AMERICAN FRIENDS SERVICE COMMITTEE

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

SEPTEMBER 30, 2024 AND 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Director
American Friends Service Committee
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying financial statements of American Friends Service Committee ("AFSC") which comprise the statement of financial position as of September 30, 2024 and 2023, and the related statements of activities, changes in net assets, 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 AFSC as of September 30, 2024 and 2023, 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. 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 AFSC 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 AFSC'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 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 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.

To the Board of Director
American Friends Service Committee
Philadelphia, Pennsylvania

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 AFSC'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 AFSC'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.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
June 30, 2025

AMERICAN FRIENDS SERVICE COMMITTEE

STATEMENTS OF FINANCIAL POSITION

September 30, 2024 And 2023

	2024	2023
ASSETS		
ASSETS		
Cash and cash equivalents	$ 11,987,085	$ 10,885,471
Accounts and notes receivable – net	2,915,533	5,547,186
Income receivable and prepaid expenses	1,225,912	1,140,447
Investments:		
Planned giving ***(Note 3)***	61,169,657	55,082,322
Other long-term investments ***(Note 3)***	124,814,832	105,506,922
Investment in Friends Center ***(Note 4)***	2,537,243	2,666,474
Total investments	188,521,732	163,255,718
Land, buildings and equipment – net ***(Note 5)***	599,957	663,255
Operating right-of-use asset ***(Note 9)***	1,288,014	1,165,593
Asset for pension benefits ***(Note 6)***	3,206,850	1,274,724
Other assets	43,928	48,703
Agency fund assets ***(Note 3)***	4,500,907	3,861,497
Total assets	$ 214,289,918	$ 187,842,594
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 3,345,478	$ 3,291,846
Deferred income	2,953,454	2,116,463
Interest-free loans	620,427	616,477
Annuities and unitrusts payable	29,477,236	25,749,538
Operating lease liability (***Note 9)***	1,301,214	1,175,656
Liability for post-retirement benefits ***(Note 6)***	10,233,221	8,870,200
Agency funds	4,500,907	3,861,497
Total liabilities	52,431,937	45,681,677
NET ASSETS		
Without Donor Restrictions:		
Designated for current and future operations	13,722,405	16,550,981
Funds designated for segregated reserve	6,491,403	5,109,333
Funds functioning as endowment ***(Note 7)***	34,156,084	28,252,040
Funds designated for payment of charitable gift annuities	12,496,007	9,869,525
Funded status of pension and informal retirement benefit plans ***(Note 7)***	15,550,815	11,222,128
Investment in Friends Center	2,537,243	2,666,474
Strategic plan investment fund	1,318,360	2,631,912
Land, buildings and equipment	599,957	663,255
Total without donor restrictions	86,872,274	76,965,648
With Donor Restrictions ***(Note 7)***:		
Time restricted	24,631,656	23,869,196
Purpose restricted	2,533,677	1,086,704
Accumulated gains on endowment assets	14,929,788	7,688,375
Endowment net assets required to be held in perpetuity	32,890,586	32,550,994
Total net assets with donor restrictions	74,985,707	65,195,269
Total net assets	161,857,981	142,160,917
Total liabilities and net assets	$ 214,289,918	$ 187,842,594

AMERICAN FRIENDS SERVICE COMMITTEE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended September 30, 2024 (With Comparative 2023 Totals)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Operating Revenues				
Public support:				
Contributions for current program work	$ 12,776,654	$ 5,425,401	$ 18,202,055	$ 14,899,401
Grants from foundations	-	6,058,448	6,058,448	6,742,240
Bequests	7,107,913	321,737	7,429,650	17,020,753
Contributions to planned giving program	359,135	92,819	451,954	115,149
Contributions to endowment funds	63,473	339,592	403,065	556,640
Total public support	20,307,175	12,237,997	32,545,172	39,334,183
Government grants	3,973,612	-	3,973,612	4,690,743
Investment income, net of fees, appropriated ***(Note 3)***	3,814,971	-	3,814,971	3,436,355
Program service income	178,333	-	178,333	208,369
Miscellaneous interest and other income	637,716	-	637,716	513,132
Net assets released from restrictions	13,606,431	(13,606,431)	-	-
Total revenues	42,518,238	(1,368,434)	41,149,804	48,182,782
Operating Expenses				
Program services:				
International programs	13,390,775	-	13,390,775	11,260,199
U.S. programs	18,600,220	-	18,600,220	18,754,187
Global Cohesion	2,873,427	-	2,873,427	1,981,700
Total program services	34,864,422	-	34,864,422	31,996,086
Program Support:				
Fund-raising	3,718,292	-	3,718,292	4,459,881
Management and general	5,254,223	-	5,254,223	3,877,622
Total program support	8,972,515	-	8,972,515	8,337,503
Total expenses	43,836,937	-	43,836,937	40,333,589
Changes in net assets from operations	(1,318,699)	(1,368,434)	(2,687,133)	7,849,193
Nonoperating Changes In Net Assets				
Investment gains not appropriated ***(Note 3)***	14,855,264	7,800,023	22,655,287	9,360,091
Actuarial gains on planned giving liabilities	(2,245,566)	3,358,849	1,113,283	1,770,417
Net actuarial gain on defined benefit retirement plans	136,122	-	136,122	5,922,850
Strategic plan investment fund expenses	(1,251,623)	-	(1,251,623)	-
Other nonoperating changes in net assets	(268,872)	-	(268,872)	439,726
Changes in net assets	9,906,626	9,790,438	19,697,064	25,342,277
Net Assets				
Beginning of year	76,965,648	65,195,269	142,160,917	116,818,640
End of year	$ 86,872,274	$ 74,985,707	$ 161,857,981	$ 142,160,917

AMERICAN FRIENDS SERVICE COMMITTEE

STATEMENT OF ACTIVITIES AND CHANGES, IN NET ASSETS

For The Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Operating Revenues			
Public support:			
Contributions for current program work	$ 11,974,463	$ 2,924,938	$ 14,899,401
Grants from foundations	-	6,742,240	6,742,240
Bequests	16,730,218	290,535	17,020,753
Contributions to planned giving program	115,149	-	115,149
Contributions to endowment funds	-	556,640	556,640
Total public support	28,819,830	10,514,353	39,334,183
Government grants	4,690,743	-	4,690,743
Investment income, net of fees, appropriated ***(Note 3)***	3,436,355	-	3,436,355
Program service income	208,369	-	208,369
Miscellaneous interest and other income	513,132	-	513,132
Net assets released from restrictions	11,045,786	(11,045,786)	-
Total revenues	48,714,215	(531,433)	48,182,782
Operating Expenses			
Program services:			
International programs	11,260,199	-	11,260,199
U.S. programs	18,754,187	-	18,754,187
Global Cohesion	1,981,700	-	1,981,700
Total program services	31,996,086	-	31,996,086
Program Support:			
Fund-raising	4,459,881	-	4,459,881
Management and general	3,877,622	-	3,877,622
Total program support	8,337,503	-	8,337,503
Total expenses	40,333,589	-	40,333,589
Changes in net assets from operations	8,380,626	(531,433)	7,849,193
Nonoperating Changes In Net Assets			
Investment gains (losses) not appropriated ***(Note 3)***	6,909,869	2,450,222	9,360,091
Actuarial gains (loss) on planned giving liabilities	(774,936)	2,545,353	1,770,417
Net actuarial gain on defined benefit retirement plans	5,922,850	-	5,922,850
Other nonoperating changes in net assets	439,726	-	439,726
Changes in net assets	20,878,135	4,464,142	25,342,277
Net Assets			
Beginning of year	56,087,513	60,731,127	116,818,640
End of year	$ 76,965,648	$ 65,195,269	$ 142,160,917

AMERICAN FRIENDS SERVICE COMMITTEE

STATEMENTS OF CASH FLOWS

For The Years Ended September 30, 2024 And 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Total change in net assets	$ 19,697,064	$ 25,342,277
Adjustments to reconcile total change in net assets to net cash used in operating activities		
Realized and unrealized gains on investments	(23,052,240)	(10,790,489)
Unrealized loss on Friends Center Corporation investment	129,231	91,444
Depreciation	156,940	162,843
Amortization of right-of-use assets	625,693	646,151
Operating lease liability payments	(622,556)	(636,088)
Actuarial gains on planned giving liabilities	(1,113,283)	(1,770,417)
Contributions to endowment funds	(403,065)	(556,640)
Contributions to planned giving program	(584,704)	(237,045)
Matured gifts from planned giving program	2,463,148	1,612,677
Remainder interest in life estates	699,695	250,783
Adjustment for changes in planned giving liabilities	6,522,895	4,085,920
Adjustment for changes in pension and post-retirement benefits	(136,122)	(5,922,850)
Changes in assets and liabilities which provided (used) cash		
Accounts and notes receivable	2,631,653	(2,197,147)
Income receivable and prepaid expenses	(85,465)	(562,217)
Other assets	4,775	22,677
Accounts payable and accrued liabilities	53,632	(22,141)
Deferred income	836,991	312,155
Liability for pension and post-retirement benefits	(432,983)	(489,387)
Net cash provided by operating activities	7,391,299	9,342,506
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land, buildings, and equipment	(93,642)	(116,229)
Proceeds from (purchases of) investments, net Sales of investments	(2,343,005)	2,297,002
Net cash (used for) provided by investing activities	(2,436,647)	2,180,773
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from interest-free loans	4,000	3,200
Repayment of interest-free loans	(50)	(21,000)
Cash received for endowment funds	403,065	556,640
Cash received for planned giving program	584,704	237,045
Matured gifts from planned giving program	(2,463,148)	(1,612,677)
Net benefit (payments) income to annuitants	(2,381,609)	(2,958,685)
Net cash used for financing activities	(3,853,038)	(3,795,477)
Net increase in cash and cash equivalents	1,101,614	7,727,802
CASH AND CASH EQUIVALENTS		
Beginning of year	10,885,471	3,157,669
End of year	$ 11,987,085	$ 10,885,471

AMERICAN FRIENDS SERVICE COMMITTEE

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2024

	Program Services				Program Support			
	International	U.S.	Global Cohesion	Total Program Services	Fund-Raising	Management And General	Total Program Support	Total Expenses
Compensation Expense:								
Salaries and benefits	$ 6,306,208	$ 13,961,074	$ 2,204,519	$ 22,471,801	$ 2,982,782	$ 3,189,919	$ 6,172,701	$ 28,644,502
Net periodic pension and retiree medical benefit	(9,174)	(20,584)	(2,807)	(32,565)	(4,623)	(6,396)	(11,019)	(43,584)
Net compensation expense	6,297,034	13,940,490	2,201,712	22,439,236	2,978,159	3,183,523	6,161,682	28,600,918
Professional fees and services	1,002,428	923,620	171,921	2,097,969	173,719	645,526	819,245	2,917,214
Occupancy	358,186	999,387	120,040	1,477,613	42,142	363,931	406,073	1,883,686
Risk management insurance	98,744	90,865	28,395	218,004	14,198	59,630	73,828	291,832
Office supplies	53,493	20,454	5,050	78,997	6,648	8,113	14,761	93,758
Equipment leasing, purchase, and repairs	167,692	121,771	38,715	328,178	20,637	19,522	40,159	368,337
Program activities	2,238,422	1,164,368	41,691	3,444,481	18,621	21,030	39,651	3,484,132
Telephone and communications	275,911	316,402	76,955	669,268	52,114	168,121	220,235	889,503
Postage and shipping	53,861	79,373	15,635	148,869	33,909	40,956	74,865	223,734
Travel	841,397	436,981	61,198	1,339,576	119,786	301,172	420,958	1,760,534
Conferences, conventions, and meetings	639,527	35,239	626	675,392	-	27,648	27,648	703,040
Fundraising appeals	337,867	337,867	96,534	772,268	193,067	77,922	270,989	1,043,257
Printing and publishing	18,702	34,525	4,506	57,733	23,309	25,423	48,732	106,465
Awards and grants	580,147	131	-	580,278	14,915	54,938	69,853	650,131
Miscellaneous expense	366,388	65,311	-	431,699	21,844	209,913	231,757	663,456
Total expenses before depreciation	13,329,799	18,566,784	2,862,978	34,759,561	3,713,068	5,207,368	8,920,436	43,679,997
Depreciation of buildings and equipment	60,976	33,436	10,449	104,861	5,224	46,855	52,079	156,940
Total expenses	$ 13,390,775	$ 18,600,220	$ 2,873,427	$ 34,864,422	$ 3,718,292	$ 5,254,223	$ 8,972,515	$ 43,836,937

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

AMERICAN FRIENDS SERVICE COMMITTEE

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2023

	Program Services				Program Support			
	International	**U.S.**	**Global Cohesion**	**Total Program Services**	**Fund-Raising**	**Management And General**	**Total Program Support**	**Total Expenses**
Compensation Expense:								
Salaries and benefits	$ 5,988,368	$ 14,230,824	$ 1,511,445	$ 21,730,637	$ 3,128,766	$ 2,427,214	$ 5,555,980	$ 27,286,617
Net periodic pension and retiree medical benefit	(19,208)	(45,647)	(4,848)	(69,703)	(10,036)	(7,785)	(17,821)	(87,524)
Net compensation expense	5,969,160	14,185,177	1,506,597	21,660,934	3,118,730	2,419,429	5,538,159	27,199,093
Professional fees and services	761,543	824,339	103,877	1,689,759	401,407	377,111	778,518	2,468,277
Occupancy	498,169	953,049	62,465	1,513,683	84,402	304,066	388,468	1,902,151
Risk management insurance	110,230	153,064	16,101	279,395	44,961	131,463	176,424	455,819
Office supplies	55,261	61,933	4,430	121,624	3,603	2,713	6,316	127,940
Equipment leasing, purchase, and repairs	139,705	52,554	8,253	200,512	26,008	64,278	90,286	290,798
Program activities	986,340	912,816	38,793	1,937,949	20,577	33,740	54,317	1,992,266
Telephone and communications	176,048	283,516	27,302	486,866	66,956	233,999	300,955	787,821
Postage and shipping	19,368	64,457	3,759	87,584	34,265	24,871	59,136	146,720
Travel	775,723	533,600	96,935	1,406,258	142,887	104,171	247,058	1,653,316
Conferences, conventions, and meetings	657,148	80,404	44,435	781,987	63,484	5,969	69,453	851,440
Fundraising appeals	260,247	432,446	45,466	738,159	415,561	-	415,561	1,153,720
Printing and publishing	23,660	62,151	8,289	94,100	19,426	29,833	49,259	143,359
Awards and grants	634,919	560	-	635,479	3,000	-	3,000	638,479
Miscellaneous expense	159,195	125,123	13,604	297,922	12,745	48,880	61,625	359,547
Total expenses before depreciation	11,226,716	18,725,189	1,980,306	31,932,211	4,458,012	3,780,523	8,238,535	40,170,746
Depreciation of buildings and equipment	33,483	28,998	1,394	63,875	1,869	97,099	98,968	162,843
Total expenses	$ 11,260,199	$ 18,754,187	$ 1,981,700	$ 31,996,086	$ 4,459,881	$ 3,877,622	$ 8,337,503	$ 40,333,589

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

(1) BACKGROUND

The American Friends Service Committee (***"AFSC"***) was founded in 1917 and is incorporated in the Commonwealth of Pennsylvania. Its purpose is to engage in religious, charitable, social, philanthropic, and relief work in the United States and in other countries on behalf of participating yearly meetings and other bodies of the Religious Society of Friends in the United States of America. AFSC is primarily funded by charitable contributions, grants, and bequests from individuals, corporations and foundations. AFSC has a central office, four (4) U.S. regional offices, thirty-two (32) area offices, two (2) branch offices, and sixteen (16) international project offices.

The Internal Revenue Service ***("IRS")*** has determined AFSC to be an "association of churches" and, therefore, exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The IRS has further determined that contributions made to AFSC are deductible by the donors to the extent allowed by law.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting and include all the accounts and funds of AFSC's national, regional, area, and international project offices. All material interoffice accounts have been eliminated.

CASH AND CASH EQUIVALENTS

AFSC considers all highly liquid financial instruments with effective maturities at the date of purchase of twelve months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISK

AFSC is required to disclose significant concentrations of credit risk regardless of the degree of such risk. As of September 30, 2024 and 2023, AFSC maintained bank deposits that exceeded the limit of insurability under the Federal Deposit Insurance Corporation. The risk is managed by monitoring the financial institutions in which deposits are made.

INVESTMENTS

Investments are stated at fair value ***(See Note 3)***. AFSC allocates investment income for program work from its endowments and funds functioning as endowments, using the total return method. The Board of Directors has established a spending rate of 4.5%-5.0%. The approved spending rate was 4.5% for the years ended September 30, 2024 and 2023. This spending rate, which is applied to a three-year average of the net asset value of the related endowment funds, resulted in a Board-approved allocation for program work of $3,814,971 and $3,436,355 in 2024 and 2023, respectively. This allocated investment income is included in operating revenue on the statement of activities. Investment return on long-term investments not allocated for operations is included in "Non-operating changes in net assets" on the statement of activities.

INVESTMENT IN FRIENDS CENTER CORPORATION

The Friends Center Corporation ***("FCC")*** is a 501(c)(3) nonprofit organization comprised of three member organizations, including AFSC, the Philadelphia Yearly Meeting of the Religious Society of Friends ***("PYM")***, and Central Philadelphia Monthly Meeting ***("CPMM")***, and governed by an agreement among these organizations (the ***"FCC Agreement"***). The FCC constructed and operates the Friends Center complex in Philadelphia for the use by AFSC, other Quaker organizations, and organizations with similar beliefs. Certain provisions of the FCC Agreement permit each member organization to withdraw from FCC with proper notification. In the event of a withdrawal or dissolution, AFSC is entitled to receive an amount equal to 37% of the Friends Center's net assets, as defined in the FCC Agreement. The percentages for PYM and CPMM are 33% and 30%, respectively. AFSC accounts for its investment in FCC using the equity method of accounting. See Note 8 for further details on AFSC's transactions with FCC.

LAND, BUILDINGS, AND EQUIPMENT

AFSC follows the practice of recording land, buildings, furniture, and equipment, either purchased or contributed, with a cost or fair value in excess of $2,500 as assets. Depreciation is provided on the straight-line basis over the estimated useful lives (ranging from 3 to 50 years) of the assets.

INTEREST-FREE LOANS

Interest-free loans are comprised of amounts loaned to AFSC for unspecified periods of time, bearing no interest. All income and gains from the investment of such loans is available to AFSC for unrestricted use, unless specifically restricted by the lender, who may at any time recall only the original principal portion of the loan. Interest-free loans are received mainly from individuals, who wish to support AFSC.

ACCRUED PENSION AND POST-RETIREMENT BENEFITS AND FUNDING STATUS

FASB Accounting Standards Codification ***("FASB ASC")*** Topic 715, *Compensation – Retirement Benefits* (FASB ASC 715), requires an organization to recognize the over-funded or under-funded status of a defined benefit and post-retirement benefit plan in its statement of financial position and to recognize changes in funded status in the year in which the changes occur through changes in unrestricted net assets. Any over-funded status of AFSC's plan is shown as an asset under "Prepaid pension" on the accompanying statement of financial position and any under-funded status is a liability incorporated under the caption "liability for pension benefits" and "liability for post-retirement benefits." Changes in the funded status, net of the net periodic benefit cost, are shown within "Nonoperating changes in net assets" on the accompanying statement of activities. (Over)/Underfunded liabilities of the defined benefit pension plan of $(3,206,850) and $(1,274,724) and total obligations of the informal post-retirement plan of $10,233,221 and $8,870,200 have been included in the statements of financial position as of September 30, 2024 and 2023, respectively.

AGENCY FUNDS

Agency funds account for assets received by AFSC that are to be held or disbursed only on instructions of the individuals or organizations from which they were received. Included in the agency funds are the assets of AFSC's revocable trusts, 10-year trusts, and charitable trusts that designate a third party remainderman.

ANNUITY AND LIFE INCOME GIFTS

Gifts under split-interest agreements, generally charitable gift annuities and charitable remainder unitrusts, are recorded at their fair value at date of receipt. Contribution revenue is recognized as the difference between the assets received and the actuarially determined liability to the beneficiaries.

Annuity liabilities are computed using standard life expectancy and annuity tables at a 7.5% rate of interest. The liability for such payments is subsequently adjusted for annuities paid and the effects of actuarial gains and losses. Charitable remainder unitrust liabilities are recorded at the present value of the estimated future payments to be distributed over the beneficiary's expected lives. The liability for such payments is subsequently adjusted to reflect amortization of the discount, revaluations of the present value of the estimated future payments to the beneficiaries, and changes in actuarial assumptions.

NET ASSETS

A description of each net asset category is as follows:

- *Net Assets without donor-imposed restrictions*: Represents assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors, such as Board designations, which are as follows:

  - *Funds functioning as endowment*: Funds functioning as endowment represent unrestricted funds designated by the Board to maintain principal in the same manner as in the Endowment while using the income to support the operating activities of AFSC.

  - *Funded status of pension and informal retirement benefit plans*: The amount by which the pension plan and informal retirement benefit plan is funded as compared to the investments designated by AFSC for such purposes, but not placed in a separate trust, for the informal post-retirement benefit plan.

  - *Funds designated for payment of charitable gift annuities:* The amount by which funds invested for charitable gift annuity obligations exceeds the actuarial present value of future liability under charitable gift annuity agreements.

  - *Investment in Friends Center*: The Investment in Friends Center represents AFSC's equity in Friends Center Corporation ***(See Note 4)***.

  - *Strategic plan investment fund*: Board designated fund for one-time projects of AFSC.

  - *Land, building and equipment*: Land, building, and equipment is the net book value of land, buildings, furniture, and equipment.

- *Net Assets with donor-imposed restrictions*: Net assets with donor-imposed restrictions are those whose use by AFSC has been limited by donors for a specific purpose or time period. These net assets consist of gifts for which donor-imposed restrictions have not been met, and for accumulated gains recognized on permanent endowments. Net assets with donor-imposed restrictions also consist of permanent endowment fund investments to be held indefinitely, the income from which is expendable for operations or with restrictions as noted by the donor.

ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related disclosures and, therefore, actual results could differ from those estimates.

GRANTS AND CONTRACTS AND REVENUE RECOGNITION

AFSC recognizes contributions when cash, securities or other assets, and unconditional promise to give is received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before AFSC is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. AFSC recognizes the contribution when the conditions are substantially met or explicitly waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as "***net assets released from restrictions***."

AFSC does not enter into legally enforceable contracts on promises of contributions with the exception of certain types of planned gifts. As a result, AFSC does not record pledges as income until the amounts are received.

A portion of AFSC's revenue is derived from cost-reimbursable federal, state and other grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when AFSC has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Legal fees are recognized when the services are performed. Sales of literature or goods are recognized by AFSC when the items are sold. Rental income is recognized over the course of the leases.

AFSC's Planned Giving Program allows donors to contribute to AFSC and at the same time receive lifetime income payments to their designated beneficiaries. Charitable gift annuities and charitable gift funds are classified as net assets without donor restrictions. All other planned gifts are classified as net assets with donor restrictions-time until the beneficiaries' death, after which they are classified as net assets without donor restrictions unless specified otherwise by the donor.

GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable are stated at the amount management expects to collect from outstanding balances. On a periodic basis, AFSC evaluates their grants and contracts receivable and establishes an allowance for doubtful accounts based on their history of past write-offs, economic conditions, and conditions surrounding contracts and disallowed costs. At year end, an allowance for doubtful accounts was deemed not necessary.

RECLASSIFICATIONS

Certain account balances in the 2023 financial statements have been reclassified to conform to the 2024 presentation.

(3) INVESTMENTS

AFSC used various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles established a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets at the measurement date for identical assets and/or liabilities. An active market is one in which transactions for assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes contracts traded on active exchange markets valued using unadjusted prices quoted directly from the exchange.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date. Unobservable inputs are developed based on the best available information and subject to cost benefit constraints.

Common Stocks: Level 1 common stocks represent an actively managed portfolio of registered securities. These securities trade in active stock markets and are based on daily quoted market prices.

Mutual Funds: Level 1 mutual funds represent international equity funds. These securities trade in active stock markets and are based on daily quoted market prices.

Bonds: Level 2 bonds represent an actively managed portfolio of registered securities. These securities trade in active markets and inputs used to value these bonds generally include relative credit information, observed market movements, sector news, spread to the U.S. Treasury market and other market information.

Cash and Cash Equivalents represent money market funds and are classified as Level 1 investments.

Commingled Funds include commingled funds with underlying securities that have observable Level 1 quoted inputs; however, these commingled funds are not traded in public markets and the net asset value (NAV) is calculated at the end of each month. Redemptions and purchases may be made on the first business day of each month using the prior month's NAV.

Other investments, classified as Level 3, include deeds, leases, property for resale, and insurance policies and are generally listed at contributed value.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value AFSC's investments as of September 30, 2024 are as follows:

		Fair Value Measurement At Reporting Date Using:			
2024	**Total Fair Value**	**Observable Inputs (Level 1)**	**Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**	**Net Asset Value**
Planned Giving Investments:					
Common Stocks	$ 14,849,211	$ 14,849,211	$ -	$ -	$ -
Mutual Funds	4,765,403	4,765,403	-	-	-
Bonds	18,300,242	-	18,300,242	-	-
Commingled Funds	18,674,052	-	-	-	18,674,052
Other	17,483	-	-	17,483	-
Cash and Cash Equivalents	4,563,266	4,563,266	-	-	-
Total Planned Giving Investments	$ 61,169,657	$ 24,177,880	$ 18,300,242	$ 17,483	$ 18,674,052
Other Long Term Investments:					
Common Stocks	$ 26,767,361	$ 26,767,361	$ -	$ -	$ -
Mutual Funds	1,848,180	1,848,180	-	-	-
Bonds	34,220,576	-	34,220,576	-	-
Commingled Funds	56,984,511	-	-	-	56,984,511
Note Receivable	500,000	-	-	500,000	-
Cash and Cash Equivalents	4,494,204	4,494,204	-	-	-
Total Other Long-Term Investments	$ 124,814,832	$ 33,109,745	$ 34,220,576	$ 500,000	$ 56,984,511
Total Investments	$ 185,984,489	$ 57,287,625	$ 52,520,818	$ 517,483	$ 75,658,563
Agency Fund Assets:					
Common Stocks	$ 1,666,991	$ 1,666,991	$ -	$ -	$ -
Mutual Funds	506,937	506,937	-	-	-
Bonds	1,253,557	-	1,253,557	-	-
Commingled Funds	658,158	-	-	-	658,158
Cash and Cash Equivalents	415,264	415,264	-	-	-
Total Agency Fund Assets	$ 4,500,907	$ 2,589,192	$ 1,253,557	$ -	$ 658,158

Reconciliation of assets measured at Fair Value on a recurring basis using Significant Unobservable Inputs (Level 3):

	Beginning Market Value	**Gains/ (Losses)**	**Revenue**	**Additions/ (Withdrawals)**	**Ending Market Value**
Planned Giving Investments	$ 16,418	$ 1,065	$ -	$ -	$ 17,483
Other Long-Term Investments	500,000	-	-	-	500,000
	$ 516,418	$ 1,065	$ -	$ -	$ 517,483

The summary of inputs used to value AFSC's investments as of September 30, 2023 are as follows:

2023	Total Fair Value	Fair Value Measurement At Reporting Date Using: Observable Inputs (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Net Asset Value
Planned Giving Investments:					
Common Stocks	$ 14,586,838	$ 14,586,838	$ -	$ -	$ -
Mutual Funds	1,822,003	1,822,003	-	-	-
Bonds	17,519,897	-	17,519,897	-	-
Commingled Funds	17,332,969	-	-	-	17,332,969
Other	16,418	-	-	16,418	-
Cash and Cash Equivalents	3,804,197	3,804,197	-	-	-
Total Planned Giving Investments	$ 55,082,322	$ 20,213,038	$ 17,519,897	$ 16,418	$ 17,332,969
Other Long Term Investments:					
Common Stocks	$ 21,420,726	$ 21,420,726	$ -	$ -	$ -
Mutual Funds	2,261,168	2,261,168	-	-	-
Bonds	30,110,926	-	30,110,926	-	-
Commingled Funds	46,980,040	-	-	-	46,980,040
Note Receivable	500,000	-	-	500,000	-
Cash and Cash Equivalents	4,234,062	4,234,062	-	-	-
Total Other Long-Term Investments	$ 105,506,922	$ 27,915,956	$ 30,110,926	$ 500,000	$ 46,980,040
Total Investments	$ 160,589,244	$ 48,128,994	$ 47,630,823	$ 516,418	$ 64,313,009
Agency Fund Assets:					
Common Stocks	$ 1,421,420	$ 1,421,420	$ -	$ -	$ -
Mutual Funds	188,014	188,014	-	-	-
Bonds	1,220,281	-	1,220,281	-	-
Commingled Funds	743,838	-	-	-	743,838
Cash and Cash Equivalents	287,944	287,944	-	-	-
Total Agency Fund Assets	$ 3,861,497	$ 1,897,378	$ 1,220,281	$ -	$ 743,838

Reconciliation of assets measured at Fair Value on a recurring basis using Significant Unobservable Inputs (Level 3):

	Beginning Market Value	Gains/ (Losses)	Revenue	Additions/ (Withdrawals)	Ending Market Value
Planned Giving Investments	$ 2,310	$ 14,108	$ -	$ -	$ 16,418
Other Long-Term Investments	29,248	-	-	470,752	500,000
	$ 31,558	$ 14,108	$ -	$ 470,752	$ 516,418

There were no transfers between Level 1 and Level 2 during the years ended September 30, 2024 and 2023.

Commingled funds which are measured at Net Asset Value and the investment objective of each holding are as follows:

	Fair Value
International Equity Fund [(a)]	$ 1,436,618
Global and Emerging Markets Bond Fund [(b)]	466,509
Local Markets Debt Fund [(c)]	7,941,122
Global Environmental Opportunity Fund [(d)]	6,480,679
Sustainable Climate Fund, LLC [(e)]	7,539,791
Socially Responsible Developed Markets[(f)]	26,354,725
Friends Fiduciary Quaker Index Fund [(g)]	24,762,289
Climate Innovator Feeder Fund [(h)]	500,785
Stewardship Feeder Fund [(i)]	737,887
Affordable Housing Preservation REIT [(j)]	96,316
Total Commingled Funds	$76,316,721

Unfunded commitments on the commingled funds were $5,815,373 at September 30, 2024.

(a) This fund's investment objectives are to preserve and build capital by investing in economically and geographically diversified portfolios of non-U.S. stocks. Focus is on investments with high quality medium-to-large capitalization companies that are undervalued relative to their long-term fundamental outlook. Redemptions and purchases can be made on the first business day of each month with 10 days' notice.

(b) This fund's investment objectives are to achieve favorable income-oriented returns from globally diversified portfolios of primarily debt or debt-like securities, of both established and emerging financial markets. An associated objective is the preservation and enhancement of principal. Redemptions and purchases can be made on the first business day of each month with 10 days' notice.

(c) This fund's investment objective is to achieve favorable income and capital returns from a globally diversified portfolio of primarily sovereign emerging market debt or debt-like securities and currencies. An associated objective is the preservation and enhancement of principal.

(d) This fund's investment objectives are to achieve long-term returns by investing in companies that area helping to address climate change, resource shortage, water management, and environmental change.

(e) This fund's investment objective is to invest in companies that are achieving climate mitigation and adaption, or those favorably exposed to climate risk. The fund's four main categories of investment are low carbon electricity, low carbon transport, water and resources management, and energy efficiency/management. Redemptions and purchases can made on the first business day of the month and at no cost.

(f) This fund's objective is to replicate returns and characteristics of the Russell RAFI Developed Large Company Index while adhering to its Socially Responsible Investing guidelines. Redemptions and purchases can made at any time and at no cost.

(g) This fund's objective is to be diversified across economic sectors and is designed to track the S&P 500 index with low annual turnover and low tracking error. AFSC utilizes the net asset valuations provided by Friends Fiduciary Corporation. There is no active market for the investment from which to base fair value and fair value is measured using the net asset value practical expedient. Redemptions and purchases can made at any time and at no cost.

(h) This fund's investment objectives are to achieve long-term returns by investing solely in private companies developing solutions to help mitigate and adapt to climate change.

(i) This fund focuses on acquiring and developing sustainable, affordable, and mixed-income housing with a strong mission-driven approach centered on urban resilience and environmental responsibility.

(j) This fund specializes in private markets investing, including direct, secondary, and fund-of-funds strategies, with a goal of delivering long-term capital appreciation across a diversified portfolio of private equity, credit, and real assets.

Components of investment (loss) income on total investments excluding the planned giving assets other than the charitable gift annuities for the years ended September 30, 2024 and 2023 are as follows:

	2024	2023
Dividends and interest	$ 5,105,692	$ 3,677,863
Net realized and unrealized gains on investments	23,052,240	10,790,489
Net realized loss on FCC	(129,231)	(91,444)
Investment fees	(1,558,443)	(1,580,462)
Total investment income, net of fees	26,470,258	12,796,446
Less: investment income appropriated	(3,814,971)	(3,436,355)
Investment gains not appropriated	$22,655,287	$ 9,360,091

Certain states require investments to be segregated (reserves) for planned giving charitable gift annuity contracts. The general reserve follows the State of New York guidelines, which is the actuarial present value liability, plus 26.5%. There are also additional requirements for other states in which annuitant's reside and the reserve meets the minimum requirements for the states in which AFSC is registered.

	2024	2023
Charitable Gift Annuity (CGA) Investment Value	$ 25,170,076	$ 21,808,540
General CGA Liability	(10,124,937)	(9,584,967)
California CGA Liability	(2,454,730)	(2,239,574)
Florida CGA Liability	(66,602)	(95,744)
Tennessee CGA Liability	(27,800)	(18,729)
Total GAAP CGA Liability	(12,674,069)	(11,939,014)
Without Donor Restriction - Funds designated for payment of CGA's	12,496,007	9,869,526
26.5% additional liability required for General	(2,683,108)	(2,540,016)
10% additional liability required for Florida	(6,660)	(9,574)
10% additional liability required for Tennessee	(2,780)	(1,873)
Additional liability for State required lower discount rate*	(2,535,526)	(2,194,611)
Total additional liability per state mandates	(5,228,074)	(4,746,074)
Net excess funding for Charitable Gift Annuity Investment Pool	$ 7,267,933	$ 5,123,452

GAAP present value liability is calculated using a 7.5% discount rate, which is the investment return assumption of the CGA investment pool.

* State Insurance Departments that regulate organizations issuing annuity contracts require a lower discount rate to calculate the liability and required reserve. This discount rate is set by the Internal Revenue Service and average between 4.5% and 5.0%.

(4) INVESTMENT IN FRIENDS CENTER

Summarized audited financial information for the Friends Center Corporation ***("FCC")*** for the years ended June 30, 2024 and 2023 are as follows:

Balance Sheet (Accrual Basis)

	2024	2023
Total Assets	$ 12,425,211	$ 12,979,104
Total Liabilities	$ 5,567,796	$ 5,772,417
Net Assets	6,857,415*	7,206,687*
Total Liabilities and Net Assets	$ 12,425,211	$ 12,979,104

* AFSC's 37.0% equity interest of $2,537,243 and $2,666,474 as of June 30, 2024 and 2023, respectively, is recorded as "Investment in Friends Center" in the statement of financial position. Its share of the FCC's net changes in net assets was $(129,231) and ($91,444) for the years ended June 30, 2024 and 2023, respectively, which is disclosed within "Investment gains/(losses) not appropriated" in the statement of activities.

(5) LAND, BUILDINGS, AND EQUIPMENT

A summary of land, buildings and equipment as of September 30, 2024 and 2023, is as follows:

	2024	2023
Non-depreciable assets		
Land	$ 4,500	$ 4,500
Depreciable assets		
Buildings	1,869,189	1,773,928
Vehicles	75,643	75,643
Furniture and equipment	1,233,082	1,233,082
Subtotal – depreciable assets	3,177,914	3,082,653
Accumulated depreciation	(2,582,457)	(2,423,898)
Subtotal – depreciable assets, net	595,457	658,755
Total land, buildings and equipment, net	$ 599,957	$ 663,255

Depreciation expense was $156,940 and $162,843 for the years ended September 30, 2024 and 2023, respectively.

(6) PENSION PLANS AND POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

AFSC has a formal defined benefit pension plan covering substantially all employees. The benefits are based upon years of service and the employee's five highest years of compensation. AFSC serves as trustee for the plan, but otherwise the plan is an independent entity whose assets are not available for other AFSC uses.

AFSC is not required to comply with the Employee Retirement Income Security Act of 1974 **("ERISA")** because of AFSC's status as an "association of churches." However, the formal plan includes certain provisions that do comply with ERISA.

AFSC also has an informal postretirement benefits plan that provides medical benefits to all its retirees who retire directly from AFSC. AFSC has designated $22,577,186 and $18,817,604 at September 30, 2024 and 2023, respectively, of investments for the informal post-retirement benefits plan. The plan is discretionary and AFSC has no contractual obligation and as such, the designated investments of the plan are considered to be unrestricted, but designated for this purpose. AFSC pays the cost of the related insurance premiums when due and retirees contribute to the cost of this plan.

The following amounts relate to AFSC's defined benefit pension plan and the informal postretirement benefit plans at September 30:

	Pension Plan		Informal Postretirement Medical Benefits Plan	
	2024	2023	2024	2023
	(Dollars In Thousands)			
Fair value of plan assets	$55,853	$48,409	$ -	$ -
Projected benefit obligation	52,646	47,135	(10,233)	8,870
Overfunded (Unfunded) status	$ 3,207	$ 1,274	$(10,233)	$ (8,870)

The discount rates of 5.00% and 5.85% were used for the pension plan and 5.05% and 5.85% were used for informal postretirement medical benefits plan as of September 30, 2024 and 2023, respectively, and is mainly based on a 10-year average yield of AA corporate bonds and is used for GAAP reporting.

The principal assumptions used in determining the actuarial present value of the projected benefit obligation for the defined benefit plan and the informal postretirement benefit plans were as follows:

	Defined Benefit Pension Plan		Informal Postretirement Medical Benefits Plan	
	2024	2023	2024	2023
Discount Rate	5.00%	5.85%	5.05%	5.85%
Expected return on Plan Assets	6.50%	6.50%	-	-
Rate of Compensation Increase	3.00%	3.00%	-	-
COLA Increase Rate	0.00%	0.00%	-	-

The following is the expense recognized, contributions made and plan benefits paid:

	Defined Benefit Pension Plan		Informal Postretirement Medical Benefits Plan	
	2024	2023	2024	2023
	(Dollars In Thousands)			
Pension expense (credit)	$(1,932)	$ (5,189)	$ 1,749	$ (822)
Contributions	$ -	$ -	$ 391	$ 396
Benefits Paid	$(3,739)	$ (3,451)	$ (614)	$ (609)
Components of Net Periodic Benefit Cost				
Service cost	$ 908	$ 916	$ 255	$ 278
Interest cost	2,697	2,565	504	475
Return on plan assets	(3,024)	(2,877)	-	-
Recognized net actuarial (gain) loss	-	-	(952)	(1,014)
Amortization of prior service cost	245	245	(676)	(676)
Net periodic pension/postretirement (Income) cost	$ 826	$ 849	$ (869)	$ (937)

The summary of inputs used to value AFSC's Formal plan assets carried at fair value as of September 30, 2024 and 2023 were as follows:

	2024				
	Total	Level 1 Quoted Prices	Level 2 Other Significant Inputs	Level 3 Significant Unobservable Inputs	Net Asset Value
Common Stock	$ 7,391,467	$ 7,391,467	$ -	$ -	$ -
Mutual Funds	4,603,020	4,603,020	-	-	-
Bonds	14,450,456	-	14,450,456	-	-
Commingled Funds	27,621,502	-	-	-	27,621,502
Cash and Cash Equivalents	1,786,191	1,786,191	-	-	-
	$ 55,852,636	$13,780,678	$14,450,456	$ -	$ 27,621,502

	2023				
	Total	Level 1 Quoted Prices	Level 2 Other Significant Inputs	Level 3 Significant Unobservable Inputs	Net Asset Value
Common Stock	$ 6,469,599	$ 6,469,599	$ -	$ -	$ -
Mutual Funds	6,276,478	6,276,478	-	-	-
Bonds	10,676,378	-	10,676,378	-	-
Commingled Funds	23,773,236	-	-	-	23,773,236
Cash and Cash Equivalents	1,213,770	1,213,770	-	-	-
	$ 48,409,461	$13,959,847	$10,676,378	$ -	$ 23,773,236

The long-term investment strategy for the pension plan's assets is to: meet present and future benefit obligations to all participants and beneficiaries; cover reasonable expenses incurred to provide such benefits; and provide total return that maximized the ratio of assets to liabilities by maximizing investment return at the appropriate level of risk. The expected return on plan assets equals a weighted average of the individual expected returns for each asset category in the plans' portfolio.

The pension plan asset allocations by asset category are as follows:

Asset Category	2024
Equities	13.23%
Mutual Funds	8.24
Fixed Income	25.87
Commingled Funds	49.46
Cash and Cash Equivalents	3.20
Total	100.00%

Commingled funds which are measured at Net Asset Value and the investment objective of each holding are as follows:

	Fair Value
Local Markets Debt Fund [a]	$ 3,782,803
Global and Emerging Markets Bond Funds[b]	3,679,686
Global Environmental Opportunities Fund[c]	2,207,793
Socially Responsible Developed Markets[d]	10,156,760
Friends Fiduciary Quaker Index Fund [e]	7,105,751
Climate Innovator Feeder Fund [f]	257,935
Stewardship Feeder Fund [g]	380,055
Affordable Housing Preservation REIT [h]	50,719
Total Commingled Funds	$27,621,502

Unfunded commitments on the commingled funds were $3,008,768 at September 30, 2024.

(a) This fund's investment objective is to achieve favorable income and capital returns from a globally diversified portfolio of primarily sovereign emerging market debt or debt-like securities and currencies. An associated objective is the preservation and enhancement of principal.

(b) This fund's investment objectives are to achieve favorable income-oriented returns from globally diversified portfolios of primarily debt or debt-like securities, of both established and emerging financial markets. An associated objective is the preservation and enhancement of principal. Redemptions and purchases can be made on the first business day of each month with 10 days' notice.

(c) This fund's investment objectives are to achieve long-term returns by investing in companies that area helping to address climate change, resource shortage, water management, and environmental change.

(d) This fund's objective is to replicate returns and characteristics of the Russell RAFI Developed Large Company Index while adhering to its Socially Responsible Investing guidelines. Redemptions and purchases can made at any time and at no cost.

(e) This fund's objective is to be diversified across economic sectors and is designed to track the S&P 500 index with low annual turnover and low tracking error. AFSC utilizes the net asset valuations provided by Friends Fiduciary Corporation. There is no active market for the investment from which to base fair value and fair value is measured using the net asset value practical expedient. Redemptions and purchases can be made at any time and at no cost.

(f) This fund's investment objectives are to achieve long-term returns by investing solely in private companies developing solutions to help mitigate and adapt to climate change.

(g) This fund focuses on acquiring and developing sustainable, affordable, and mixed-income housing with a strong mission-driven approach centered on urban resilience and environmental responsibility.

(h) This fund specializes in private markets investing, including direct, secondary, and fund-of-funds strategies, with a goal of delivering long-term capital appreciation across a diversified portfolio of private equity, credit, and real assets.

Benefit payments, which reflect expected future service, as appropriate, that are anticipated to be paid for the years ending September 30, are as follows:

	Pension Plan	Informal Medical Plan
2025	$ 3,503,400	$ 453,700
2026	3,507,200	491,000
2027	3,442,100	527,400
2028	3,445,500	555,800
2029	3,440,800	562,700
2030 – 2035	16,808,300	3,069,600
Total	$ 34,147,300	$ 5,660,200

AFSC has a defined contribution 403(b) plan covering substantially all employees with an employer matching contribution. Pension expense for the year ended September 30, 2024 and 2023 were $256,968 and $286,343, respectively.

(7) NET ASSETS

Net assets with donor restrictions for 2024 and 2023 are available for the following purposes:

	2024	2023
Purpose-restricted:		
International programs	$ 1,542,741	$ 281,997
Global Cohesion	44,190	-
U.S. programs	855,689	680,358
Program support	91,057	124,349
	2,533,677	1,086,704
Subject to the passage of time:		
Time-restricted (planned gifts)*	24,631,656	23,869,196
Accumulated earnings on endowment	14,929,788	7,688,375
	39,561,444	31,557,571
Perpetual in nature:		
Endowment Funds	32,890,586	32,550,994
Total donor restricted net assets	$ 74,985,707	$ 65,195,269

**** Includes $4,373,788 and $3,776,090 of term endowments as of September 30, 2024 and 2023, respectively.***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2024	2023
International programs	$ 4,775,873	$ 3,601,176
Global Cohesion	102,422	-
U.S. programs	5,447,032	5,849,221
Program support	33,292	349,412
Time Restrictions met	3,247,812	1,245,977
	$ 13,606,431	$ 11,045,786

NET ASSETS WITH DONOR RESTRICTIONS - ENDOWMENT FUNDS

Restricted endowment funds account for the principal amount of gifts and bequests accepted with the donor's stipulation that the principal be maintained in perpetuity or until the occurrence of a specified event or for a specified period. The income from the investment of such funds is available for use without restriction, unless specifically restricted by the donor.

Endowment net asset composition by type of fund as of September 30, 2024 and 2023:

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted "true" endowment:			
Historical gift value	$ –	$ 32,890,586	$ 32,890,586
Appreciation	–	14,929,788	14,929,788
Term endowments	–	4,373,788	4,373,788
Funds functioning as endowment funds	34,156,084	–	34,156,084
	$34,156,084	$ 52,194,162	$ 86,350,246

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted "true" endowment:			
Historical gift value	$ –	$ 32,550,994	$ 32,550,994
Appreciation	–	7,688,375	7,688,375
Term endowments	–	3,776,090	3,776,090
Funds functioning as endowment funds	28,252,040	–	28,252,040
	$28,252,040	$ 44,015,459	$ 72,267,499

Change in endowment net assets for the years ended September 30, 2024 and 2023:

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Net assets, beginning of year	$ 28,252,040	$ 44,015,459	$ 72,267,499
Investment return:			
Investment income, net of fees	781,838	1,187,996	1,969,834
Net realized/unrealized gains	5,876,492	8,987,892	14,864,384
Total investment return	6,658,330	10,175,888	16,834,218
Contributions and other transfers	723,908	339,592	1,063,500
Appropriation of assets for expenditures in Accordance with the spending policy	(1,478,194)	(2,336,777)	(3,814,971)
	$ 34,156,084	$ 52,194,162	$ 86,350,246

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	$ 26,254,189	$ 40,947,681	$ 67,201,870
Investment return:			
Investment income, net of fees	500,057	765,580	1,265,637
Net realized/unrealized gains	2,498,359	3,837,852	6,336,211
Total investment return	2,998,416	4,603,432	7,601,848
Contributions and other transfers	343,496	556,640	900,136
Appropriation of assets for expenditures in Accordance with the spending policy	(1,344,061)	(2,092,294)	(3,436,355)
	$ 28,252,040	$ 44,015,459	$ 72,267,499

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 or state standards require AFSC to retain as a fund of perpetual duration. There were no such deficiencies as of September 30, 2024 and 2023.

(8) RELATED PARTY TRANSACTIONS

In connection with the renovations of the Friends Center, Economic Development Revenue Bonds ("Bonds") were issued through the Narberth Industrial Development Authority to Friends Center Corporation. The Friends Center is responsible for the payment of debt service on the Bonds, which is passed onto the partners of the Friends Center in the annual rent. At June 30, 2024 and 2023, the Friends Center's fiscal year-end, the Bonds, which mature in 2038, had outstanding balances of approximately $4.8 million and $5.0 million, respectively, and is guaranteed, jointly and severally by AFSC and the other partners of the Friends Center. In addition, in September 2022, AFSC loaned the Friends Center $500,000 to renovate a portion of the premises to accommodate a day care center. The loan bears interest at 4% and is payable beginning September 2023 through September 2032. Interest payments were made during the years ending September 30, 2024 and 2023 and principal payments will commence in 2025.

AFSC owns shares of Friends Fiduciary Quaker Index Fund, a related party, which totaled approximately $31.9 million and $26.8 million at September 30, 2024 and 2023, respectively.

(9) COMMITMENTS AND CONTINGENCIES

COMMITMENTS

AFSC leases certain facilities where AFSC has program offices under leases expiring through July 2040. In addition, AFSC leases certain office equipment under operating leases expiring through January 2026. Most international office leases are paid in advance or are month-to-month basis. Rent expense for the years ended September 30, 2024 and 2023 was approximately $1,023,000 and $1,044,000, respectively.

The following is quantitative data related to AFSC's operating leases for the year ended September 30, 2024 and 2023:

	2024	2023
Operating Lease Amounts:		
Right-of-use asset	$ 1,288,014	$ 1,165,593
Lease liability	1,301,214	1,175,656
Other Information:		
Operating outgoing cash flows for operating leases	$ 622,556	$ 636,088
Weighted-average remaining lease term	4.89 years	5.49 years
Weighted average discount rate	4.34%	4.59%

Lease cost information for the year ended September 30, 2024 and 2023 is as follows:

	2024	2023
Operating lease cost	$ 625,693	$ 646,151

The approximate minimal annual rental payments (excluding utilities, storage, and other such services and fees) under these leases are as follows:

Fiscal Year	
2025	$ 541,000
2026	413,000
2027	158,000
2028	84,000
2029	85,000
2030 and thereafter	166,000
Total undiscounted cash flows	1,447,000
Less: present value adjustment	(145,786)
Lease liability	$ 1,301,214

(10) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects AFSC's financial assets as of September 30, 2024 and 2023, reduced by amounts that are not available by contractual restrictions and/or Board designations to meet general expenditures within one year of the statement of financial position date because of contractual restrictions.

Financial Assets	2024	2023
Cash and cash equivalents	$ 11,987,085	$ 10,885,471
Accounts and notes receivable – net	2,915,533	5,547,186
Investments	124,814,832	105,506,922
Total financial assets	139,717,450	121,939,579
Less:		
Endowment funds' assets	(86,350,246)	(72,267,499)
Net assets with donor restrictions	(2,533,677)	(1,086,704)
Over funded status of informal retirement benefit plan	(12,343,965)	(9,947,404)
Funds designated for segregated reserve	(6,491,403)	(5,109,332)
Financial assets available to meet general expenditures within one year	$ 31,998,159	$ 33,528,640

AFSC's strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds. As part of AFSC's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. AFSC has donor-restricted endowment and investments used similar to quasi-endowment. Although AFSC does not intend to spend from its quasi-endowment of approximately $34.2 million, with the exception of budgeted draws, amounts from its quasi-endowment could be made available, if necessary, with Board approval. AFSC also has a secured line of credit with a lender up to $5.0 million, the entire amount is available as September 30, 2024. In addition, AFSC has a liability for the informal retirement benefit plan of approximately $10.2 million which is funded by assets held in the investments.

(11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 30, 2025, the date which the financial statements were available to be issued.