

PAT TILLMAN FOUNDATION

Financial Statements
and
Independent Auditor's Report

December 31, 2021
(with comparative totals for 2020)

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Independent Auditor's Report

To the Board of Directors of
Pat Tillman Foundation
San Jose, California

Opinion

We have audited the accompanying financial statements of Pat Tillman Foundation (a California nonprofit public benefit corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Pat Tillman Foundation as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pat Tillman Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Pat Tillman Foundation'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.

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 Pat Tillman Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pat Tillman Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Pat Tillman Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fester & Chapman, PLLC

June 24, 2022

Pat Tillman Foundation

STATEMENT OF FINANCIAL POSITION

December 31, 2021

(with comparative financial information as of December 31, 2020)

ASSETS		
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,791,271	\$ 2,406,668
Investments	1,457,201	1,342,318
Contributions receivable	1,580,011	892,348
Prepaid expenses	61,935	65,667
Refundable deposit	<u>38,259</u>	<u>6,800</u>
Total assets	<u>\$ 5,928,677</u>	<u>\$ 4,713,801</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and other accrued expenses	\$ 131,569	\$ 86,683
Accrued payroll	124,128	67,273
Note payable - Paycheck Protection Program	<u> </u>	<u>234,627</u>
Total liabilities	255,697	388,583
Net assets:		
Without donor restrictions:		
Undesignated	1,783,843	1,928,668
Designated by the Board of Directors:		
Scholarship renewals	<u>1,931,700</u>	<u>1,180,750</u>
Total without donor restrictions	3,715,543	3,109,418
With donor restrictions:		
Purpose restrictions	1,398,687	1,215,800
Time-restricted for future periods	<u>558,750</u>	<u> </u>
Total with donor restrictions	<u>1,957,437</u>	<u>1,215,800</u>
Total net assets	<u>5,672,980</u>	<u>4,325,218</u>
Total liabilities and net assets	<u>\$ 5,928,677</u>	<u>\$ 4,713,801</u>

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

Pat Tillman Foundation

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

(with comparative financial information for the year ended December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
Support, revenues, and gains:				
Special event - Pat's Run:				
Contributions, sponsorships and race entry fees	\$ 1,312,875	\$ 228,500	\$ 1,541,375	\$ 1,998,604
Contributed goods and services	327,099		327,099	437,102
Less direct benefits to participants and sponsors	(663,052)		(663,052)	(820,334)
Less direct in-kind benefits to participants and sponsors	<u>(298,459)</u>		<u>(298,459)</u>	<u>(408,462)</u>
	678,463	228,500	906,963	1,206,910
Contributions	2,623,661	1,442,750	4,066,411	2,423,370
Net gain on investments	159,893		159,893	129,325
Forgiveness of Paycheck Protection Program loan	234,627		234,627	
Net assets released from restrictions	<u>929,613</u>	<u>(929,613)</u>		
Total support, revenues, and gains	<u>4,626,257</u>	<u>741,637</u>	<u>5,367,894</u>	<u>3,759,605</u>
Functional expenses:				
Tillman Scholars	<u>2,803,655</u>		<u>2,803,655</u>	<u>2,262,745</u>
Supporting services:				
Management and general	396,349		396,349	373,964
Fundraising	<u>820,128</u>		<u>820,128</u>	<u>604,263</u>
Total supporting services	<u>1,216,477</u>		<u>1,216,477</u>	<u>978,227</u>
Total expenses	<u>4,020,132</u>		<u>4,020,132</u>	<u>3,240,972</u>
Change in net assets	606,125	741,637	1,347,762	518,633
Net assets, beginning of year	<u>3,109,418</u>	<u>1,215,800</u>	<u>4,325,218</u>	<u>3,806,585</u>
Net assets, end of year	<u>\$ 3,715,543</u>	<u>\$ 1,957,437</u>	<u>\$ 5,672,980</u>	<u>\$ 4,325,218</u>

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

Pat Tillman Foundation

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

(with comparative financial information for the year ended December 31, 2020)

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTALS	
	Tillman Scholars Program	Management and general	Fundraising	Total	2021	2020
Expenses:						
Salaries and personnel services	\$ 722,225	\$ 164,204	\$ 338,694	\$ 502,898	\$ 1,225,123	\$ 1,030,161
Employee benefits	88,364	11,364	30,607	41,971	130,335	96,147
Payroll taxes	54,317	10,905	24,286	35,191	89,508	75,275
Total salaries and related expenses	864,906	186,473	393,587	580,060	1,444,966	1,201,583
Scholarships and program support	1,418,588				1,418,588	1,162,611
Professional services	132,542	147,388	85,226	232,614	365,156	289,059
Professional services (in-kind)	28,640				28,640	28,640
Public relations	60,470	50	15,000	15,050	75,520	33,754
Travel, training and meeting	108,758	28,100	45,191	73,291	182,049	96,528
Fundraising and database	27,758	4,159	155,703	159,862	187,620	202,790
Telephone and internet	14,360	1,330	3,315	4,645	19,005	13,193
Occupancy	61,754	19,106	41,370	60,476	122,230	121,026
Administrative fees		2,742	7,718	10,460	10,460	1,808
Printing	28,048	437	3,295	3,732	31,780	3,927
Postage and shipping	28,783	1,322	37,398	38,720	67,503	46,315
Miscellaneous	19,834	1,355	24,352	25,707	45,541	15,113
Office	3,386	2,615	4,212	6,827	10,213	13,941
Insurance	5,828	1,272	3,761	5,033	10,861	10,684
Total expenses	\$ 2,803,655	\$ 396,349	\$ 820,128	\$ 1,216,477	\$ 4,020,132	\$ 3,240,972
Percentage of total	<u>70%</u>	<u>10%</u>	<u>20%</u>	<u>30%</u>	<u>100%</u>	

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

Pat Tillman Foundation

STATEMENT OF CASH FLOWS

Year Ended December 31, 2021

(with comparative financial information for the year ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,347,762	\$ 518,633
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) provided by operating activities:		
Unrealized and realized gain on investments	(116,915)	(104,297)
Gain on forgiveness of Paycheck Protection Program loan	(234,627)	
Change in:		
Contributions receivable	(687,663)	220,305
Prepaid expenses	3,732	146,976
Refundable deposit	(31,459)	
Accounts payable and other accrued expenses	44,886	40,849
Accrued payroll	56,855	(15,231)
Deferred revenue		<u>(4,015)</u>
Net cash and cash equivalents provided by operating activities	<u>382,571</u>	<u>803,220</u>
Cash flows from investing activities:		
Purchases of investments		(2,343)
Proceeds from sale of investments	<u>2,032</u>	
Net cash and cash equivalents used by investing activities	<u>2,032</u>	<u>(2,343)</u>
Cash flows from financing activities:		
Proceeds from PPP loan payable		<u>234,627</u>
Net cash and cash equivalents provided by financing activities		<u>234,627</u>
Change in cash and cash equivalents	384,603	1,035,504
Cash and cash equivalents, beginning of year	<u>2,406,668</u>	<u>1,371,164</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,791,271</u></u>	<u><u>\$ 2,406,668</u></u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	\$ 0	\$ 0

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

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(with comparative financial information as of and for the year ended December 31, 2020)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In 2004, the Pat Tillman Foundation (the Foundation) was created by Tillman family and friends to honor Pat's legacy, as a 501(c)(3) nonprofit public benefit corporation. Pat Tillman was born in San Jose, California in 1976. He attended Arizona State University, and in 1998 was drafted by the Arizona Cardinals in the seventh round. In July of 2002, Pat placed his NFL career on hold to serve his country. Following Pat's death in 2004, while serving with the U.S. Army's 75th Ranger Regiment in Afghanistan, his family and friends established the Pat Tillman Foundation.

The significant accounting policies of the Foundation are as follows:

Basis of Presentation - The Foundation follows standards of accounting and financial reporting for voluntary health and welfare organizations as prescribed by accounting principles generally accepted in the United States of America. In accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*, the Foundation reports its financial position and operating activities in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include those net assets over which the Board of Directors has discretionary control in carrying out the operations of the Foundation. Under this category the Foundation maintains an operating fund, plus any net assets designated by the Board for specific purposes. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Net assets with donor restrictions include those net assets which are subject to donor or time restrictions, and for which the applicable restrictions were not met as of the end of the fiscal year.

Use of Estimates - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Cash and Cash Equivalents - For the purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Foundation maintains its cash and cash equivalents in bank deposit accounts, which at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes it is not exposed to any significant risks on cash accounts.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(with comparative financial information as of and for the year ended December 31, 2020)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED

Investments - Investments are recorded at fair value. Unrealized and realized gains and losses are accounted for as investment income.

Contributions Receivable - Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Management considers its contributions receivable to be fully collectible, and accordingly, no allowance for doubtful accounts has been recorded.

Prepaid Expenses - Prepaid expenses consist of amounts paid in advance for expenses relating to the Pat's Run event to be held in the subsequent year, as well as business liability and Directors and Officers liability insurance premiums.

Furniture and Equipment - Furniture and equipment costing more than \$5,000 is capitalized and stated at historical cost. Donated furniture and equipment meeting the capitalization threshold is stated at estimated fair value at the date of donation. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets is expensed as incurred. Furniture and equipment is depreciated over 5 years using the straight-line method.

Revenue Recognition - The Foundation recognizes support and revenue on the accrual basis of accounting. Entry fees received for events held in a subsequent fiscal year are recorded as deferred event revenue when received, and recognized as revenue in the period in which the event occurs.

Contributions - Contributions are reported in accordance with the FASB ASC topic of *Not-for-Profit Entities*. Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as with donor restrictions or without donor restrictions depending on the nature of donor restrictions and depending on whether the restrictions are met in the current fiscal period. Restricted contributions are reported as increases in net assets without restrictions if the restrictions have been met in the current fiscal period. If the restriction has not been met by fiscal year end, the amount is reported as an increase in net assets with donor restrictions. When the restriction is finally met on a contribution received in a prior fiscal period, the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(with comparative financial information as of and for the year ended December 31, 2020)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED

Contributions In-Kind - Contributions in-kind are also recognized in accordance with the provisions of the FASB ASC topic of *Not-for-Profit Entities*. Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Foundation would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Foundation also receives donated services that do not require specific expertise, but which are nonetheless central to the Foundation's operations. No volunteer services are recognized in the accompanying financial statements as they do not meet the above criteria; however, a substantial number of volunteers have donated significant amounts of their time to the Foundation.

Income Taxes - The Foundation is exempt from federal and state income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

Functional Expense Allocation - The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: salaries and related expenses, professional services, public relations, travel, fundraising, printing, postage and shipping, telephone and internet, occupancy, office, insurance and other miscellaneous are allocated on the basis of estimates of time and effort.

Prior Year Summarized Information - The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should only be read in conjunction with the Foundation's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Recent Accounting Pronouncements - The FASB issued ASU No. 2016-02, Leases (Topic 842), which replaces existing lease accounting guidance. This new guidance is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the statement of financial position. The guidance will also require additional disclosures to better inform financial statement users of the amount, timing and uncertainty of cash flows arising from leases. The primary impact of this guidance, which will be effective for the Foundation's fiscal year 2022, will be to record right-of-use assets and lease obligations for current operating leases. The impact of this standard on the Foundation's financial statements is being evaluated.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(with comparative financial information as of and for the year ended December 31, 2020)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958) on Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which requires organizations to present contributed nonfinancial assets as a separate line item in the Statement of Activities, apart from cash and other financial assets, and disaggregate into different categories those nonfinancial assets. For each category of utilized assets, the description of programs or other activities in which the assets are utilized and any donor-imposed restrictions on the use of assets need to be disclosed. The standard is effective for the Foundation's fiscal year 2022. The impact of this standard on the Foundation's financial statements is being evaluated

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Foundation monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. The Foundation has the following financial assets that could readily be made available within one year of each fiscal year end to fund expenses without limitations:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 2,791,271	\$ 2,406,668
Investments	1,457,201	1,342,318
Contributions receivable	<u>1,580,011</u>	<u>892,348</u>
Total financial assets	5,828,483	4,641,334
Less amounts unavailable for general expenditure within one year:		
Board-designated:		
Scholarship renewals	(1,931,700)	(1,180,750)
With donor restrictions:		
Purpose restrictions	(1,398,687)	(1,215,800)
Time-restricted for future periods	<u>(558,750)</u>	<u> </u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,939,346</u>	<u>\$ 2,244,784</u>

In addition to financial assets available to meet general expenditures over the year, the Foundation operates with a balanced budget and anticipates covering its general expenditures by collecting contributions, grants, and other revenues and by utilizing donor-restricted resources from current and prior years gifts. As part of the liquidity management plan, the Foundation has invested amounts in short-term investments and money market funds.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(with comparative financial information as of and for the year ended December 31, 2020)

NOTE 3 - PROGRAM SERVICES

The programmatic pillar of the Pat Tillman Foundation is the Tillman Scholars (TS) Program. Founded in 2008, the TS Program supports our nation's active-duty service members, veterans and their spouses with an academic scholarship and programmatic support. The scholarship covers direct study-related expenses, including tuition and fees, books and living expenses, for scholars who are pursuing undergraduate, graduate or professional degrees as a full-time student at a public or private, U.S.-based accredited institution. Each year, the Foundation selects up to 60 Tillman Scholars who embody Pat's commitment to service, learning and action. The Scholars chosen demonstrate extraordinary academic and leadership potential, a track record of perseverance, and a deep desire to create positive change through their work in the fields of medicine, law, business, policy, technology, education, and the arts.

Since its inception, the TS Program has evolved into a community of military veterans and spouses, accepting applicants based on merit and potential for impact. Overall, since inception the Foundation has invested over \$24 million in Tillman Scholar scholarships and has named over 750 Tillman Scholars at more than 120 academic institutions nationwide. Tillman Scholars represent all five branches of the United States military, including the National Guard and reserves, as well as military spouses.

Aided by a grassroots marketing effort, the Foundation received nearly 2,000 complete applications during the month-long submission window during the year ended December 31, 2021. After careful review and consideration among regional and final selection committees, 60 candidates were selected to join the tenth class of Tillman Scholars. During the years ended December 31, 2021 and 2020, the Foundation awarded \$1,281,500 and \$1,027,500, respectively, in scholarships. As of December 31, 2021 and 2020, the Board has designated \$1,931,700 and \$1,180,750, respectively, in funds for anticipated scholarship fund renewals for current Tillman Scholars. Prior to focusing on veterans' education, the Foundation fully endowed the Leadership Through Action™ program at Arizona State University, serving promising undergraduate students with a unique personal development and leadership curriculum.

NOTE 4 - CASH AND CASH EQUIVALENTS

The Foundation's cash and cash equivalents consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash in bank	\$ 2,704,933	\$ 2,365,340
Money market funds	<u>86,338</u>	<u>41,328</u>
	<u>\$ 2,791,271</u>	<u>\$ 2,406,668</u>

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(with comparative financial information as of and for the year ended December 31, 2020)

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities, and they are considered to be the most reliable evidence of fair value.

Level 2 inputs are observable inputs, either directly or indirectly, other than quoted prices included within Level 1. The Foundation currently does not have any financial instruments it values based on Level 2 inputs.

Level 3 inputs are unobservable and are used to measure fair value only when observable inputs are not available. The Foundation currently does not have any financial instruments it values based on Level 3 inputs.

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Mutual funds: Valued as the net asset value (NAV) of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(with comparative financial information as of and for the year ended December 31, 2020)

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Fair value of assets measured on a recurring basis was as follows at December 31:

	<u>Level 1</u>	
	<u>2021</u>	<u>2020</u>
Mutual funds:		
US fixed income	\$ 176,784	\$ 178,990
Non-US fixed income	110,895	111,952
US fund bonds	142,258	140,501
International equities	82,452	79,129
Large cap equity	562,979	491,652
Other	<u>381,833</u>	<u>340,094</u>
Total investments	<u>\$ 1,457,201</u>	<u>\$ 1,342,318</u>

Investments consist of shares in mutual funds, and are stated at fair value. Net investment income consisted of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 42,978	\$ 25,028
Unrealized and realized gain	<u>116,915</u>	<u>104,297</u>
	<u>\$ 159,893</u>	<u>\$ 129,325</u>

NOTE 6 - CONTRIBUTIONS RECEIVABLE, NET

The Foundation's contributions receivable totaling \$1,580,011 and \$892,348 at December 31, 2021 and 2020, respectively, were due in less than one year.

At December 31, 2021 and 2020, 49% and 82%, respectively, of contributions receivable was due from one donor. The Foundation considers the balances to be fully collectible and has not recorded an allowance for doubtful accounts at December 31, 2021 or 2020.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(with comparative financial information as of and for the year ended December 31, 2020)

NOTE 7 - PAYCHECK PROTECTION PROGRAM

In April 2020, the Foundation received loan proceeds in the amount of \$234,627, under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was scheduled to bear interest at a rate of 1% and mature in August 2023. Payments were to be due beginning in September 2021. Forgiveness of the loan was subject to compliance and approval based on the timing and use of funds in accordance with the program requirements.

In May 2021, the Foundation received loan forgiveness in the amount of \$234,627. The forgiveness is recognized as gain on forgiveness of loan on the statement of activities for the year ended December 31, 2021.

NOTE 8 - BOARD RESTRICTED NET ASSETS

The Foundation's Board of Directors has established funds designated for anticipated scholarship renewals for current Tillman Scholars. These amounts have been included in net assets without donor restrictions as designations imposed by the Board and are not donor restricted.

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions activity for the year ended December 31, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Releases</u>	<u>Ending Balance</u>
Time restriction on contributions receivable		\$ 558,750		\$ 558,750
Pat's Run sponsorships and registrations	\$ 197,000	228,500	\$ (187,000)	238,500
Other event sponsorships	200,000	150,000	(200,000)	150,000
Scholarships	520,000	590,000	(500,000)	610,000
Other program expenses	298,800	144,000	(42,613)	400,187
	<u>\$ 1,215,800</u>	<u>\$ 1,671,250</u>	<u>\$ (929,613)</u>	<u>\$ 1,957,437</u>

Net assets with donor restrictions activity for the year ended December 31, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Releases</u>	<u>Ending Balance</u>
Time restriction on contributions receivable	\$ 25,000		\$ (25,000)	
Pat's Run sponsorships and registrations	272,000	\$ 187,000	(262,000)	\$ 197,000
Other event sponsorship	200,000	200,000	(200,000)	200,000
Scholarships	570,000	550,000	(600,000)	520,000
Other program expenses	131,597	200,000	(32,797)	298,800
	<u>\$ 1,198,597</u>	<u>\$ 1,137,000</u>	<u>\$ (1,119,797)</u>	<u>\$ 1,215,800</u>

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

(with comparative financial information as of and for the year ended December 31, 2020)

NOTE 10 - CONTRIBUTIONS IN-KIND

The estimated fair value of donated materials, facilities, travel, and expert services received are recorded as contributions in-kind. The Foundation strives to offset real costs wherever possible with donated goods and services, utilizing its signature fundraiser as a valuable sponsorship asset. During the years ended December 31, the Foundation recognized the following in-kind contributions:

	<u>2021</u>	<u>2020</u>
Donated supplies	\$ 28,640	\$ 28,640
Special event support	<u>298,459</u>	<u>408,462</u>
	<u>\$ 327,099</u>	<u>\$ 437,102</u>

NOTE 11 - CONCENTRATIONS

The Foundation sponsors several fundraising events each year to help fund its Tillman Scholars Program. The largest event, Pat's Run, is a 4.2 mile run/walk held in Tempe, Arizona annually. During the years ended December 31, 2021 and 2020, net proceeds of \$906,963 and \$1,206,910, respectively, excluding in-kind contributions, comprised 17% and 32%, respectively, of total revenue and support each year.

NOTE 12 - CONFLICT OF INTEREST POLICY

Included among the Foundation's Board of Directors and officers are volunteers from the community who provide valuable assistance to the Foundation in the development of policies and programs and in the evaluation of business transactions. The Foundation has adopted a conflict of interest policy whereby Board members are disqualified from participation in the final decisions regarding any action affecting their related companies or agencies.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 24, 2022, which was the date the Foundation's financial statements were issued.