, a former member of FAMM Board of directors.

On November 7, 2023, a *PROMISSORY NOTE* was fully executed by PHE, Inc., a North Carolina corporation (the Company) hereby *unconditionally promises* to pay to the order of Estate of Philip D. Harvey or its assigns (the Noteholder) a principal amount of \$69,586,146 together with all accrued interest and any contingent sale payments all become part of Promissory Note pursuant to a “Settlement Agreement” between the Company and the Noteholder.

The Promissory Note matures on July 1, 2028, or the date on which all amounts under the note shall become due and payable pursuant to the Settlement Agreement.

Bequest balance at December 31, 2025 as follows:

Bequest expected to be collected in 2026	\$ 517,500
Bequest expected to be collected beyond 2027	<u>517,500</u>
Total	\$ 1,552,000
Less discount to net present value at 0.4%	<u>(132,583)</u>
Total Grants Receivable	<u>\$ 902,417</u>

8. IN-KIND CONTRIBUTIONS

During the year ended December 31, 2025, the Foundation was the beneficiary of donated goods and services, which allowed the Foundation to provide greater resources towards its programs. These consisted of donated consultant hours. The total donation for 2025 was \$1,019,509. Donated goods were furniture and equipment valued at \$25,650.

The Foundation also receives donated services from unpaid volunteers who perform a variety of tasks that support the Foundation’s activities. No amounts have been recognized for these services in the statement of activities since the criteria for recognition have not been satisfied.

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

9. BOARD DESIGNATED RESERVE

The Board of FAMM has elected to reserve funds from the unrestricted net assets. The total amount reserved is \$990,000 comprised of cash and certificates of deposit as of December 31, 2025. The Board approved to allocate the undesignated reserve to cover budgetary expenditures for 2024 and to allow six-months reserve of operating costs.

10. FAIR VALUE MEASUREMENT

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Basis of Fair Value Measurement

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following tables set forth by level within the fair value hierarchy FAMM’s investment assets as of December 31, 2025. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Financial assets measured at fair value on a recurring basis consist of the following amounts as of December 31, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 955,539			\$ 955,539
Fixed income	1,230,409			1,230,409
Total	<u>\$2,185,948</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,185,948</u>

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
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11. INVESTMENTS

Investments, primarily consisting of equity securities and exchange traded stocks, are stated at fair value. Investments in equity securities and exchange traded stocks with readily determinable values are valued based on quoted market prices in active markets in which the securities are traded. Both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in net assets without donor.

	Cost	Unrealized Fair Value	Gain (loss)
Fixed income	\$1,230,000	\$1,230,409	\$ 409
Mutual funds	955,539	955,539	-
TOTAL	<u>\$2,185,539</u>	<u>\$2,185,948</u>	<u>\$ 409</u>

Investment return related to these investments is included with investment income earned by cash and cash equivalents on the statements of activities and changes in net assets at December 31, and was comprised of the following:

Interest income	\$ 62,557
Dividends	58,569
Unrealized gain	<u>213</u>
Total	<u>\$121,339</u>

12. LIQUIDITY, AVAILABILITY AND RESERVES MANAGEMENT

FAMM has calculated its financial assets available within one year of the statement of financial position date for general expenditures to be as follows:

Cash and cash equivalents and mutual funds	\$2,973,932
Due from related party	210,415
Bequest	517,500
Grant receivable	<u>2,108,000</u>
Financial assets, at year end	\$5,809,847

Less: those unavailable for general expenditures
within one year due to:

Board designations set aside for liquidity reserve	<u>(990,000)</u>
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Financial assets available to meet cash

Needs for general expenditures within one year	<u>\$4,819,847</u>
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FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
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The Board designated a portion of its operating surplus to its liquidity reserve, which was as of December 31, 2025, \$990,000. The purpose of the fund established by the governing board is to be able to draw upon the fund in the event of financial distress or immediate liquidity need resulting from events outside the typical cycle of converting financial assets to cash.

14. SUBSEQUENT EVENTS

In preparing these financial statements, FAMM has evaluated events and transactions for potential recognition or disclosure through March 4, 2026, the date the financial statements were issued.