



**Insurance Industry  
Charitable Foundation**

Insurance Industry Charitable Foundation  
Financial Statements  
December 31, 2025 and 2024  
(With Independent Auditor's Report Thereon)

Insurance Industry Charitable Foundation  
Financial Statements  
December 31, 2025 and 2024

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Insurance Industry Charitable Foundation  
Los Angeles, California

### **Opinion**

We have audited the financial statements of Insurance Industry Charitable Foundation (the 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 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation and have fulfilled 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 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.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### 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 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 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 audit.

*Lucas, Horsfall, Murphy & Pinckney, LLP*

Pasadena, California

June 11, 2026

Insurance Industry Charitable Foundation  
 Statements of Financial Position  
 December 31, 2025 and 2024

ASSETS		
	<b>2025</b>	<b>2024</b>
Current Assets:		
Cash and Cash Equivalents	\$ 2,502,563	\$ 2,459,163
Investments, at Fair Value	1,771,481	1,416,953
Pledges Receivable, net	416,997	165,354
Prepaid Expenses	319,190	402,648
<b>TOTAL ASSETS</b>	<b>\$ 5,010,231</b>	<b>\$ 4,444,118</b>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 559,098	\$ 231,103
Deferred Revenue	379,901	545,834
Total Current Liabilities	938,999	776,937
Long-Term Deferred Compensation	108,000	552,795
<b>TOTAL LIABILITIES</b>	<b>1,046,999</b>	<b>1,329,732</b>
Net Assets:		
Without Donor Restrictions	3,762,704	3,010,278
With Donor Restrictions	200,528	104,108
Total Net Assets	3,963,232	3,114,386
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,010,231</b>	<b>\$ 4,444,118</b>

See Independent Auditor's Report.  
 The accompanying notes are an integral part of these financial statements.

Insurance Industry Charitable Foundation  
Statements of Activities  
For the Years Ended December 31, 2025 and 2024

	<b>2025</b>	<b>2024</b>
Changes in Net Assets Without Donor Restrictions:		
Total Campaign:		
Special Events Income	\$ 7,387,854	\$ 6,528,363
Less Cost of Special Events	(1,996,155)	(1,980,253)
Net Activity from Special Events	5,391,699	4,548,112
Annual Board Dues and General Contributions	2,491,994	2,424,560
Total Campaign and Contributions Received	7,883,693	6,972,672
Investment Income	189,185	159,460
Other Income	541,550	-
Net Assets Released from Restriction	20,000	20,000
<b>TOTAL REVENUE</b>	<b>8,634,428</b>	<b>7,152,132</b>
Expenses:		
Program Services	6,245,190	6,307,987
General and Administrative	531,964	490,777
Fundraising	1,104,848	490,777
<b>TOTAL EXPENSES</b>	<b>7,882,002</b>	<b>7,289,541</b>
Changes in Net Assets without Donor Restrictions	752,426	(137,409)
Changes in Net Assets with Donor Restrictions:		
Contributions	116,419	2,000
Net Assets Released from Restrictions	(20,000)	(20,000)
Change in Net Assets With Donor Restrictions	96,419	(18,000)
Change in Net Assets	848,845	(155,409)
<b>NET ASSETS AT BEGINNING OF THE YEAR</b>	<b>3,114,386</b>	<b>3,269,795</b>
<b>TOTAL NET ASSETS AT END OF YEAR</b>	<b>\$ 3,963,232</b>	<b>\$ 3,114,386</b>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements. 4

Insurance Industry Charitable Foundation  
 Statements of Functional Expenses  
 For the Year Ended December 31, 2025

	<u>Program Services</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants and Allocations	\$ 3,789,973	\$ -	\$ -	\$ 3,789,973
Personnel Costs	1,860,279	403,060	837,126	3,100,465
Other Costs	246,589	53,428	110,965	410,982
Professional Fees	179,651	38,924	80,843	299,418
In-Kind Expenses	99,328	21,521	44,698	165,547
Travel	40,162	8,702	18,073	66,937
Office Costs	19,541	4,234	8,793	32,568
Insurance	9,667	2,095	4,350	16,112
	<u>\$ 6,245,190</u>	<u>\$ 531,964</u>	<u>\$ 1,104,848</u>	<u>\$ 7,882,002</u>

Statement of Functional Expenses  
 For the Year Ended December 31, 2024

	<u>Program Services</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants and Allocations	\$ 3,514,335	\$ -	\$ -	\$ 3,514,335
Personnel Costs	2,092,386	367,581	367,581	2,827,548
Other Costs	306,893	53,914	53,914	414,721
Professional Fees	232,107	40,776	40,776	313,659
In-Kind Expenses	68,556	12,044	12,044	92,644
Travel	55,837	9,809	9,809	75,455
Office Costs	25,415	4,465	4,465	34,345
Insurance	12,458	2,188	2,188	16,834
	<u>\$ 6,307,987</u>	<u>\$ 490,777</u>	<u>\$ 490,777</u>	<u>\$ 7,289,541</u>

See Independent Auditor's Report.  
 The accompanying notes are an integral part of these financial statements.

Insurance Industry Charitable Foundation  
Statements of Cash Flows  
For the Years Ended December 31, 2025 and 2024

	<b>2025</b>	<b>2024</b>
Cash Flows from Operating Activities:		
Receipts from Donors	\$ 8,364,110	\$ 8,043,203
Receipts from Contributions	682,230	719,244
Interest & Dividends Received	48,270	39,521
Miscellaneous Receipts	740,923	82,203
Payments to Employees & Suppliers	(9,578,519)	(8,829,177)
Net Cash Flows from Operating Activities	257,014	54,994
Cash Flows from Investing Activities:		
Net Cash from Purchase/Sale of Assets	41,796	24,332
Net Cash from Investment Transactions	(255,410)	(23,262)
Net Cash Flows from Investing Activities	(213,614)	1,070
Change in Cash and Cash Equivalents	43,400	56,064
Cash and Cash Equivalents at Beginning of Year	2,459,163	2,403,098
Cash and Cash Equivalents at End of Year	\$ 2,502,563	\$ 2,459,163

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

Insurance Industry Charitable Foundation  
Notes to the Financial Statements

1. NATURE OF THE BUSINESS

The Insurance Industry Charitable Foundation (the “Foundation”) was established to strengthen communities and enrich lives by harnessing the collective resources and expertise of the insurance industry. Through grantmaking, volunteer service, and its role as a convenor for industry leadership, the Foundation advances charitable initiatives across the country.

The Foundation solicits, receives, and manages contributions of money and property, and distributes those resources to regional local nonprofit organizations aligned with its mission. It is funded and guided by professionals from across the insurance sector, including reinsurers, agents and brokers, property and casualty carriers, health and life companies, and affiliated firms in advertising, public relations, law, accounting, and other fields that support the industry.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation

The Foundation prepares its financial statements using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The accrual basis of accounting recognizes revenues in the accounting period when the revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of grantor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

*Net Assets With Donor Restrictions*

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor’s instructions.

When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Insurance Industry Charitable Foundation  
Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Financial Presentation (Continued)

The Foundation reports all of its expenses in the unrestricted fund, regardless of the source of the funds for the expenditures. A transfer of expenses from the unrestricted fund to the restricted fund will be reported, if applicable, to match the restricted revenue with the restricted expenses.

Concentrations of Business and Credit Risk

The Foundation's cash and cash equivalents are maintained in various financial institutions. The Foundation has exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by federal deposit insurance. The Foundation has not experienced any losses with these accounts and believes that its credit risk is not significant.

The Foundation invests in marketable securities, which are subject to appreciation/depreciation depending on various factors which affect the investment balance. The Foundation has professional investment firms managing investments.

Cash, Cash Equivalents, and Restricted Cash

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects or other long-term purposes are excluded from this definition.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are to be measured at fair value in the statements of financial position. Gain (or losses) are reported in the statements of activities.

Revenue and Revenue Recognition

The Foundation records special event revenue equal to the fair value of direct benefits to donors and contribution revenue for the difference, in the accompanying statements of activities. Revenue related to ticket sales of special events in advance is accounted for as deferred revenue upon receipt of payment. Ticket revenue is recognized at a point in time, when the performance obligation of holding the event takes place.

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend on have been substantially met.

Insurance Industry Charitable Foundation  
Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

Pledges receivable are stated at unpaid balances, less allowance for doubtful accounts. The allowance for doubtful accounts is based on management's estimate of uncollectible accounts based upon experience, and other circumstances which could affect the ability for pledge obligations to be met. It is the Foundation's policy to charge off uncollectible pledges receivable when management determines the receivable will not be collected. All outstanding pledges are expected to be received in the following year.

Account Receivables, Contract Assets and Liabilities

The timing of revenue recognition may not align with the right of the revenue. The Foundation records account receivables when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. A contract liability, deferred revenue is recognized when special events have not yet occur, and revenue has not yet been recognized. The following contract balances were recognized by the Foundation on December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>Contract Liabilities</u>			
Deferred Revenue	\$ <u>379,901</u>	\$ <u>545,834</u>	\$ <u>412,001</u>

Estimates

The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

Income Taxes

The Foundation is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. We have determined that we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Insurance Industry Charitable Foundation  
Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Uncertain Tax Position

The Foundation adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 740-10-25, which prescribes a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns. FASB ASC 740-10-25 also provides guidance on de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, and accounting for interest and penalties associated with tax positions.

For federal tax purposes, the Foundation's 2023 through 2025 tax years remain open for examination by the tax authorities under normal three-year statute of limitations. Generally, for state tax purposes, the Foundation's 2022 through 2025 tax years remain open for examination by the tax authorities under a four-year statute of limitations.

Expense Recognition and Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, depreciation, insurance and interest, as well as salaries and wages, benefits, payroll taxes, which are allocated on the basis of estimates of time and effort.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

3. LIQUIDITY

The Foundation actively monitors its liquidity position to ensure it can meet operating requirements and fulfill contractual obligations as they come due, while also seeking to optimize the return on available financial resources. The Foundation maintains multiple sources of liquidity, including cash and cash equivalents, as well as readily marketable investments.

For purpose of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities and the pattern of income from investments.

Financial assets available for general expenditure, that is, without donors or other restrictions limiting their use, within one year of December 31, 2025 are as follows:

Cash and Cash Equivalents	\$	2,502,563
Investments, at Fair Value		1,771,481
Pledges Receivable		416,997
Less: Net Assets with Donor Restrictions		<u>(201,917)</u>
Total	\$	<u><u>4,489,124</u></u>

Insurance Industry Charitable Foundation  
Notes to the Financial Statements

4. INVESTMENTS

The investments consist of marketable securities and are presented in the financial statements at fair market value. Market risk could occur and is dependent on the future changes in market prices of the various investments held. An analysis of the investments held as of December 31, 2025 and 2024 is as follows:

		2025		2024
Exchange Traded Funds, at Fair Value	\$	1,771,481	\$	1,416,953
Total Investments	\$	1,771,481	\$	1,416,953
Investment Returns:				
Interest and Dividend Income	\$	48,270	\$	39,520
Realized Gain		41,796		24,333
Net Unrealized Gain		99,119		95,607
Total Unrestricted Investment Return	\$	189,185	\$	159,460

Fees incurred on investments were \$12,702 and \$11,792 during the years ended December 31, 2025 and 2024, respectively, and are included in the accompanying statement of functional expenses.

5. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides 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 ASC 820 are described below:

- Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities 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.

Insurance Industry Charitable Foundation  
Notes to the Financial Statements

5. FAIR VALUE MEASUREMENTS (Continued)

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth, by level within the fair value hierarchy, the Foundation's investments at fair value as of December 31, 2025:

Investment Category	Fair Value	Level 1	Level 2	Level 3
Exchange Traded Funds	\$ 1,771,481	\$ 1,771,481	\$ -	\$ -
Total	\$ <u>1,771,481</u>	\$ <u>1,771,481</u>	\$ <u>-</u>	\$ <u>-</u>

The following table sets forth, by level within the fair value hierarchy, the Foundation's investments at fair value as of December 31, 2024:

Investment Category	Fair Value	Level 1	Level 2	Level 3
Exchange Traded Funds	\$ 1,416,953	\$ 1,416,953	\$ -	\$ -
Total	\$ <u>1,416,953</u>	\$ <u>1,416,953</u>	\$ <u>-</u>	\$ <u>-</u>

6. DONATED SERVICES AND MATERIALS

The Foundation recognizes contributed services and materials in accordance with U.S. GAAP when those services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Donated services, materials, and facilities are recorded at their estimated fair value in the period received.

For the years ended December 31, 2025 and 2024, the Foundation recognized contributed services and materials valued at \$165,547 and \$92,644, respectively. These contributions were unrestricted and were utilized across program services, general and administrative activities, and fundraising functions.

7. DEFERRED COMPENSATION

The Foundation maintained a Top Hat 457(f) Non-Qualified Deferred Compensation Plan and a Top Hat 457(b) Plan for the benefit of a key employee whose employment ended during fiscal year 2025.

Upon vesting of the 457(f) plan on the separation date, the accumulated principal balance of \$315,000 was recognized as compensation expense in fiscal year 2025. A corresponding credit of \$315,000 was recorded in Other Income to reflect the release of the benefit obligation that had been funded through annual expense accruals in prior periods. The net income effect of this treatment is zero.

Insurance Industry Charitable Foundation  
Notes to the Financial Statements

7. DEFERRED COMPENSATION (Continued)

The accumulated investment growth on the 457(f) plan (\$50,053) and 457(b) plan (\$25,742), totaling \$75,795, was forfeited per the terms of the separation agreement, which provided for payment of principal amounts only. This forfeiture was recognized as Other Income in fiscal year 2025.

The 457(b) principal balance of \$162,000 is payable to the former employee in three annual installments of \$54,000 in 2026, 2027, and 2028 per the employee's written election. The first installment of \$54,000 was paid subsequent to year-end. The current installment of \$54,000 is included in accounts payable and accrued expenses, and the remaining \$108,000 is presented as long-term deferred compensation in the statements of financial position.

8. NET ASSETS WITH DONOR RESTRICTION

At December 31, 2025 and 2024, the Foundation had \$200,528 and \$104,108 of net assets with donor restrictions, respectively. As the purpose restriction is satisfied, resources are reclassified to unrestricted net assets.

9. AFFILIATED ORGANIZATION

The Insurance Industry Charitable Foundation – United Kingdom Division (“IICF UK”) is a related party registered in the United Kingdom. The Foundation provides oversight but does not exercise control over this division. The Foundation made contributions to IICF UK totaling \$17,210 and \$36,662 for the fiscal years ended December 31, 2025 and 2024, respectively. These amounts are included in the accompanying statement of functional expenses.

The Insurance Industry Charitable Foundation – Canada Division (“IICF Canada”) is a similarly structured related party registered in Canada in May 2025. The Foundation provides oversight but does not control this division. The Foundation made contributions of \$25,462 to IICF Canada during the fiscal year ended December 31, 2025, which is included in the accompanying statement of functional expenses.

10. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events that have occurred through June 11, 2026 which is the date the financial statements were available to be issued.