

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

SPECIAL OPERATIONS WARRIOR FOUNDATION

December 31, 2025 and 2024

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Herman V. Lazzara	Michael E. Helton
Sam A. Lazzara	James K. O'Connor
Kevin R. Bass	David M. Bohnsack
Jonathan E. Stein	Julie A. Davis
Stephen G. Douglas	Karl N. Swan
Brooke B. Dawson	Dennis A. Paleveda
Marc D. Sasser, of Counsel	
Cesar J. Rivero, in Memoriam (1942-2017)	

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Special Operations Warrior Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Special Operations Warrior Foundation (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of December 31, 2025 and 2024 and the related statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Operations Warrior Foundation as of December 31, 2025 and 2024, and the changes in its net assets, cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 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 the 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

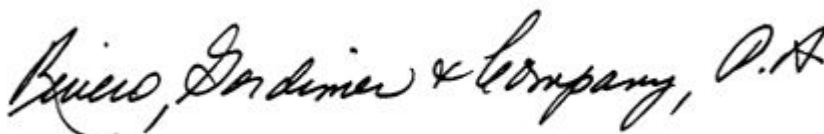
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Tampa, Florida
May 8, 2026

A handwritten signature in cursive script that reads "Bruce, Gardner & Company, P.A." The signature is written in dark ink and is positioned to the right of the typed location and date.

Special Operations Warrior Foundation

STATEMENT OF FINANCIAL POSITION

December 31, 2025

(With summarized comparative totals for December 31, 2024)

	Without donor restriction	With donor restriction	Total	
			2025	2024
ASSETS				
Cash and cash equivalents	\$ 4,367,785	\$ 1,000,000	\$ 5,367,785	\$ 3,406,044
Investments	286,586,677	2,199,145	288,785,822	252,256,110
Pledges receivable, net	-	100,000	100,000	196,153
Prepaid expenses and other assets	23,723	-	23,723	27,386
Property and equipment, net of accumulated depreciation	736,063	-	736,063	755,022
TOTAL ASSETS	\$ 291,714,248	\$ 3,299,145	\$ 295,013,393	\$ 256,640,715
LIABILITIES AND NET ASSETS				
Accounts payable and accrued expenses	\$ 305,468	\$ -	\$ 305,468	\$ 344,497
Accrued scholarships payable	92,401,000	-	92,401,000	83,065,000
Total liabilities	92,706,468	-	92,706,468	83,409,497
Net assets	199,007,780	3,299,145	202,306,925	173,231,218
TOTAL LIABILITIES AND NET ASSETS	\$ 291,714,248	\$ 3,299,145	\$ 295,013,393	\$ 256,640,715

The accompanying notes are an integral part of these statements.

Special Operations Warrior Foundation
STATEMENT OF FINANCIAL POSITION

December 31, 2024

	Without donor restriction	With donor restriction	Total
ASSETS			
Cash and cash equivalents	\$ 3,406,044	\$ -	\$ 3,406,044
Investments	250,525,378	1,730,732	252,256,110
Pledges receivable, net	-	196,153	196,153
Prepaid expenses and other assets	27,386	-	27,386
Property and equipment, net of accumulated depreciation	755,022	-	755,022
TOTAL ASSETS	\$ 254,713,830	\$ 1,926,885	\$ 256,640,715
LIABILITIES AND NET ASSETS			
Accounts payable and accrued expenses	\$ 344,497	\$ -	\$ 344,497
Accrued scholarships payable	83,065,000	-	83,065,000
Total liabilities	83,409,497	-	83,409,497
Net assets	171,304,333	1,926,885	173,231,218
TOTAL LIABILITIES AND NET ASSETS	\$ 254,713,830	\$ 1,926,885	\$ 256,640,715

The accompanying notes are an integral part of this statement.

Special Operations Warrior Foundation

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2025
(With summarized comparative totals for December 31, 2024)

	Without donor restriction	With donor restriction	Total	
			2025	2024
PUBLIC SUPPORT AND REVENUE				
Public support				
Contributions	\$ 8,715,203	\$ 1,245,528	\$ 9,960,731	\$ 12,496,532
Noncash contributions	2,483,894	-	2,483,894	2,308,954
Special events, net of direct costs of \$581,660 and \$520,496	7,629,814	-	7,629,814	4,384,811
Total public support	<u>18,828,911</u>	<u>1,245,528</u>	<u>20,074,439</u>	<u>19,190,297</u>
Other revenue (expense)				
Interest and dividends	4,057,747	36,531	4,094,278	3,487,263
Less investment fees	(1,053,203)	(1,221)	(1,054,424)	(746,120)
Realized gain on investments	8,674,148	60,614	8,734,762	31,231,678
Total other revenue	<u>11,678,692</u>	<u>95,924</u>	<u>11,774,616</u>	<u>33,972,821</u>
Net assets released from restrictions	<u>96,153</u>	<u>(96,153)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>30,603,756</u>	<u>1,245,299</u>	<u>31,849,055</u>	<u>53,163,118</u>
EXPENSES				
Program services				
Scholarships and related expenses	16,841,218	-	16,841,218	13,978,786
Counseling, tutoring, preschool and internships	4,140,122	-	4,140,122	3,265,299
Support to Special Operations wounded personnel	312,532	-	312,532	465,577
Total program services	<u>21,293,872</u>	<u>-</u>	<u>21,293,872</u>	<u>17,709,662</u>
Supporting services				
Management and general	569,234	-	569,234	584,504
Fundraising	1,067,978	-	1,067,978	1,132,260
Total supporting services	<u>1,637,212</u>	<u>-</u>	<u>1,637,212</u>	<u>1,716,764</u>
Total expenses	<u>22,931,084</u>	<u>-</u>	<u>22,931,084</u>	<u>19,426,426</u>
Change in net assets before other items	7,672,672	1,245,299	8,917,971	33,736,692
Other changes in net assets:				
Unrealized gain (loss) on investments	20,030,775	126,961	20,157,736	(4,815,471)
Change in net assets	27,703,447	1,372,260	29,075,707	28,921,221
Net assets at beginning of year	<u>171,304,333</u>	<u>1,926,885</u>	<u>173,231,218</u>	<u>144,309,997</u>
Net assets at end of year	<u>\$ 199,007,780</u>	<u>\$ 3,299,145</u>	<u>\$ 202,306,925</u>	<u>\$ 173,231,218</u>

The accompanying notes are an integral part of these statements.

Special Operations Warrior Foundation

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2024

	Without donor restriction	With donor restriction	Total
PUBLIC SUPPORT AND REVENUE			
Public support			
Contributions	\$ 12,494,532	\$ 2,000	\$ 12,496,532
Noncash contributions	2,308,954	-	2,308,954
Special events, net of direct costs of \$520,496	4,384,811	-	4,384,811
Total public support	<u>19,188,297</u>	<u>2,000</u>	<u>19,190,297</u>
Other revenue (expense)			
Interest and dividends	3,459,502	27,761	3,487,263
Less investment fees	(741,509)	(4,611)	(746,120)
Realized gain on investments	31,007,729	223,949	31,231,678
Total other revenue	<u>33,725,722</u>	<u>247,099</u>	<u>33,972,821</u>
Net assets released from restrictions	<u>92,456</u>	<u>(92,456)</u>	<u>-</u>
Total public support and revenue	<u>53,006,475</u>	<u>156,643</u>	<u>53,163,118</u>
EXPENSES			
Program services			
Scholarships and related expenses	13,978,786	-	13,978,786
Counseling, tutoring, preschool and internships	3,265,299	-	3,265,299
Support to Special Operations wounded personnel	465,577	-	465,577
Total program services	<u>17,709,662</u>	<u>-</u>	<u>17,709,662</u>
Supporting services			
Management and general	584,504	-	584,504
Fundraising	1,132,260	-	1,132,260
Total supporting services	<u>1,716,764</u>	<u>-</u>	<u>1,716,764</u>
Total expenses	<u>19,426,426</u>	<u>-</u>	<u>19,426,426</u>
Change in net assets before other items	33,580,049	156,643	33,736,692
Other changes in net assets:			
Unrealized loss on investments	(4,760,635)	(54,836)	(4,815,471)
Change in net assets	<u>28,819,414</u>	<u>101,807</u>	<u>28,921,221</u>
Net assets at beginning of year	<u>142,484,919</u>	<u>1,825,078</u>	<u>144,309,997</u>
Net assets at end of year	<u>\$ 171,304,333</u>	<u>\$ 1,926,885</u>	<u>\$ 173,231,218</u>

The accompanying notes are an integral part of this statement.

Special Operations Warrior Foundation

STATEMENTS OF CASH FLOWS

For the year ended December 31,

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 29,075,707	\$ 28,921,221
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	45,995	46,130
Noncash contribution of stock	(2,483,894)	(2,308,954)
Unrealized (gain) loss on investments	(20,157,736)	4,815,471
Decrease in pledges receivable	96,153	92,456
Decrease (increase) in prepaid expenses and other assets	3,663	(928)
(Decrease) increase in accounts payable and accrued expenses	(39,029)	68,514
Cash disbursements for accrued scholarships	(6,786,285)	(5,698,723)
Accrued scholarships payable adjustment	16,122,285	13,190,723
Total adjustments	<u>(13,198,848)</u>	<u>10,204,689</u>
Net cash provided by operating activities	<u>15,876,859</u>	<u>39,125,910</u>
Cash flows used in investing activities		
Investment income	(3,039,854)	(2,741,143)
Proceeds from sales of investments	90,924,167	292,864,978
Purchases of investments	(101,772,395)	(331,247,359)
Purchases of property, plant and equipment	<u>(27,036)</u>	<u>(10,450)</u>
Net cash used in investing activities	<u>(13,915,118)</u>	<u>(41,133,974)</u>
Net change in cash and cash equivalents	1,961,741	(2,008,064)
Cash and cash equivalents at beginning of year	<u>3,406,044</u>	<u>5,414,108</u>
Cash and cash equivalents at end of year	<u>\$ 5,367,785</u>	<u>\$ 3,406,044</u>
Supplemental disclosures of cash flow information		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Special Operations Warrior Foundation

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2025
(With summarized comparative totals for December 31, 2024)

	Scholarships and Related Expenses	Counseling, Tutoring, Preschool and Internships	Support to Special Operations Wounded Personnel	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total 2025	Total 2024
Salaries	\$ 514,599	\$ 308,759	\$ 102,920	\$ 926,278	\$ 411,679	\$ 720,439	\$ 1,132,118	\$ 2,058,396	\$ 2,094,572
Payroll taxes and benefits	80,306	48,184	16,061	144,551	64,245	112,428	176,673	321,224	327,980
Accrued scholarship payable adjustment	16,122,285	-	-	16,122,285	-	-	-	16,122,285	13,190,723
Assistance paid to wounded personnel	-	-	169,318	169,318	-	-	-	169,318	312,357
Tutoring, internships and preschool assistance	-	3,710,478	-	3,710,478	-	-	-	3,710,478	2,805,638
Banking and other fees	145	-	-	145	-	64,573	64,573	64,718	53,317
Conferences and meetings	4,115	2,469	823	7,407	3,291	5,760	9,051	16,458	24,174
Equipment rental and maintenance	8,797	5,278	1,759	15,834	7,038	12,315	19,353	35,187	41,757
Insurance	11,668	7,001	2,334	21,003	9,334	16,335	25,669	46,672	43,297
Internet technology services	18,478	11,087	3,696	33,261	14,782	25,869	40,651	73,912	68,717
Miscellaneous expenses	78	47	16	141	62	110	172	313	473
Postage and delivery	1,811	1,087	362	3,260	1,449	2,536	3,985	7,245	7,159
Printing and publications	2,997	1,798	599	5,394	2,397	4,195	6,592	11,986	19,125
Professional fees	16,362	9,817	3,272	29,451	13,090	22,907	35,997	65,448	70,675
Promotional materials	7,240	2,715	904	10,859	-	7,240	7,240	18,099	141,862
Supplies	2,798	1,679	560	5,037	2,236	3,917	6,153	11,190	18,845
Telephone	2,934	1,760	587	5,281	2,346	4,107	6,453	11,734	18,185
Travel	27,977	16,786	5,595	50,358	22,383	39,168	61,551	111,909	103,068
Utilities	7,129	4,278	1,426	12,833	5,703	9,981	15,684	28,517	38,372
Depreciation expense	11,499	6,899	2,300	20,698	9,199	16,098	25,297	45,995	46,130
Total expenses	\$ 16,841,218	\$ 4,140,122	\$ 312,532	\$ 21,293,872	\$ 569,234	\$ 1,067,978	\$ 1,637,212	\$ 22,931,084	\$ 19,426,426

Note: The Foundation provided approximately \$6.8 million in direct scholarship grants, academic and financial aid during 2025. See notes A1, D and G.

The accompanying notes are an integral part of these statements.

Special Operations Warrior Foundation
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2024

	Scholarships and Related Expenses	Counseling, Tutoring, Preschool and Internships	Support to Special Operations Wounded Personnel	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 523,643	\$ 314,186	\$ 104,729	\$ 942,558	\$ 418,914	\$ 733,100	\$ 1,152,014	\$ 2,094,572
Payroll taxes and benefits	81,995	49,197	16,399	147,591	65,596	114,793	180,389	327,980
Accrued scholarship payable adjustment	13,190,723	-	-	13,190,723	-	-	-	13,190,723
Assistance paid to wounded personnel	-	-	312,357	312,357	-	-	-	312,357
Tutoring, internships and preschool assistance	-	2,805,638	-	2,805,638	-	-	-	2,805,638
Banking and other fees	687	-	-	687	-	52,630	52,630	53,317
Conferences and meetings	6,043	3,626	1,209	10,878	4,835	8,461	13,296	24,174
Equipment rental and maintenance	10,439	6,264	2,088	18,791	8,351	14,615	22,966	41,757
Insurance	10,824	6,495	2,165	19,484	8,659	15,154	23,813	43,297
Internet technology services	17,179	10,308	3,436	30,923	13,743	24,051	37,794	68,717
Miscellaneous expenses	119	71	24	214	94	165	259	473
Postage and delivery	1,790	1,074	358	3,222	1,432	2,505	3,937	7,159
Printing and publications	4,781	2,869	956	8,606	3,825	6,694	10,519	19,125
Professional fees	17,669	10,601	3,534	31,804	14,135	24,736	38,871	70,675
Promotional materials	56,745	21,279	7,093	85,117	-	56,745	56,745	141,862
Supplies	4,711	2,827	942	8,480	3,769	6,596	10,365	18,845
Telephone	4,546	2,728	909	8,183	3,637	6,365	10,002	18,185
Travel	25,767	15,460	5,153	46,380	20,614	36,074	56,688	103,068
Utilities	9,593	5,756	1,919	17,268	7,674	13,430	21,104	38,372
Depreciation expense	11,532	6,920	2,306	20,758	9,226	16,146	25,372	46,130
Total expenses	\$ 13,978,786	\$ 3,265,299	\$ 465,577	\$ 17,709,662	\$ 584,504	\$ 1,132,260	\$ 1,716,764	\$ 19,426,426

Note: The Foundation provided approximately \$5.7 million in direct scholarship grants, academic and financial aid during 2024. See notes A1, D and G.

The accompanying notes are an integral part of this statement.

Special Operations Warrior Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description of the Organization and Activities

Mission Statement - The Special Operations Warrior Foundation supports America's Army, Navy, Air Force, and Marine Corps Special Operations and Medal of Honor personnel through two primary programs: (1) Ensuring full financial assistance for post-secondary education from an accredited two or four-year college, university, technical or trade school, as well as educational counseling, preschool grants, and tutoring to the surviving children of Special Operations personnel who lose their lives in the line-of-duty and the children of all Medal of Honor Recipients, and, (2) Provides immediate financial grants to severely wounded, ill, and injured Special Operations' personnel who require hospitalization.

The Foundation has a staff of 20 employees and is governed by a Board of Directors (up to 25 members). The Board of Directors has four standing committees: Executive, Audit and Finance, Investment Advisory, and Governance. The Foundation office is located in Tampa, FL, in close proximity to MacDill AFB, the home of the United States Special Operations Command (USSOCOM).

For purposes of the audited financial statements, when the term 'college' is used, it is intended to be all inclusive of post-secondary educational schools, two- and four-year colleges and universities, private and out of state colleges and universities, technical and trade schools. When the term 'scholarship assistance' is used, it is intended to be all inclusive of full funding including tuition, room and board, books, fees, transportation, tutoring and miscellaneous expenses for the educational programs.

A summary of the activities of the Foundation follows:

Scholarship and Counseling Support - The Foundation has a unique program in which it begins establishing a relationship with the families within 30 days of a fatality. The Foundation's staff remains in contact with children and families, offers referral assistance, and works with each child to develop a personalized college education plan, from pre-school through college.

The Foundation provided approximately \$6.8M and \$5.7M in direct scholarship grants, academic and financial aid counseling, and related expenses for 284 and 261 children who attended college during 2025 and 2024, respectively.

At December 31, 2025, there are 2,015 children who survived 1,497 Special Operations personnel, spouses of actively serving Special Operations personnel and Medal of Honor recipients who gave their lives in patriotic service to their country.

Special Operations Warrior Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Of these 2,015 children, 613 have graduated college. Many of the children who are eligible for the Foundation funding are also eligible for funding from other military related organizations of which they are not aware. Therefore, the Foundation has established liaisons with many other organizations and coordinates the funding for the children in the Foundation program.

Thus, while the total annual cost of 284 children in college would be an estimated \$13 million, the Foundation leverages the cost of the requirements from several other outside funding sources, including government educational benefits.

However, the Foundation is prepared to provide full college funding should outside funding not be available. This unique program allows the Foundation to provide the funds required for each student's needs and to invest funds for the needs of the children who will attend college in the future. In addition to the direct financial assistance, the Foundation provides in-home tutoring for children from kindergarten through college graduation, and pre-school grants up to \$8,000 per year, per child in pre-school, ages two to five.

Support to Special Operations Wounded Personnel - The Foundation, at the request of the Special Operations Command, provides up to \$6,000 to meet the immediate financial needs their families face when Special Operations' men and women are hospitalized from wounds suffered in combat, or severely injured in training. The Foundation provided approximately \$169,000 and \$312,000 in direct financial assistance for the years ended December 31, 2025 and 2024, respectively.

Counseling and Tutoring - The Foundation's counselors provide educational counseling, advise families about educational tutoring, and assist with college applications.

2. Basis of Accounting

The financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole, and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of assets, liabilities, and net assets into two self-balancing net asset groups as follow:

- With Donor Restriction - Net assets with donor restrictions are net assets subject to donor-imposed stipulations that may be fulfilled by actions of the Foundation to meet the stipulations, that may become undesignated by the passage of time, or that require net assets to be permanently maintained, thereby restricting the use of principal.

Special Operations Warrior Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- Without Donor Restriction - Net assets without donor restrictions are net assets not subject to donor-imposed restrictions or the donor-imposed restrictions have expired. These net assets are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

3. Liquidity

Assets and liabilities are presented in the accompanying statement of financial position according to their nearness of conversion to cash and, their maturity and resulting use of cash, respectively. See also note B.

4. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

5. Pledges Receivable

Pledges receivable represent unconditional promises to give by donors. Pledges that are expected to be collected after one year have been discounted and are reflected in the financial statements at their net present value, net of any uncollectible amounts.

6. Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets ranging from 5 to 39 years. The Foundation capitalizes all purchases that exceed \$1,000.

7. Contributions

Contributions, including unconditional promises to give, are recognized in the period received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the current year are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Special Operations Warrior Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Board Designated Funds

The Foundation is committed to provide post-secondary funding for all surviving children of Special Operations Warriors who die in the line of duty. This commitment requires investing funds for current and future liabilities. Therefore, the Board has directed funds, net of current year program expenses and operating expenses, be invested to meet the future liabilities.

9. Noncash Contributions

Material in-kind items used in the program (e.g., equipment, supplies, etc.) are recorded as income and expense at the time the items are placed into service or distributed. Donated securities are recorded at fair value on the date of donation. Stock donations are generally sold shortly after receipt, and any gains and losses are within investment income.

Contributed services are reported as contributions at their fair value if such services create or enhance non-financial assets; the services would have been purchased if not provided by contribution; and the service requires specialized skills.

The Foundation received significant contributions of time from its Directors and unpaid volunteers for fundraising activities and other services to the Foundation. The value of this contributed time is not reflected in these statements since no objective basis is available to measure the value of these services.

10. Special Events

The Foundation conducts special events for the purpose of raising money for annual operations. Net special event revenue consisted of the following for the years ended December 31,:

	2025	2024
Total gross receipts, including contributions	\$ 8,211,474	\$ 4,905,307
Less: direct expenses	(581,660)	(520,496)
Total special event revenue, net	\$ 7,629,814	\$ 4,384,811

Special Operations Warrior Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Income Tax Status

The Foundation has received a determination of tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

The Foundation is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after 2021 remain subject to examination by federal and state taxing authorities.

12. Allocation of Functional Expenses

The statement of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas are allocated on the basis of employee time involved or other allocable bases.

13. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

14. Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk are primarily cash and money market funds. The Foundation's cash deposits are placed in financial institutions which at times may exceed the Federal Deposit Insurance Corporation (FDIC) coverage. The Foundation has not experienced any losses in its cash deposits and does not believe it is exposed to any significant credit risks related to uninsured amounts.

15. Reclassification

Certain amounts in the 2024 financial statements have been reclassified to conform to the 2025 presentation.

Special Operations Warrior Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE B - LIQUIDITY AND AVAILABILITY OF RESOURCES

As a part of the Foundation's liquidity management plan, it invests cash in excess of daily requirements in short-term investments. There is a board designated endowment with the objective of setting funds aside to meet future scholarship liability needs. While the Foundation does not anticipate drawing on these board designated funds for purposes other than those identified, the amounts could be made available for current operations if necessary.

The following reflects the Foundation's financial assets as of December 31, 2025 and 2024, respectively, reduced by amounts not available including amounts restricted by time or purpose, amounts restricted by donors in perpetuity, and amounts designated by the board to meet future liabilities.

	<u>2025</u>	<u>2024</u>
Total financial assets	<u>\$ 295,013,393</u>	<u>\$ 256,640,715</u>
Less amounts not available to be used within one year		
Level 3 investments	54,172,045	40,023,618
Other assets	23,723	27,386
Property and equipment, net of accumulated depreciation	736,063	755,022
Less donor-imposed restrictions	3,299,145	1,926,885
Less board designated endowment fund	<u>232,414,632</u>	<u>210,501,760</u>
Total assets not available to management, without board approval, to be used within one year	<u>290,645,608</u>	<u>253,234,671</u>
Total financial assets available to management, without board approval, to be used for general expenditures within one year	<u>\$ 4,367,785</u>	<u>\$ 3,406,044</u>

Special Operations Warrior Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE C - INVESTMENTS

Investments represent the Foundation’s Board Designated endowment fund. This fund, designated to provide a revenue stream into perpetuity in order to fund the Foundation’s scholarship liabilities, is stated at fair value and comprised of the following at December 31,:

	2025	2024
Cash and cash equivalents	\$ 5,103,738	\$ 6,844,791
Publicly traded equities	190,705,114	169,528,050
Fixed income securities	38,804,925	35,859,651
Private equity funds	30,593,343	19,831,517
Private credit funds	11,845,584	8,506,564
Core real estate	11,733,118	11,685,537
	\$ 288,785,822	\$ 252,256,110

The Foundation’s endowment is comprised of funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

In July 2011, the State of Florida adopted the *Florida Uniform Prudent Management of Institutional Funds Act* (“FUPMIFA”). The Foundation has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restriction in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the FUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Special Operations Warrior Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE C - INVESTMENTS - Continued

Return Objectives, Risk Parameters, and Strategies

The Foundation has adopted an investment and spending policy for endowment assets that attempts to preserve the real (inflation adjusted) value of endowment assets, increase the real value of the portfolio and facilitate a potential distribution to support some level of future operations. The terms of the operating policies of the endowment funds (the "Fund") requires that the Fund will be managed by the Executive Committee and approved by the Board of Directors.

The Executive Committee and the Investment Advisory Committee are responsible for overseeing the investment portfolio and monitor it on an ongoing basis in accordance with the Foundation's Investment Policy Statement ("IPS").

The Board of Directors has approved the IPS, which includes a target asset allocation and appropriate performance benchmarks and selected an investment consulting firm to implement the investment program through external investment managers. All investments are held by a third-party, independent custodian. See also note D.

The Endowment Fund Spending Policy

The Foundation's Board of Directors, on the recommendation of the Executive Committee, has adopted a spending policy that governs the annual distributions from the endowment fund that may be expended for current operations of the Foundation. This policy authorizes the Foundation to distribute from its endowment fund a specified percentage, to be determined by the Board of Directors (Board) from time to time, of the current market at budget time or year-end of the endowment fund.

The policy also allows the Board to base the distribution formula on the average market value over a period of several years as it chooses to do so. For the years ended December 31, 2025 and 2024, the Board of Directors has elected not to distribute any funds from the endowment in order to grow the endowment fund.

Distributions cannot exceed the accumulated unspent earnings of the endowment without the approval of the Foundation's Board. Income earned in excess of the spending rate may be reinvested in endowment principal. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets, as well as to provide additional real growth through investment return.

Special Operations Warrior Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE C - INVESTMENTS - Continued

Changes in the endowment's assets are as follows for the year ended December 31, 2025:

	Without donor restrictions - Board Designated	With donor restrictions	Total
Endowment assets at December 31, 2024	\$ 250,525,378	\$ 1,730,732	\$ 252,256,110
Interest, dividends, realized and unrealized activity	32,498,112	401,749	32,899,861
Endowment additions	4,443,379	67,885	4,511,264
Investment fees	(880,192)	(1,221)	(881,413)
Endowment assets at December 31, 2025	<u>\$ 286,586,677</u>	<u>\$ 2,199,145</u>	<u>\$ 288,785,822</u>

Changes in the endowment's assets are as follows for the year ended December 31, 2024:

	Without donor restrictions - Board Designated	With donor restrictions	Total
Endowment assets at December 31, 2023	\$ 212,102,634	\$ 1,536,469	\$ 213,639,103
Interest, dividends, realized and unrealized activity	29,662,297	196,874	29,859,171
Endowment additions	9,343,619	2,000	9,345,619
Investment fees	(583,172)	(4,611)	(587,783)
Transfers	-	-	-
Endowment assets at December 31, 2024	<u>\$ 250,525,378</u>	<u>\$ 1,730,732</u>	<u>\$ 252,256,110</u>

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Financial Accounting Standards Board's *Accounting Standards Codification 820* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

Special Operations Warrior Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

A fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of nonperformance.

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on organization-specific data.

Following is a description of valuation methodologies used for significant assets and liabilities at fair value at December 31, 2025 and 2024:

Cash and cash equivalents: consist of money market funds held in investment portfolio, using quoted market prices on active exchanges.

Publicly traded equities and fixed income securities: consist of investments in domestic equities and fixed income funds through commingled fund structure for long-term total return. The fair value of investments in these categories has been estimated using NAV per share of the investments.

Private equity, private credit and core real estate: consist of private capital / credit / real estate partnerships in fund of fund underlying managers that are not subject to redemption. The Foundation instead receives distributions through the liquidation of the underlying assets of the investees. The fair value of investments in these categories has been estimated using the net asset value per share of the investment.

Accrued scholarship payable: valuation is based on the number of future eligible students, actual costs, funding from other sources for college tuition, and managements estimates about future college costs, inflation, etc., using a discounted cash flow method.

Special Operations Warrior Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents financial assets and liabilities measured at fair value on a recurring basis at December 31, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Assets				
Cash and cash equivalents	\$ 5,103,738	\$ -	\$ -	\$ 5,103,738
Publicly traded equities	190,705,114	-	-	190,705,114
Fixed income securities	38,804,925	-	-	38,804,925
Private equity funds	-	-	30,593,343	30,593,343
Private credit funds	-	-	11,845,584	11,845,584
Core real estate	-	-	11,733,118	11,733,118
	<u>\$ 234,613,777</u>	<u>\$ -</u>	<u>\$ 54,172,045</u>	<u>\$ 288,785,822</u>
Liabilities				
Accrued scholarships payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,401,000</u>	<u>\$ 92,401,000</u>

The following table presents financial assets and liabilities measured at fair value on a recurring basis at December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Assets				
Cash and cash equivalents	\$ 6,844,791	\$ -	\$ -	\$ 6,844,791
Publicly traded equities	169,528,050	-	-	169,528,050
Fixed income securities	35,859,651	-	-	35,859,651
Private equity funds	-	-	19,831,517	19,831,517
Private credit funds	-	-	8,506,564	8,506,564
Core real estate	-	-	11,685,537	11,685,537
	<u>\$ 212,232,492</u>	<u>\$ -</u>	<u>\$ 40,023,618</u>	<u>\$ 252,256,110</u>
Liabilities				
Accrued scholarships payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,065,000</u>	<u>\$ 83,065,000</u>

Assets and liabilities in all levels could result in volatile and material price fluctuations. Realized and unrealized gains and losses on Level 3 assets represent only a portion of the risk market fluctuations in the statements of financial position.

Special Operations Warrior Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Total unfunded commitments relating to private equity, private credit, and core real estate funds totaled \$37.4 million at December 31, 2025.

NOTE E - PLEDGES RECEIVABLE

Pledges receivables represent unconditional promises to give by donors. No discount will be applied to pledges as all pledges are expected to be collected within one year. Pledges receivable consist of the following at December 31,:

	<u>2025</u>	<u>2024</u>
Total unconditional pledges	\$ 100,000	\$ 300,000
Less discount	-	(11,391)
Less allowance for uncollectible pledges	<u>-</u>	<u>-</u>
Total pledges receivable net	<u>\$ 100,000</u>	<u>\$ 288,609</u>

The expected collection of pledges receivable consists of the following at December 31,:

	<u>2025</u>	<u>2024</u>
Less than one year	\$ 100,000	\$ 100,000
One to five years	<u>-</u>	<u>100,000</u>
	<u>\$ 100,000</u>	<u>\$ 200,000</u>

Special Operations Warrior Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE F - PROPERTY AND EQUIPMENT

Land, buildings, equipment, and related accumulated depreciation consisted of the following at December 31,:

	<u>2025</u>	<u>2024</u>
Land	\$ 127,060	\$ 127,060
Buildings and improvements	929,328	928,353
Office equipment	232,393	232,393
Software	54,043	27,982
Vehicles	<u>32,527</u>	<u>32,527</u>
	1,375,351	1,348,315
Less accumulated depreciation	<u>(639,288)</u>	<u>(593,293)</u>
	<u>\$ 736,063</u>	<u>\$ 755,022</u>

NOTE G - ACCRUED SCHOLARSHIPS PAYABLE

The Foundation assumes a liability for scholarship assistance for all children of Special Operations service members who die in the line of duty as of December 31, 2025. This liability exists until the child graduate college, or the child turns 33 years old.

Every student's need is different based on the college they are qualified to attend. The liability accrued is at a significantly lesser rate than the maximum averages, since the Foundation leverages its scholarships with other sources of college assistance. As such, the liability is recorded at the average amount paid per student by the Foundation, based on known casualties at December 31, 2025 and 2024. The Foundation added 84 and 89 children to the scholarship program during the years ended December 31, 2025 and 2024, respectively.

In computing the accrued scholarship liability, the Foundation estimates that college costs will grow at a rate greater than or equal to the inflation rate (4.0% and 5.0% at December 31, 2025 and 2024, respectively). The liability is then discounted to its net present value using a discount rate of 4.0% at December 31, 2025 and 2024.

Special Operations Warrior Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2025 and 2024

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, as follows:

	<u>2025</u>	<u>2024</u>
Net assets subject to time and donor restrictions	\$ 100,000	\$ 196,153
Endowment net assets subject to spending policy	965,617	742,732
Endowment net assets in perpetuity	<u>2,233,528</u>	<u>988,000</u>
Total net assets with donor restrictions	<u>\$ 3,299,145</u>	<u>\$ 1,926,885</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions were \$96,513 and \$92,456 for the years ended December 31, 2025 and 2024, respectively.

NOTE I - EMPLOYEE BENEFIT PLAN

The Foundation maintains a defined contribution 401(k) plan that provides benefits to all employees who have reached 18 years of age and have completed one year of service. The Foundation contributed 4% of employees' annual salary at December 31, 2025 and 2024. A profit-sharing contribution was also approved for the years ended December 31, 2025 and 2024. Contributions to the plan approximated \$160,000 and \$168,000 for the years ended December 31, 2025 and 2024, respectively.

NOTE J - SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to December 31, 2025 as of May 8, 2026, which is the date the financial statements were available to be issued.