

Board of Governors of the Federal Reserve System

Federal Financial Institutions Examination Council Financial Statements as of and for the Years Ended December 31, 2025 and 2024, and Independent Auditors' Report



Office of Inspector General

Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau



Introduction

We contracted with KPMG LLP to audit the Federal Financial Institutions Examination Council’s financial statements as of and for the years ended December 31, 2025 and 2024. The contract requires KPMG to perform the audit in accordance with generally accepted accounting standards in the United States of America and in accordance with *Government Auditing Standards* for financial audits issued by the comptroller general of the United States. KPMG issued the accompanying report, dated March 3, 2026.

Federal Financial Institutions Examination Council

Financial Statements as of and for the Years
Ended December 31, 2025 and 2024, and
Independent Auditors' Report

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

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Independent Auditors' Report

The Federal Financial Institutions Examination Council:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Federal Financial Institutions Examination Council (the Council), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, 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 Council as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council 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 U.S. generally accepted accounting principles, 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 Council's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS and *Government 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 the Council'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 Council'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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended December 31, 2025, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements as of and for the year ended December 31, 2025 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of the Other Reporting Required by *Government Auditing Standards*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
March 3, 2026

Federal Financial Institutions Examination Council Balance Sheets

	As of December 31,	
	2025	2024
Assets		
Current assets:		
Cash	\$ 2,831,407	\$ 2,402,819
Accounts receivable from member agencies – net	991,175	1,051,974
Accounts receivable from non-member agencies – net	23,850	1,073
Prepaid expense and other assets	-	342,000
Total current assets	<u>3,846,432</u>	<u>3,797,866</u>
Non-current assets:		
Software	2,508,934	1,159,678
Operating lease real estate right-of-use asset	264,411	338,702
Operating lease equipment right-of-use assets	138,566	182,030
Total non-current assets	<u>2,911,911</u>	<u>1,680,410</u>
Total assets	<u>\$ 6,758,343</u>	<u>\$ 5,478,276</u>
Liabilities and cumulative results of operations		
Current liabilities:		
Accounts payable and accrued liabilities payable to member agencies	\$ 1,008,832	\$ 1,046,832
Accounts payable and accrued liabilities payable to non-member agencies	321,340	459,178
Accrued annual leave	86,422	82,166
Deferred revenue	-	369,281
Operating lease payable	308,277	399,484
Total current liabilities	<u>1,724,871</u>	<u>2,356,941</u>
Long-term liabilities:		
Operating lease payable	93,097	138,566
Total long-term liabilities	<u>93,097</u>	<u>138,566</u>
Total liabilities	<u>1,817,968</u>	<u>2,495,507</u>
Cumulative results of operations	<u>4,940,375</u>	<u>2,982,769</u>
Total liabilities and cumulative results of operations	<u>\$ 6,758,343</u>	<u>\$ 5,478,276</u>

See [notes to financial statements](#).

Federal Financial Institutions Examination Council Statements of Operations

	For the years ended December 31,	
	2025	2024
Revenues:		
Central Data Repository	\$ 4,701,177	\$ 3,532,096
Tuition	5,779,594	5,992,336
Assessments on member agencies	2,179,964	2,272,473
Community Reinvestment Act	731,606	763,916
Uniform Bank Performance Report	541,901	710,089
Other Revenues	<u>2,201,785</u>	<u>1,869,491</u>
Total revenues	<u>16,136,027</u>	<u>15,140,401</u>
Expenses:		
Professional fees	5,540,436	4,969,447
Salaries and related benefits	3,920,079	4,490,713
Data processing	2,131,789	2,011,457
Data, news, and research	322,000	338,000
Administration fees	1,067,295	1,220,825
Software	414,421	83,723
Depreciation, amortization, and net gains or losses on disposals	202,631	-
Rental of office space	333,550	339,386
Travel	131,072	169,209
Rental and maintenance of office equipment	61,835	72,472
Other seminar expenses	13,859	47,168
Office and other supplies	11,368	16,907
Printing	8,226	776
Miscellaneous	19,860	49,273
Total expenses	14,178,421	13,809,356
Results of operations	1,957,606	1,331,045
Cumulative results of operations – beginning of year	<u>2,982,769</u>	<u>1,651,724</u>
Cumulative results of operations – end of year	<u>\$ 4,940,375</u>	<u>\$ 2,982,769</u>

See [notes to financial statements](#).

Federal Financial Institutions Examination Council
Statements of Cash Flows

	For the years ended December 31,	
	2025	2024
Cash flows from (used in) operating activities:		
Results of operations	\$ 1,957,606	\$ 1,331,045
Adjustments to reconcile results of operations to net cash from (used in) operating activities:		
Depreciation, amortization, and net gains or losses on disposals	202,631	-
Net operating lease assets and payables (current and non-current)	(18,921)	(11,728)
(Increase) decrease in assets:		
Accounts receivable from member agencies	60,799	(387,216)
Accounts receivable from non-member agencies	(22,777)	7,977
Prepaid expense and other assets	342,000	(342,000)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities payable to member agencies	(38,000)	332,006
Other accounts payable and accrued liabilities payable to non-member agencies	45,461	(107,427)
Accrued annual leave	4,256	(8,097)
Deferred revenue (current and non-current)	(369,281)	58,081
Net cash from (used in) operating activities	2,163,774	872,641
Cash flows from (used in) investing activities:		
Capital expenditures	<u>(1,735,186)</u>	<u>(911,423)</u>
Net cash from (used in) investing activities	(1,735,186)	(911,423)
Net increase (decrease) in cash	428,588	(38,782)
Cash balance – beginning of year	<u>2,402,819</u>	<u>2,441,601</u>
Cash balance – end of year	<u>\$ 2,831,407</u>	<u>\$ 2,402,819</u>

See notes to financial statements.

Federal Financial Institutions Examination Council Notes to Financial Statements as of and for the Years Ended December 31, 2025 and 2024

(1) Organization and Purpose

The Federal Financial Institutions Examination Council (the Council) was established under title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978. The purpose of the Council is to prescribe uniform principles and standards for the federal examination of financial institutions and to make recommendations to promote uniformity in the supervision of these financial institutions. The Council has six voting members. The five federal agencies represented on the Council during 2025, referred to collectively as member agencies, are as follows:

- Board of Governors of the Federal Reserve System (FRB)
- Consumer Financial Protection Bureau (CFPB)
- Federal Deposit Insurance Corporation (FDIC)
- National Credit Union Administration (NCUA)
- Office of the Comptroller of the Currency (OCC)

In accordance with the Financial Services Regulatory Relief Act of 2006, a rotating representative state regulator was added as a full voting member of the Council in October 2006.

The Council was given additional statutory responsibilities by section 340 of the Housing and Community Development Act of 1980, Public Law 96-399. Among these responsibilities is the implementation of a system, in consultation with the Secretary of the Department of Housing and Urban Development (HUD), to facilitate public access to data that depository institutions must disclose under the Home Mortgage Disclosure Act of 1975 (HMDA) and the aggregation of annual HMDA data, by census tract, for each metropolitan statistical area.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) was signed into law. This legislation gave the CFPB general rule-writing responsibility for federal consumer financial laws and the HMDA supervisory and enforcement authority. The CFPB, as part of these responsibilities, developed a new HMDA processing system that replaced the HMDA processing system maintained by the FRB. The Council is performing the collection and billing activity for the new HMDA processing system developed by the CFPB. The activity includes the member agencies and HUD. As a collecting entity, the Council does not recognize the transfers from member agencies as revenue nor does the Council use the collections to fund Council expenses; the funds are transferred to the CFPB.

The Council is performing the collection and billing activity for the Computational Tools product services developed by the FRB. The activity includes the member agencies. Similar to the collection activity for the CFPB, the Council does not recognize the transfers from member agencies as revenue nor does the Council use the collections to fund Council expenses; the funds are transferred to the FRB.

The Council's financial statements do not include financial data for the Council's Appraisal Subcommittee (the Subcommittee). The Subcommittee was created pursuant to Public Law 101-73, title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Although it is a subcommittee of the Council, the Appraisal Subcommittee maintains separate financial records and administrative processes. The Council is not responsible for any debts incurred by the Appraisal Subcommittee, nor are Appraisal Subcommittee funds available for use by the Council.

(2) Significant Accounting Policies

Basis of Accounting — The Council prepares its financial statements in accordance with accounting principles generally accepted in the United States (GAAP).

Revenues — Assessments are made on member organizations to fund the Council's operations based on expected cash needs and are recognized as revenue in the period in which they are assessed. Amounts over- or under-assessed due to differences between assessments and actual expenses are presented in the Council's Statements of Operations in the "Cumulative results of operations" line item during the year and then may be used to offset or increase the next year's assessment. Deficits in "Cumulative results of operations" can be recouped in the following year's assessments.

The Council provides in-person and virtual training seminars in the Washington, D.C. area and at locations throughout the country for member organizations, other federal agencies, and state organizations. The Council recognizes revenue from member agencies for the production and distribution of the Uniform Bank Performance Reports (UBPR) through the FDIC. Tuition and UBPR revenue are adjusted at year-end to match expenses incurred as a result of providing education classes and UBPR services. For differences between revenues and expenses, member agencies are assessed an additional amount or credited a refund based on each member's proportional cost for the examiner education and UBPR budget. The Council recognizes revenue from member agencies for expenses incurred related to the Central Data Repository (CDR) processing system, the Community Reinvestment Act (CRA) processing system, and the Geocoder, Census Product Services, and Website Modernization services (Other Revenues).

Equipment and Software — Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which range from three to five years. Upon the sale or other disposition of a depreciable asset, the cost and related accumulated depreciation are removed and any gain or loss is recognized. Costs incurred to acquire software are capitalized based on the purchase price. Costs incurred during the application development stage to develop internal-use software are capitalized based on the cost of direct services and materials associated with designing, coding, installing, and testing the software. Capitalized software costs are amortized on a straight-line basis over the estimated useful lives of the software applications, which generally range from two to five years. Maintenance costs and minor enhancements related to software are charged to operating expense in the year incurred. The CDR system, which consists of internally developed software projects, are recorded at cost less accumulated depreciation; unique useful lives are applied to these assets as appropriate.

Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements

and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates include useful lives of the CDR and the HMDA processing systems previously maintained by the FRB.

Leases — Leases are identified in accordance with the Financial Accounting Standards Board (FASB), ASC 842. The Council’s leases involve lessee arrangements for office and classroom space and equipment that are classified as operating leases. The Council’s discount rate is based on a risk-free Treasury borrowing rate at lease commencement using a period comparable to the lease term. The Council elected to utilize the transition package of practical expedients permitted under Topic 842, which, among other things, allowed the Council to carry forward the historical lease classification. Additionally, the Council made an accounting policy election to exempt short-term leases (with an initial term of 12 months or less) from the provisions of Topic 842, which resulted in recognition of the related lease payments on a straight-line basis over the lease term, consistent with prior treatment under Topic 840. The Council did not elect the “hindsight” practical expedient when determining the lease terms under Topic 842.

Accounts Receivable — Accounts receivable for members and nonmembers are shown net of the allowance for doubtful accounts. The Council recognized its allowance in accordance with FASB ASC 326, *Financial Instruments - Credit Losses* and the current expected credit loss (“CECL”) methodology. The allowance for doubtful accounts is reviewed monthly, based on the Council’s historical experiences, current conditions, and reasonable and supportable forecasts of its outstanding receivables. Based on this method, the Council currently believes its receivables to be fully collectible.

Prepaid Expenses — The Council recognizes expenses as prepaid for costs paid in advance that will be expensed with the passage of time or upon the occurrence of a triggering event in future periods.

Commitments and contingencies — Liabilities for loss contingencies arising from claims, assessments, litigation, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Tax Exempt Status — The Council is not subject to state or local income taxes, and federal law does not impose taxes on the Council’s income.

Recently Issued Accounting Standards – In 2024, the FASB issued Accounting Standards Update (ASU) 2024-03 Income Statement – Reporting Comprehensive Income-Expense Disaggregation Disclosures (SubTopic 220-40): *Disaggregation of Income Statement Expenses*. Subsequently, in January 2025, the FASB issued a related ASU, ASU 2025-01, Income Statement— Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): *Clarifying the Effective Date*. This update improves the disclosures about an entity’s expenses and addresses requests for more detailed information about the types of expenses in commonly presented expense captions. This update is effective for the year ending December 31, 2027, and early adoption is permitted. The Council will continue to evaluate the effect of this new guidance on its financial statements.

In July 2025, the FASB issued ASU 2025-05 Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This update provides entities with a practical expedient to assume that current conditions as of the balance sheet date for a contract asset do not change for the remaining life of the asset when developing reasonable and supportable forecasts as part of estimating expected credit losses. This update is effective for the year ending December 31, 2026, and early adoption is permitted. The Council is evaluating the effect of this new guidance on its financial statements.

In September 2025, the FASB issued ASU 2025-06 Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): *Targeted Improvements to the Accounting for Internal-Use Software*. This update better aligns accounting for internally developed software with the shift towards incremental and iterative development methods. The update can be applied on a fully prospective basis, a modified basis for in-process projects, or on a full retrospective basis. This update is effective for the Council for the year ending December 31, 2028. The Council is evaluating the effect of this new guidance on its financial statements.

(3) Selected Transactions with Member Agencies

	2025	2024
Accounts receivable:		
Board of Governors of the Federal Reserve System	\$ 181,220	\$ 231,718
Consumer Financial Protection Bureau	161,355	60,383
Federal Deposit Insurance Corporation	328,434	269,830
National Credit Union Administration	39,031	80,696
Office of the Comptroller of the Currency	<u>281,135</u>	<u>409,347</u>
	<u>\$ 991,175</u>	<u>\$ 1,051,974</u>
Accounts payable and accrued liabilities:		
Board of Governors of the Federal Reserve System	\$ 522,757	\$ 475,427
Consumer Financial Protection Bureau	95,194	406,619
Federal Deposit Insurance Corporation	176,103	49,614
National Credit Union Administration	81,603	92,373
Office of the Comptroller of the Currency	<u>133,175</u>	<u>22,799</u>
	<u>\$ 1,008,832</u>	<u>\$ 1,046,832</u>
Operations:		
Council operating expenses reimbursed by members	\$ 2,179,964	\$ 2,272,473
FRB-provided administrative support	\$ 1,067,295	\$ 1,220,825
FRB-provided data processing	\$ 2,131,789	\$ 2,011,457
Tuition revenue:		
Member tuition	\$ 5,722,869	\$ 5,884,511

Member agencies of the Council detail personnel to support Council operations. The salaries and related costs presented on the Statement of Operations represent the amounts which the Council has reimbursed member agencies. These detailed personnel are paid through the payroll systems of their respective member agency. The Council does not have any post-retirement or post-employment benefit liabilities since Council personnel are included in the plans of the member agencies.

Member agencies are not reimbursed for the costs of personnel who serve as Council members and on the various task forces and committees of the Council. The value of these contributed services is not included in the accompanying financial statements.

(4) Software

In 2024, the Council awarded a new contract to enhance and maintain the Central Data Repository (CDR), the system used to collect, validate, process, and distribute Call Report information used by member organizations. The contract included enhancements that significantly enhanced the CDR asset. The Council incurred costs related to these enhancement efforts in 2024 and 2025 and capitalized in 2025. The Council also pays for hosting and maintenance expenses for the CDR and

recognizes the associated revenue from members. In conjunction with the capitalization of this new CDR development, legacy costs for the existing system of \$21,839,856 and the associated accumulated depreciation of the same amount were derecognized.

In 2024, the Council awarded a new contract to design, develop, and deploy a cloud-based website for the Council. The costs incurred related to the development of the website was \$65,000 and \$197,000 as of December 31, 2025 and December 31, 2024, respectively. The development was completed in March 2025.

The following is a summary of the components of the Council’s software, at cost, less accumulated depreciation and amortization as of December 31, 2025 and 2024:

	As of December 31,	
	2025	2024
CDR	\$ 2,449,240	\$ 22,802,391
Website Modernization	262,325	197,143
Subtotal	2,711,565	22,999,534
Less accumulated depreciation and amortization	<u>(202,631)</u>	<u>(21,839,856)</u>
Software – net	<u>\$ 2,508,934</u>	<u>\$ 1,159,678</u>

CDR Financial Activity — The Council is funding the program by billing the three participating Council member agencies (FRB, FDIC, and OCC). The accounts payable and accrued liabilities for CDR maintenance and support services are \$306,000 and \$401,000 as of December 31, 2025 and 2024, respectively.

The Council recorded accrued liabilities for noncash CDR and website modernization capital assets of goods received or services performed, which resulted in a net change of (\$183,000) and \$248,000 for the years ended December 31, 2025, and 2024, respectively.

Correction of Prior Year Statement of Cash Flows — In 2024, capital expenditures of \$207,868 for CDR were incorrectly reflected in the Accounts payable and accrued liabilities non-member within the Cash flows from operating activities rather than the Cash flows used in investing activities as non-cash. This error had no impact on the Council’s ending cash balance or its net income, and the Council determined that the error was not material to the financial statements. The presentation of these amounts have been corrected in 2025 and reflected appropriately in the comparative statements.

(5) Leases

In 2025, the Council extended its existing operating lease with FDIC by one year for office and classroom space, which resulted in a net increase to the operating right-of-use (ROU) assets and

corresponding lease liabilities of \$264,411 and \$258,574, respectively, as of December 31, 2025. The Council's current lease arrangements expire in 2028.

The Council's lease population does not include any residual value guarantees, and therefore none were considered in the calculation of the ROU asset and lease liability balances. The Council has leases that contain variable payments, most commonly in the form of common area maintenance charges, which are based on actual costs incurred. These variable payments were excluded from the calculation of the ROU asset and lease liability balances since they are not fixed or in-substance fixed payments.

For leases with terms greater than 12 months, the FFIEC records the related ROU assets and lease liabilities at the present value of lease payments over the lease terms. For leases with an initial term of 12 months or less (with purchase options or extension options that are not reasonably certain to be exercised), the Council does not record them on the balance sheet but instead recognizes lease expense on a straight-line basis over the terms of the leases.

Lease cost. The Council's lease cost was comprised of the following components for the years ended December 31, 2025 and 2024:

	2025	2024
Operating lease cost	\$ 384,348	\$ 390,184
Variable lease cost	11,037	21,674
Total lease cost	<u>\$ 395,385</u>	<u>\$ 411,858</u>

Lease commitments. The Council's future minimum lease payments required under operating leases as of December 31, 2025 were as follows:

	Operating Leases
2026	\$ 314,315
2027	50,798
2028	46,565
2029	-
2030	-
Thereafter	-
Total lease payments	<u>411,678</u>
Less imputed interest	10,304
Present value of lease payments	<u>401,374</u>
Less current maturities of lease obligations	308,277
Long-term lease obligations	<u>\$ 93,097</u>

In order to calculate the ROU asset and lease liability for a lease, Topic 842 requires that a lessee apply a discount rate equal to the rate implicit in the lease whenever that rate is readily determinable. The Council's lease agreements do not provide a readily determinable implicit rate, nor is the rate available to the Council from its lessors. Therefore, as permitted under Topic 842 for non-public

business entities in such situations, management estimates the Council’s risk-free rate (U.S. Treasury rate), as determined using a period comparable with that of the lease term. The risk-free rate, which is based on information available at either the implementation date of Topic 842 or at lease commencement for leases entered into subsequently, is used to discount the remaining lease payments to present value.

Additional lease information. Additional information related to the Council’s leases as of December 31, 2025 and 2024 was as follows:

	2025	2024
Weighted Average Remaining Lease Term		
Operating leases	1.68 years	2.02 years
Weighted Average Discount Rate		
Operating leases	3.87%	1.80%

Supplemental cash flow information. Supplemental cash flow information related to the Council’s leases during the years ended December 31, 2025 and 2024 was as follows:

	2025	2024
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 416,303	\$ 424,429

(6) Subsequent Events

There were no subsequent events that require adjustments to or disclosures in the financial statements as of December 31, 2025. Subsequent events were evaluated through March 3, 2026, which is the date the financial statements were available to be issued.

* * * * *