

Children of Fallen Patriots Foundation

Financial Statements
and Independent Auditor's Report

December 31, 2025

Children of Fallen Patriots Foundation

Financial Statements
December 31, 2025

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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of
Children of Fallen Patriots Foundation

Opinion

We have audited the accompanying financial statements of Children of Fallen Patriots Foundation (“the Foundation”), which comprise the statement of financial position as of December 31, 2025; 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 the Foundation as of December 31, 2025, 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 the 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on December 31, 2025, the Foundation entered into an Asset Transfer Agreement with Stephen Siller Tunnel to Towers Foundation (“T2T”). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
May 7, 2026

Children of Fallen Patriots Foundation

Statement of Financial Position December 31, 2025

Assets	
Cash	\$ 1,728,007
Investments	17,178,056
Grants and contributions receivable, net	2,706,292
Prepaid expenses and other assets	<u>440,758</u>
Total assets	<u>\$ 22,053,113</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses, net	\$ 180,296
Deferred special events revenue	<u>220,227</u>
Total liabilities	<u>400,523</u>
Net Assets	
Without donor restrictions	20,038,504
With donor restrictions	<u>1,614,086</u>
Total net assets	<u>21,652,590</u>
Total liabilities and net assets	<u>\$ 22,053,113</u>

See accompanying notes.

Children of Fallen Patriots Foundation

Statement of Activities For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 13,802,806	\$ 1,056,941	\$ 14,859,747
Contributions and revenue from special events, net:			
Contributions	4,755,627	-	4,755,627
Special event revenue	2,160,295	-	2,160,295
Less: cost of direct benefit to donors	(1,163,381)	-	(1,163,381)
 Total contributions and revenue from special events, net	5,752,541	-	5,752,541
In-kind contributions	1,437,271	-	1,437,271
Investment return	558,891	-	558,891
Released from restrictions	1,806,849	(1,806,849)	-
 Total revenue and support	23,358,358	(749,908)	22,608,450
 Expenses			
Program services	16,080,734	-	16,080,734
Supporting services:			
Management and general	895,321	-	895,321
Fundraising	2,119,078	-	2,119,078
 Total supporting services	3,014,399	-	3,014,399
 Total expenses	19,095,133	-	19,095,133
 Change in Net Assets	4,263,225	(749,908)	3,513,317
 Net Assets, beginning of year	15,775,279	2,363,994	18,139,273
 Net Assets, end of year	\$ 20,038,504	\$ 1,614,086	\$ 21,652,590

See accompanying notes.

Children of Fallen Patriots Foundation

Statement of Functional Expenses For the Year Ended December 31, 2025

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Grants to students	\$ 12,191,671	\$ -	\$ -	\$ -	\$ 12,191,671
Payroll and related	2,160,030	655,746	1,161,685	1,817,431	3,977,461
Advertising and promotion	714,771	131	46,459	46,590	761,361
Contract services fees	632,770	83,659	23,583	107,242	740,012
Other special event expenses	40,000	-	545,212	545,212	585,212
Travel and meeting	180,274	6,744	41,993	48,737	229,011
Computer and software	57,196	65,396	64,789	130,185	187,381
Merchant processing fees	-	-	183,870	183,870	183,870
Occupancy and parking	56,978	16,899	14,742	31,641	88,619
Office equipment	16,316	14,678	3,779	18,457	34,773
Postage and shipping	13,308	953	5,867	6,820	20,128
Annual filing fees	-	18,406	-	18,406	18,406
Supplies	454	3,703	13,143	16,846	17,300
Insurance	-	14,162	-	14,162	14,162
Staff meals	3,255	2,148	7,110	9,258	12,513
Telephone and internet	12,389	-	-	-	12,389
Membership dues	1,157	1,827	4,019	5,846	7,003
Licenses and permits	-	5,426	-	5,426	5,426
Bank fees	-	5,074	50	5,124	5,124
Staff and Board development	-	369	2,777	3,146	3,146
Printing and copying	165	-	-	-	165
Total Expenses	\$ 16,080,734	\$ 895,321	\$ 2,119,078	\$ 3,014,399	\$ 19,095,133

See accompanying notes.

Children of Fallen Patriots Foundation

Statement of Cash Flows For the Year Ended December 31, 2025

Cash Flows from Operating Activities	
Change in net assets	\$ 3,513,317
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized gain on investments	(742)
Donated stocks	(1,183,437)
Change in discount on grants and contributions receivable	(6,148)
Change in operating assets and liabilities:	
Increase in:	
Grants and contributions receivable	(898,041)
Prepaid expenses and other assets	(233,481)
Increase (decrease) in:	
Accounts payable and accrued expenses	19,658
Deferred special events revenue	(91,163)
Net cash provided by operating activities	<u>1,119,963</u>
Cash Flows from Investing Activities	
Reinvested interest on investments	(558,149)
Purchases of investments	(5,843,564)
Proceeds from sales of investments	<u>2,425,000</u>
Net cash used in investing activities	<u>(3,976,713)</u>
Net Decrease in Cash	(2,856,750)
Cash, beginning of year	<u>4,584,757</u>
Cash, end of year	<u><u>\$ 1,728,007</u></u>

See accompanying notes.

Children of Fallen Patriots Foundation

Notes to Financial Statements
December 31, 2025

1. Nature of Operations

Children of Fallen Patriots Foundation (“the Foundation”) is a not-for-profit organization that was incorporated under the laws of the State of Delaware on August 1, 2002. The Foundation was formed for the purpose of providing college scholarships and educational counseling to military children who have lost a parent in the line of duty.

Asset Transfer Agreement

On December 31, 2025, the Foundation entered into an Asset Transfer Agreement with Stephen Siller Tunnel to Towers Foundation (“T2T”) pursuant to which substantially all of the Foundation’s assets and liabilities will be transferred to T2T in anticipation of the Foundation’s dissolution following the closing of the transaction. Through this integration, the Foundation’s mission will continue as part of the combined entity, including the continuation of scholarship support for children of fallen service members.

Subsequent to December 31, 2025, on April 6, 2026, the asset transfer transaction contemplated under the Asset Transfer Agreement between the Foundation and T2T was completed. In connection with the transaction, substantially all of the Foundation’s assets and liabilities will be transferred to T2T during the year ending December 31, 2026 in anticipation of the Foundation’s dissolution. Under the terms of the agreement, T2T assumed substantially all liabilities and commitments of the Foundation and agreed to continue certain scholarship obligations, subject to donor restrictions and applicable law.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Foundation’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Children of Fallen Patriots Foundation

Notes to Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation (continued)

- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. The Foundation reports grants and contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Investments

Investments are recorded at fair value based on quoted market prices. Realized and unrealized gains and losses are reported in investment return in the accompanying statement of activities. Money market and short-term investment funds, held as a portion of the Foundation's investment portfolio, are not considered to be cash equivalents for purposes of cash flows.

Grants and Contributions Receivable

Grants and contributions receivable represent unconditional amounts committed to the Foundation. Grants and contributions receivable are reflected at either net realizable value, or at net present value based on projected cash flows. The Foundation provides an allowance for doubtful accounts using the allowance method, which is based on management's judgment considering historical information. Accounts are individually analyzed for collectability and will be reserved based on individual evaluation and specific circumstances. When all collection efforts have been exhausted, the accounts are written-off against the related allowance. At December 31, 2025, there was no established allowance as management deems all receivables to be fully collectible.

Children of Fallen Patriots Foundation

Notes to Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment acquisitions with a cost in excess of \$2,500 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for repairs and maintenance are expensed as incurred. The Foundation did not have any property and equipment at December 31, 2025.

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

The Foundation recognizes grants and contributions when cash, securities, or other assets, or an unconditional promise to give, is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when the Foundation satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Foundation expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Foundation combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statement of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, for the various types of contracts, the Foundation recognizes revenue as follows:

Special event revenue is recognized at the time the event takes place, which is when the sole performance obligation is satisfied. Amounts received in advance of the event are included in deferred special events revenue in the accompanying statement of financial position.

Children of Fallen Patriots Foundation

Notes to Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for as Contracts with Customers (continued)

The timing of revenue recognition may not align with the right to invoice the customer. The Foundation records accounts receivable when it has an unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) is recorded. Contract balance as of January 1, 2025 consisted of deferred special events revenue of \$311,390. There were no contract assets as of January 1, 2025.

In-Kind Contributions

The value of contributions that enhance a nonfinancial asset, which are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying statement of activities as in-kind contributions. In-kind contributions are recognized as revenue and expense in the accompanying statement of activities at their estimated fair value, as provided by the donor, at the date of receipt, or calculated fair value of use of property in the period the property is used.

In-kind contributions totaled \$1,437,271 for the year ended December 31, 2025, which consist of donated services in the amount of \$1,362,356 and donated office space in the amount of \$74,915 that benefit both program and supporting services.

Grants to Students

Grants to students represents scholarships and awards to students that are unconditional in nature and are recognized at the time the recipient is notified.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses require allocation on a reasonable basis that is consistently applied. The majority of expenses are recorded directly to specific programs and functions, using the direct allocation method. Expenses that are allocated include payroll and related expenses, which are allocated on the basis of estimates of time and effort, and occupancy and parking expense, which are allocated on a square footage basis.

Children of Fallen Patriots Foundation

Notes to Financial Statements
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Use of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 7, 2026, the date the financial statements were available to be issued.

Asset Transfer Agreement – Closing Date

As disclosed in Note 1, subsequent to December 31, 2025, on April 6, 2026, the asset transfer transaction contemplated under the Asset Transfer Agreement between the Foundation and T2T was completed. In connection with the transaction, substantially all of the Foundation's assets and liabilities will be transferred to T2T during the year ending December 31, 2026 in anticipation of the Foundation's dissolution. Under the terms of the agreement, T2T assumed substantially all liabilities and commitments of the Foundation and agreed to continue certain scholarship obligations, subject to donor restrictions and applicable law.

Management evaluated this transaction in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 855, *Subsequent Events*, and determined that it represents a non-recognized subsequent event as of December 31, 2025. Accordingly, no adjustments have been made to the accompanying financial statements related to this transaction.

Children of Fallen Patriots Foundation

Notes to Financial Statements
December 31, 2025

3. Liquidity and Availability

The Foundation strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management periodically reviews the Foundation's liquid asset needs and adjusts the cash balance as necessary.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2025:

Cash	\$ 1,728,007
Investments	17,178,056
Grants and contributions receivable, net	<u>2,706,292</u>
Total financial assets	21,612,355
Less: net assets with donor restrictions	<u>(1,614,086)</u>
Total available for general expenditures	<u>\$ 19,998,269</u>

4. Concentrations of Risks

Credit Risk

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist of cash and investments. The Foundation maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Foundation has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

For the year ended December 31, 2025, a substantial portion of the Foundation's revenue was generated from a small number of grantors. For the year ended December 31, 2025, \$2,500,000 was received from one donor, which approximates 11% of the Foundation's total revenue and support.

Children of Fallen Patriots Foundation

Notes to Financial Statements
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5. Investments and Fair Value Measurements

The Foundation follows FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Foundation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. In general, and where applicable, the Foundation uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments. Money market funds are classified as Level 1 investments as they are actively traded and are valued using the market approach.

The following table presents the Foundation's fair value hierarchy for those assets measured on a recurring basis as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 17,178,056	\$ -	\$ -	\$ 17,178,056
Total investments	\$ 17,178,056	\$ -	\$ -	\$ 17,178,056

Investment return consists of the following for the year ended December 31, 2025:

Interest and dividends	\$ 558,149
Net realized and unrealized gain	742
Total investment return	\$ 558,891

The Foundation's investment portfolio is not actively managed, rather it is self-directed; therefore, the Foundation did not incur any investment fees for the year ended December 31, 2025.

Children of Fallen Patriots Foundation

Notes to Financial Statements
December 31, 2025

6. Grants and Contributions Receivable

Grants and contributions receivable consists of the following at December 31, 2025:

Receivable in less than one year	\$ 2,107,382
Receivable in one to five years	<u>633,334</u>
Total grants and contributions receivable	2,740,716
Less: discount to present value at 3.89%	<u>(34,424)</u>
Grants and contributions receivable, net	<u><u>\$ 2,706,292</u></u>

7. Net Assets With Donor Restrictions

All net assets with donor restrictions are restricted for the purpose of providing college scholarships and educational counseling to military children who have lost a parent in the line of duty.

8. Related Party Transactions

For the year ended December 31, 2025, contributions include \$1,766,366 donated by members of the Board of Directors. Board donations covered approximately 59% of management and general expenses and fundraising expenses for the year ended December 31, 2025.

9. Commitments and Contingencies

Office Space

The Foundation maintained a service agreement for donated office space in Reston, Virginia, which commenced on September 1, 2018. The agreement automatically renewed for successive one-month periods unless terminated by either party upon 60 days' prior written notice. The agreement terminated effective December 31, 2025.

The estimated fair value of the donated office space totaled \$74,915 for the year ended December 31, 2025, and is included in in-kind contributions in the accompanying statement of activities. Occupancy expense, including the value of the donated office space, monthly service fees, and parking fees, for the year ended December 31, 2025 totaled \$88,619.

Children of Fallen Patriots Foundation

Notes to Financial Statements

December 31, 2025

10. Fiscal Sponsorship Agreements

In 2025, the Foundation entered into multiple fiscal sponsorship agreements to support regionally operated programs (“the Projects”), including agreements with its Greenwich, NYC, and Palm Beach regional affiliates. The sponsored organizations are separate legal entities. The agreements explicitly state that the parties operate independently and that the arrangements do not create an agency, partnership, joint venture, or fiduciary relationship.

Under these agreements, the Foundation serves as the fiscal sponsor and establishes and maintains separate funds (“the Funds”) for each Project. The Foundation receives all contributions, including grants and donations, on behalf of the Projects and deposits such amounts into the respective Funds. The Foundation retains variance power and control over all contributed funds and has discretion in approving and directing distributions. All disbursements to the sponsored organizations are subject to the Foundation’s approval and must be used solely for purposes consistent with the Foundation’s charitable mission and applicable laws. The sponsored organizations are responsible for programmatic activities, including fundraising, grant applications, and project execution. However, they do not have control over the funds held by the Foundation and must request disbursements in accordance with the terms of the agreements.

The Foundation charges an administrative fee, generally equal to 5% of funds received, to support the costs of administering and overseeing the Projects.

Because the Foundation maintains control over the contributed funds and has the ability to redirect such funds in furtherance of its exempt purposes, contributions received under these arrangements would be recognized as revenue of the Foundation. Amounts disbursed to sponsored organizations would be recognized as program expenses in the accompanying financial statements. There were no contributions received or disbursed under this arrangement for the year ended December 31, 2025.

11. Retirement Plan

The Foundation maintains a tax-deferred annuity plan that meets the requirements of Section 403(b) of the Internal Revenue Code (IRC). All employees who work more than 20 hours per week may contribute to the plan, up to applicable limits set by law (\$23,500 for calendar year 2025). At the completion of 12 months of service, employees become eligible for matching and nonelective employer contributions. These employer contributions are 100% vested after three years of service. For the year ended December 31, 2025, the Foundation did not make any employer contributions to the plan.

Children of Fallen Patriots Foundation

Notes to Financial Statements
December 31, 2025

12. Income Taxes

The Foundation is exempt from payment of taxes on income other than net unrelated business income under IRC Section 501(c)(3). For the year ended December 31, 2025, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to the Foundation are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated the Foundation's tax positions and concluded that the financial statements do not include any uncertain tax positions.