

# **PAT TILLMAN FOUNDATION**

Financial Statements  
and  
Independent Auditor's Report

December 31, 2023  
(with comparative totals for 2022)

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## Independent Auditor's Report

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

### **Report on the Audit of the Financial Statements**

#### **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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Fester & Chapman, PLLC*

May 16, 2024

Pat Tillman Foundation

STATEMENT OF FINANCIAL POSITION

December 31, 2023

(with comparative financial information as of December 31, 2022)

ASSETS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,699,338	\$ 2,560,788
Investments	1,522,212	1,216,699
Contributions receivable	730,509	1,742,321
Prepaid expenses	215,619	207,798
Refundable deposit	31,459	31,459
Operating lease - right-of-use asset	<u>549,755</u>	<u>643,719</u>
Total assets	<u>\$ 5,748,892</u>	<u>\$ 6,402,784</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$ 75,909	\$ 229,279
Accrued payroll	86,246	110,628
Deferred revenue	83,245	
Operating lease liability	<u>612,980</u>	<u>676,205</u>
Total liabilities	858,380	1,016,112

Net assets:

Without donor restrictions:

Undesignated	2,151,264	1,174,696
Designated by the Board of Directors:		
Scholarship renewals	<u>1,221,950</u>	<u>2,082,650</u>
Total without donor restrictions	3,373,214	3,257,346

With donor restrictions:

Purpose restrictions	1,136,048	1,515,176
Time-restricted for future periods	<u>381,250</u>	<u>614,150</u>
Total with donor restrictions	<u>1,517,298</u>	<u>2,129,326</u>
Total net assets	<u>4,890,512</u>	<u>5,386,672</u>
Total liabilities and net assets	<u>\$ 5,748,892</u>	<u>\$ 6,402,784</u>

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

Pat Tillman Foundation

STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

(with comparative financial information for the year ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	<u>Totals</u>	
			<u>2023</u>	<u>2022</u>
Support, revenues, and gains (losses):				
Special event - Pat's Run:				
Contributions, sponsorships and race entry fees	\$ 1,618,754	\$ 376,720	\$ 1,995,474	\$ 2,052,786
Contributed goods and services	412,792		412,792	405,625
Less direct benefits to participants and sponsors	(1,103,317)		(1,103,317)	(1,003,164)
Less direct in-kind benefits to participants and sponsors	<u>(412,792)</u>		<u>(412,792)</u>	<u>(405,625)</u>
	515,437	376,720	892,157	1,049,622
Contributions	2,648,377	1,208,450	3,856,827	4,008,386
In-kind contributions				37,907
Net gain (loss) on investments	193,356		193,356	(236,842)
Service fee income	130,863		130,863	8,000
Net assets released from restrictions	<u>2,197,198</u>	<u>(2,197,198)</u>		
Total support, revenues, and gains (losses)	<u>5,685,231</u>	<u>(612,028)</u>	<u>5,073,203</u>	<u>4,867,073</u>
Functional expenses:				
Tillman Scholars	<u>3,953,202</u>		<u>3,953,202</u>	<u>3,791,259</u>
Supporting services:				
Management and general	592,746		592,746	475,949
Fundraising	<u>1,023,415</u>		<u>1,023,415</u>	<u>886,173</u>
Total supporting services	<u>1,616,161</u>		<u>1,616,161</u>	<u>1,362,122</u>
Total expenses	<u>5,569,363</u>		<u>5,569,363</u>	<u>5,153,381</u>
Change in net assets	115,868	(612,028)	(496,160)	(286,308)
Net assets, beginning of year	<u>3,257,346</u>	<u>2,129,326</u>	<u>5,386,672</u>	<u>5,672,980</u>
Net assets, end of year	<u>\$ 3,373,214</u>	<u>\$ 1,517,298</u>	<u>\$ 4,890,512</u>	<u>\$ 5,386,672</u>

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

Pat Tillman Foundation

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

(with comparative financial information for the year ended December 31, 2022)

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTALS	
	Tillman Scholars Program	Management and general	Fundraising	Total	2023	2022
Expenses:						
Salaries and personnel services	\$ 1,204,530	\$ 223,562	\$ 472,391	\$ 695,953	\$ 1,900,483	\$ 1,534,747
Employee benefits	191,935	28,391	79,430	107,821	299,756	215,285
Payroll taxes	95,708	13,475	36,253	49,728	145,436	112,807
Total salaries and related expenses	1,492,173	265,428	588,074	853,502	2,345,675	1,862,839
Scholarships and program support	1,608,360	1,108		1,108	1,609,468	1,539,874
Professional services	202,801	129,164	59,741	188,905	391,706	339,131
Professional services (in-kind)						37,907
Public relations	27,348				27,348	29,498
Travel, training and meeting	332,227	63,877	55,948	119,825	452,052	592,288
Fundraising and database	40,912	12,063	191,606	203,669	244,581	223,494
Telephone and internet	12,961	3,102	2,516	5,618	18,579	14,278
Occupancy	103,194	3,948	51,685	55,633	158,827	194,332
Administrative fees		2,199	17,856	20,055	20,055	18,660
Printing	62,998	331	6,965	7,296	70,294	74,198
Postage and shipping	14,440	676	13,123	13,799	28,239	57,613
Miscellaneous	31,730	<b>107,573</b>	30,022	137,595	169,325	121,298
Office	14,730	2,118	1,474	3,592	18,322	33,818
Insurance	9,328	1,159	4,405	5,564	14,892	14,153
Total expenses	<u>\$ 3,953,202</u>	<u>\$ 592,746</u>	<u>\$ 1,023,415</u>	<u>\$ 1,616,161</u>	<u>\$ 5,569,363</u>	<u>\$ 5,153,381</u>
Percentage of total	<u>71%</u>	<u>11%</u>	<u>18%</u>	<u>29%</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, 2023

(with comparative financial information for the year ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (496,160)	\$ (286,308)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities:		
Unrealized and realized (gain) loss on investments	(150,070)	270,861
Net change in operating lease - right-of-use asset and operating lease liability	30,739	32,486
Change in:		
Contributions receivable	1,011,812	(162,310)
Prepaid expenses	(7,821)	(145,863)
Refundable deposit		6,800
Accounts payable and accrued expenses	(153,370)	97,710
Accrued payroll	(24,382)	(13,500)
Deferred revenue	83,245	
Net cash and cash equivalents provided (used) by operating activities	<u>293,993</u>	<u>(200,124)</u>
Cash flows from investing activities:		
Purchases of investments	(250,511)	(30,359)
Proceeds from sale of investments	95,068	
Net cash and cash equivalents used by investing activities	<u>(155,443)</u>	<u>(30,359)</u>
Change in cash and cash equivalents	138,550	(230,483)
Cash and cash equivalents, beginning of year	<u>2,560,788</u>	<u>2,791,271</u>
Cash and cash equivalents, end of year	<u>\$ 2,699,338</u>	<u>\$ 2,560,788</u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	\$ 0	\$ 0
Cash paid for operating lease payments	\$ 72,098	\$ 70,349
<u>Supplemental disclosures of noncash investing and financing activities</u>		
Leased asset obtained in exchange for new operating lease liability		\$ 779,839

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

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(with comparative financial information as of and for the year ended December 31, 2022)

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.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(with comparative financial information as of and for the year ended December 31, 2022)

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

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.

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.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(with comparative financial information as of and for the year ended December 31, 2022)

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

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.

Contributions In-Kind - Contributions in-kind are also recognized in accordance with the provisions of the FASB ASC topic of *Not-for-Profit Entities*. Use of donated equipment, goods and services are recorded at their estimated fair value at the date of donation. Donated services are recognized in the financial statements at their estimated fair value if the following criteria are met:

- i) The services require specialized skills and the services are provided by individuals possessing those skills, and the services would typically need to be purchased if not donated, or
- ii) The services enhance or create an asset.

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.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(with comparative financial information as of and for the year ended December 31, 2022)

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

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, 2022, from which the summarized information was derived.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(with comparative financial information as of and for the year ended December 31, 2022)

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>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 2,699,338	\$ 2,560,788
Investments	1,522,212	1,216,699
Contributions receivable	<u>730,509</u>	<u>1,742,321</u>
Total financial assets	4,952,059	5,519,808
Less amounts unavailable for general expenditure within one year:		
Board-designated:		
Scholarship renewals	(1,221,950)	(2,082,650)
With donor restrictions:		
Purpose restrictions	(1,136,048)	(1,515,176)
Time-restricted for future periods	<u>(381,250)</u>	<u>(614,150)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,212,811</u>	<u>\$ 1,307,832</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.

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.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(with comparative financial information as of and for the year ended December 31, 2022)

NOTE 3 - PROGRAM SERVICES - CONTINUED

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 \$34 million in Tillman Scholar scholarships and has named over 871 Tillman Scholars at more than 166 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 1,500 complete applications during the month-long submission window during the year ended December 31, 2023. 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, 2023 and 2022, the Foundation awarded \$1,409,500 and \$1,311,803, respectively, in scholarships. As of December 31, 2023 and 2022, the Board has designated \$1,221,950 and \$2,082,650, 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>2023</u>	<u>2022</u>
Cash in bank	\$ 2,684,169	\$ 2,445,466
Money market funds	<u>15,169</u>	<u>115,322</u>
	<u>\$ 2,699,338</u>	<u>\$ 2,560,788</u>

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).

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(with comparative financial information as of and for the year ended December 31, 2022)

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

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, 2023 and 2022.

*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, 2023

(with comparative financial information as of and for the year ended December 31, 2022)

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>2023</u>	<u>2022</u>
Mutual funds:		
US fixed income	\$ 160,042	\$ 151,001
Non-US fixed income	111,691	104,582
US fund bonds	135,392	123,418
International equities		75,188
Large cap equity	617,145	453,051
Other	<u>497,942</u>	<u>309,459</u>
Total investments	<u>\$ 1,522,212</u>	<u>\$ 1,216,699</u>

Investments consist of shares in mutual funds, and are stated at fair value. Net gain (loss) on investments consisted of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 43,286	\$ 34,019
Unrealized and realized gain (loss)	<u>150,070</u>	<u>(270,861)</u>
	<u>\$ 193,356</u>	<u>\$ (236,842)</u>

NOTE 6 - CONTRIBUTIONS RECEIVABLE, NET

The Foundation's contributions receivable totaling \$730,509 and \$1,742,321 at December 31, 2023 and 2022, respectively, were due in less than one year.

At December 31, 2023, 55% of contributions receivable was due from four donors. At December 31, 2022, 45% 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, 2023 or 2022.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(with comparative financial information as of and for the year ended December 31, 2022)

NOTE 7 - 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 8 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions activity for the year ended December 31, 2023 is as follows:

	Beginning <u>Balance</u>	<u>Contributions</u>	<u>Releases</u>	Ending <u>Balance</u>
Time restriction on contributions receivable	\$ 614,150	\$ 160,000	\$ (392,900)	\$ 381,250
Pat's Run sponsorships and registrations	340,200	376,720	(334,500)	382,420
Other event sponsorships	178,750	150,000	(325,000)	3,750
Scholarships	605,000	725,000	(867,697)	462,303
Other program expenses	<u>391,226</u>	<u>173,450</u>	<u>(277,101)</u>	<u>287,575</u>
	<u>\$ 2,129,326</u>	<u>\$ 1,585,170</u>	<u>\$(2,197,198)</u>	<u>\$ 1,517,298</u>

Net assets with donor restrictions activity for the year ended December 31, 2022 is as follows:

	Beginning <u>Balance</u>	<u>Contributions</u>	<u>Releases</u>	Ending <u>Balance</u>
Time restriction on contributions receivable	\$ 558,750	\$ 542,900	\$ (487,500)	\$ 614,150
Pat's Run sponsorships and registrations	238,500	340,200	(238,500)	340,200
Other event sponsorship	150,000	200,000	(171,250)	178,750
Scholarships	610,000	540,000	(545,000)	605,000
Other program expenses	<u>400,187</u>	<u>148,750</u>	<u>(157,711)</u>	<u>391,226</u>
	<u>\$ 1,957,437</u>	<u>\$ 1,771,850</u>	<u>\$(1,599,961)</u>	<u>\$ 2,129,326</u>

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(with comparative financial information as of and for the year ended December 31, 2022)

NOTE 9 - CONTRIBUTIONS IN-KIND

The Foundation records various types of in-kind support, including rent, supplies and professional services. Contributed in-kind support is recognized in accordance with accounting principles generally accepted in the United States of America. This requires recognition of certain services received if those services (a) create or enhance long-lived assets or (b) required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated facility, general support and professional services are valued based on amounts estimated by donors that would otherwise be paid at fair market value. Event related and other in-kind contributions include donated advertising, gift certificates, and supplies, and are valued based on estimated retail pricing.

	<u>2023</u>	<u>2022</u>
Special event support	\$ 412,792	\$ 405,625
Donated supplies		<u>37,907</u>
	<u>\$ 412,792</u>	<u>\$ 443,532</u>

NOTE 10 - LEASES

The Foundation has an operating lease for the Chicago office that expires in July 2029. Rental expense for the Chicago lease was \$102,836 for the year ended December 31, 2023, and is included in the occupancy expenses in the statement of functional expenses.

During the year ended December 31, 2023, the components of the lease expense were as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost:		
Rent expense:	\$ 102,836	\$ 102,836

Supplemental information for the statement of activities for the year ended December 31, 2023 related to lease was as follows:

	<u>2023</u>	<u>2022</u>
Operating lease right-of-use assets	\$ 549,755	\$ 643,719
Operating lease liabilities	612,980	676,205

Weighted average remaining lease term:

Operating leases	6 years	7 years
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Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(with comparative financial information as of and for the year ended December 31, 2022)

NOTE 10 - LEASES - CONTINUED

During the year ended December 31, 2023, the Foundation had the following cash and non-cash activities associated with leases:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 72,098	\$ 70,349
Non-cash investing and financing activities		
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases		\$ 779,839

Future minimum operating lease commitments are as follows:

Year ending December 31,		
2024	\$	92,376
2025		113,638
2026		116,465
2027		119,375
2028		122,366
Thereafter		<u>73,173</u>
		637,393
Less: interest		<u>24,413</u>
Present value of lease liabilities	\$	<u><u>612,980</u></u>

Because the Foundation does not have access to the rate implicit in the lease, the Foundation utilizes the appropriate US Treasury Bill rate relative to the lease terms as the discount rate. As of December 31, 2023, the weighted average discount rate on the operating lease was 1.358%.

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, 2023 and 2022, net proceeds of \$892,157 and \$1,049,622, respectively, excluding in-kind contributions, comprised 18% and 22%, respectively, of total revenue and support each year.

Pat Tillman Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(with comparative financial information as of and for the year ended December 31, 2022)

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 May 16, 2024, which was the date the Foundation's financial statements were issued.