STOCKMAN KAST RYAN & CO., LLP

AIR FORCE ACADEMY FOUNDATION AND AFFILIATE

Consolidated Financial Statements

For the Year Ended December 31, 2024

And

Independent Auditors' Report

AIR FORCE ACADEMY FOUNDATION AND AFFILIATE

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STOCKMAN KAST RYAN & CO., LLP

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Air Force Academy Foundation and Affiliate
Colorado Springs, Colorado

Opinion

We have audited the accompanying consolidated financial statements of the Air Force Academy Foundation and Affiliate (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2024, and the changes in their net assets and their 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization'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 the Organization's 2023 consolidated financial statements and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 10, 2024. In our opinion, the summarized comparative information presented herein is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Stockman Kast Ryan & Co., LLP

May 6, 2025

AIR FORCE ACADEMY FOUNDATION AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024 (with comparative totals for 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	$ 42,431,124	$ 42,173,845
Investments	78,482,545	71,197,178
Promises to give, net	34,376,051	43,213,210
Prepaid expenses and other assets	1,132,044	1,175,292
Beneficial interest in split-interest agreements	9,737	146,078
Property and equipment, net	15,130,819	1,077,920
TOTAL ASSETS	$ 171,562,320	$ 158,983,523
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 8,813,485	$ 809,997
Gift commitments and funds held for others	4,520,935	13,595,107
Total liabilities	13,334,420	14,405,104
NET ASSETS		
Without donor restrictions	6,559,098	4,916,763
With donor restrictions	151,668,802	139,661,656
Total net assets	158,227,900	144,578,419
TOTAL LIABILITIES AND NET ASSETS	$ 171,562,320	$ 158,983,523

See notes to consolidated financial statements.

AIR FORCE ACADEMY FOUNDATION AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024 (with comparative totals for 2023)

	2024			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**2023 Total**
SUPPORT AND REVENUE				
Contributions	$ 3,901,509	$ 36,672,688	$ 40,574,197	$ 36,821,768
Net realized and unrealized gains on investments	508	10,460,449	10,460,957	11,077,780
Interest and dividends	8,215	3,425,974	3,434,189	2,653,376
Other	37,615		37,615	150,019
Net assets released from restrictions	38,551,965	(38,551,965)		
Total support and revenue	42,499,812	12,007,146	54,506,958	50,702,943
EXPENSES				
Program services	34,962,007		34,962,007	23,055,138
Supporting services:				
Fundraising	3,289,956		3,289,956	2,623,997
General and administrative	2,605,514		2,605,514	2,839,609
Total expenses	40,857,477	—	40,857,477	28,518,744
CHANGE IN NET ASSETS	1,642,335	12,007,146	13,649,481	22,184,199
NET ASSETS, Beginning of year	4,916,763	139,661,656	144,578,419	122,394,220
NET ASSETS, End of year	$ 6,559,098	$ 151,668,802	$ 158,227,900	$ 144,578,419

See notes to consolidated financial statements.

AIR FORCE ACADEMY FOUNDATION AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024 (with comparative totals for 2023)

	2024				
		Supporting Services			
	Program Services	Fundraising	General and Administrative	Total	2023 Total
EXPENSES					
Grants and Gifts:					
Athletic	$ 31,145,044			$ 31,145,044	$ 3,954,801
Institute for Future Conflict	1,332,414			1,332,414	1,105,395
Hotel Polaris	1,070,136			1,070,136	2,140,101
CCLD	887,179			887,179	941,768
Cadet, graduate and heritage	728,036			728,036	4,518,578
Superintendent	489,197			489,197	325,102
Grant to AOG	419,300			419,300	850,000
Commandant	275,679			275,679	458,949
Friends of the Library Agency Fund	234,120			234,120	266,023
Academic	(2,254,023)			(2,254,023)	8,485,100
Other	634,925			634,925	9,321
Supporting services:					
Employee compensation and benefits		$ 1,856,984	$ 1,366,907	3,223,891	3,129,514
Professional fundraising		360,811		360,811	287,519
Travel		161,165	115,814	276,979	204,870
Payroll taxes		107,448	130,992	238,440	238,435
Printing and copying		207,956	14,715	222,671	189,684
Professional fees		56,481	112,615	169,096	191,293
Software		92,035	15,449	107,484	49,073
Promotion and engagement		63,315	28,330	91,645	199,989
Executive office sharing					235,861
Postage and shipping		53,651	5,649	59,300	63,466
Bank fees and charges			35,982	35,982	39,744
Conferences and meetings		18,890	15,954	34,844	108,646
Depreciation		5,080	5,985	11,065	17,727
Other		306,140	757,122	1,063,262	507,785
TOTAL	$ 34,962,007	$ 3,289,956	$ 2,605,514	40,857,477	
PERCENT OF TOTAL	86%	8%	6%	100%	
COMPARATIVE TOTALS – 2023	$ 23,055,138	$ 2,623,997	$ 2,839,609		$ 28,518,744
PERCENT OF TOTAL – 2023	81%	9%	10%		100%

See notes to consolidated financial statements.

AIR FORCE ACADEMY FOUNDATION AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024 (with comparative totals for 2023)

	2024	2023
OPERATING ACTIVITIES		
Change in net assets	$ 13,649,481	$ 22,184,199
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(10,460,957)	(11,077,780)
Depreciation	11,065	17,727
Other	137,166	(1,616)
Changes in operating assets and liabilities:		
Promises to give	8,837,159	(1,020,428)
Prepaid expenses and other assets	43,248	(753,388)
Accounts payable and accrued expenses	8,003,488	108,474
Gift commitments and funds held for others	(9,074,172)	6,095,717
Net cash provided by operating activities	11,146,478	15,552,905
INVESTING ACTIVITIES		
Proceeds from sales of investments	13,063,306	17,358,090
Purchases of investments	(9,887,716)	(16,853,671)
Purchases of property and equipment	(14,064,789)	(817,115)
Net cash used in investing activities	(10,889,199)	(312,696)
NET INCREASE IN CASH AND CASH EQUIVALENTS	257,279	15,240,209
CASH AND CASH EQUIVALENTS, Beginning of year	42,173,845	26,933,636
CASH AND CASH EQUIVALENTS, End of year	$ 42,431,124	$ 42,173,845

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — The Air Force Academy Foundation (the Foundation), a nonprofit corporation, was organized under the laws of the State of Delaware in 2007. Effective January 1, 2020, the Foundation changed its name from USAFA Endowment, Inc. to the Air Force Academy Foundation. The mission of the Foundation is to raise charitable support to enhance the programs and facilities for the cadet wing at the United States Air Force Academy (the Academy) in Colorado Springs, Colorado. The Foundation provides ongoing stewardship of donated gifts to ensure gifts are accepted, held and used in accordance with donor intent; and to build a spirit of philanthropy among Academy alumni, parents and friends. The Foundation is committed to operating within the framework of the Academy core values of "Integrity first, Service before self, and Excellence in all we do".

The Foundation's founding donors established the Founding Director Fund, a restricted fund which is a major source of funding for the operating expenses of the Foundation, now and for the future. This Founding Director Fund enables a higher level of program donations to be used principally for their intended purpose. Investment returns also primarily accrue to the applicable restricted fund. Additionally, with respect to restricted gifts, the Foundation allocates a percentage of such gifts for unrestricted purposes; the percentage has been established by the Foundation's Board of Directors and may be adjusted from time to time.

The Air Force Academy Real Estate Trust (the Trust) is a nonprofit corporation established in 2021 under the laws of the State of Colorado. The mission of the Trust is to support the charitable and educational activities of the Foundation, encourage the donation of real estate assets and other types of gift and to manage such assets for the benefit of the Foundation, support the development and abiding stewardship of gifts to support programs and services for cadets and graduates of the Academy, and to support other organizations, projects, and initiatives that are organized and operated to similar purposes.

Principles of Consolidation — The consolidated financial statements as of and for the year ended December 31, 2024 include the accounts of the Air Force Academy Foundation and the Air Force Academy Real Estate Trust (collectively, the Organization). All significant intercompany transactions and balances have been eliminated in consolidation.

Net Assets — The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions — Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions — Net assets subject to donor-imposed (or grantor-imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Comparative Financial Information — The consolidated financial statements include certain prior year summarized comparative information in total. 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 be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Use of Estimates — The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents — The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents.

Investments — Investments are recorded at fair value. Realized and unrealized gains and losses are reflected in the statement of activities. Earnings on investments are recognized as an increase or decrease in net assets without donor restrictions or net assets with donor restrictions according to the nature of the restrictions on the original gift. Donated investments are recorded at fair market value on the date of donation.

Promises to Give — Unconditional promises to give are recognized in the period received. Promises to give are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. The discounts on these amounts are computed using risk adjusted discount rates applicable to the year in which the promise is received. Such discount rates ranged from 1.0% to 3.5% as of December 31, 2024. In subsequent years, amortization of the discount is included in contribution revenue in the statement of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization uses the allowance method to account for uncollectible promises to give. The allowance is based on historical experience and management's analysis of individual promises.

Beneficial Interest in Split-Interest Agreements — The Organization is designated as a remainder beneficiary under various split-interest agreements. Under the terms of these agreements, the income beneficiaries (or their estate) receive distributions for a given term. At the end of the respective terms, remaining assets will be transferred to the Organization. The Organization is neither the trustee nor does it exercise any control over the assets. The beneficial interest in these assets has been recorded at the present value of the estimated future benefits to be received.

Property and Equipment — Property and equipment additions over $5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets, ranging from three to seven years. Costs of repairs, maintenance, renewals and betterments that do not improve or extend the useful lives of the respective assets are expensed currently.

Gift Commitments — Unconditional promises made by the Organization are recorded as a gift commitment liability and program services expense in the period the promise is made.

Conditional promises are recognized when the conditions on which they depend are substantially met.

Revenue Recognition — Contributions received are recorded as without donor restriction or with donor restriction support depending on the existence or nature of any donor restrictions. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Income Taxes — Both the Foundation and the Trust are qualified organizations exempt from federal income taxes under the provisions of §501(c)(3) of the Internal Revenue Code. In addition, both the Foundation and the Trust qualify for the charitable contribution deduction. The Organization believes that it does not have any uncertain tax positions that are material to the consolidated financial statements.

Reclassifications — Certain reclassifications to prior year amounts have been made to conform to the current year presentation.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the consolidated financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of December 31, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statement of financial position date because of contractual restrictions.

Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

	2024	2023
Cash and cash equivalents	$ 42,431,124	$ 42,173,845
Investments	78,482,545	71,197,178
Promises to give, net	34,376,051	43,213,210
Total financial assets	155,289,720	156,584,233
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(151,668,802)	(139,661,656)
Funds held for others	(1,863,989)	(1,396,221)
Total financial assets available to management to meet cash needs for general expenditures within one year	$ 1,756,929	$ 15,526,356

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. The Organization's policy to manage an emergency cash flow need is through the use of available long-term operating funds.

The Organization manages its cash flow through a one-year cycle through the planned use of one-year's unrestricted donations and available long-term operating funds.

3. AGREEMENTS AND TRANSACTIONS WITH THE ASSOCIATION OF GRADUATES

Beginning January 1, 2010, the Foundation and the Association of Graduates of the United States Air Force Academy (the AOG), have operated pursuant to several memorandums of understanding which provided for a collaborative, comprehensive friend-raising and fundraising relationship designed to raise increasing levels of charitable support for the Academy and to better serve the needs of the graduate community.

Effective January 1, 2022, the Foundation and the AOG entered into a Cooperative Operating Agreement (COA), initially effective through December 31, 2024. In August 2023, the COA was amended to provide for automatic one-year renewal terms. The agreement may be terminated by either organization with sixty days written notice to the other.

The purpose of the COA is to continue a collaborative, comprehensive friend-raising and fundraising process designed to (1) better serve the graduate community, (2) promote the heritage and value of the Academy and its graduates, and (3) raise increasing levels of philanthropic and charitable support for the Academy.

The COA provides for the following key elements:

- Financial Support — The Foundation will make an annual grant available to the AOG. The grant amount will be distributed on an as-needed basis using resources without donor restrictions and within the parameters of the Foundation's Board approved annual budget.
- Shared Leadership — The AOG entered into an single employment agreement between the AOG and the Foundation. The costs of employment is shared between by both organizations based on individual job description.
- Shared Costs — The Association and the Foundation will continue to provide mutual operating support, including office space, infrastructure support, and other services consistent with past arrangements. At year end, both organizations will evaluate the shared costs and determine whether any remuneration is necessary to ensure an equitable and mutually beneficial cost sharing arrangement.

Pursuant to the 2022 COA, the Foundation awarded annual grants to the AOG of $419,300 and $850,000 in 2024 and 2023, respectively.

In 2024 and 2023, the AOG contributed $10,351,037 and $11,067, respectively, to the Foundation. These contributions were restricted primarily for athletic facilities.

In 2020, the AOG made a pledge to the Foundation in the amount of $701,772 to be paid in annual installments through 2025. The outstanding balance on the pledge was $77,000 as of both December 31, 2024 and 2023.

During 2024 the Foundation became the single employer of all former Association employees and assumed responsibility for payroll services. Payroll costs were allocated to the AOG based on employees' time spent under the COA shared cost agreement. For the year ended December 31, 2024, the AOG paid the Foundation $3,163,007 in salaries and related costs. As of December 31, 2024 and 2023, the AOG owes the Foundation $1,004,842 and $97,719, respectively.

4. AGREEMENTS AND TRANSACTIONS WITH OTHER ORGANIZATIONS

In December 2022, the Foundation entered into an Endowed Chair Funding Agreement (the "Agreement") with The Academy Research and Development Institute ("ARDI"), a Colorado nonprofit corporation, for the purpose of developing funding and support for endowed academic chairs ("Chairs") at the Academy. In connection with the Agreement, in April 2023, the Foundation and ARDI entered into a revocable trust agreement (the "Chairs Trust") pursuant to which the Foundation transferred funding to the Chairs Trust in the amount of $5,716,550 for its investment and its use in managing and stewarding certain designated Chairs. The Foundation is the owner of the Chairs Trust, the Chairs Trust assets are held by the Foundation and are included within investments in the accompanying financial statements. The Chairs Trust may be terminated by the Foundation at any time.

In December 2022, the Foundation entered into a Memorandum of Understanding (the "MOU") with Air Force Academy Athletic Corporation ("AFAAC") to clarify their respective commitments to the renovation and construction of the Academy's Falcon Stadium. The total estimated cost of the design and construction was approximately $90 million. Under the MOU, the Foundation agreed to provide financial support of up to $35 million over the course of the project. As of December 31, 2024, the Foundation has paid the full $35 million in support of the project, which was recorded as program service expense when bills were received. The final payment of $3,093,681 was made on January 10, 2025. The renovation of Falcon Stadium was completed in 2024.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization is required to use 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The 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.

Mutual funds and common stocks are valued based on quoted prices in active markets. Bonds are valued through pricing services. Other assets held for sale consists of private equity investments and hedge funds based on other observable inputs. See Note 7 regarding the valuation of the beneficial interest in split-interest agreements.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets stated at fair value as of December 31:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2024:				
Investments:				
Domestic equity mutual funds	$ 48,567,354	$ 48,567,354		
International equity mutual funds	19,874,035	19,874,035		
Common stock	5,701,339	5,701,339		
Domestic bonds	2,136,596		$ 2,136,596	
Fixed income mutual funds	1,083,041	1,083,041		
Domestic electronic transfer funds	305,358	305,358		
International common stock	52,960	52,960		
Other assets held for sale	761,862		761,862	
Total investments	78,482,545	75,584,087	2,898,458	$ —
Beneficial interest in split-interest agreements	9,737			9,737
Total assets at fair value	$ 78,492,282	$ 75,584,087	$ 2,898,458	$ 9,737
2023:				
Investments:				
Domestic equity mutual funds	$ 44,024,064	$ 44,024,064		
International equity mutual funds	20,862,052	20,862,052		
Common stock	2,332,653	2,332,653		
Domestic bonds	2,136,613		$ 2,136,613	
Fixed income mutual funds	1,178,949	1,178,949		
Other assets held for sale	662,847		662,847	
Total investments	71,197,178	68,397,718	2,799,460	$ —
Beneficial interest in split-interest agreements	146,078			146,078
Total assets at fair value	$ 71,343,256	$ 68,397,718	$ 2,799,460	$ 146,078

The following table shows quantitative information about significant unobservable inputs related to Level 3 fair value measurements used as of December 31, 2024 and 2023:

	Valuation Technique	Unobservable Inputs	Inputs 2024	2023
Charitable remainder trust	Discounted cash flows	Return on assets	4.0%	4.0%
		Discount rate	4.0%	4.0%
Gift annuity	Discounted cash flows	Inputs were unavailable		

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using unobservable inputs (Level 3) for the years ended December 31, 2024 and 2023:

Balance at January 1, 2023	$ 144,462
Change in value	1,616
Balance at December 31, 2023	146,078
Change in value	(136,341)
Balance at December 31, 2024	$ 9,737

6. PROMISES TO GIVE

Unconditional promises to give consist of the following at December 31:

	2024	2023
Due in less than one year	$ 16,248,131	$ 20,880,803
Due in one to five years	20,023,470	23,122,431
Thereafter	1,074,669	2,179,537
Total	37,346,270	46,182,771
Allowance for doubtful promises to give	(1,128,746)	(1,174,376)
Discount to net present value of estimated cash flows	(1,841,473)	(1,795,185)
Promises to give, net	$ 34,376,051	$ 43,213,210

7. BENEFICIAL INTEREST IN SPLIT-INTEREST AGREEMENTS

The Foundation is the beneficiary of a charitable remainder unitrust (the Unitrust). One of the Trustees of the Unitrust is also a member of the Foundation's Board of Directors. Under the terms of the Trust agreement, annual payments equal 8% of the net fair value of the Unitrust assets valued as of the first business day of each Unitrust taxable year are to be made to the two donors during their lifetimes, or to the donor's estate following the death of the second donor. These payments matured in 2024.

The present value of the Foundation's future benefits is calculated using a discount rate of 4% as of December 31, 2023, based on the estimated annual investment return of the Trust assets.

The Foundation's beneficial interest in this remainder trust at the net present value was $137,912 at December 31, 2023. No future interest remains as of December 31, 2024, due to the Trust's maturity.

In addition, the Foundation is also the beneficiary of gift annuity contracts which had a net present value of $9,737 and $8,166 at December 31, 2024 and 2023, respectively.

8. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2024	2023
Construction in process	$ 15,119,057	$ 1,054,268
Office equipment	104,052	117,741
Software	20,974	20,974
Leasehold improvements	11,750	11,750
Other	22,972	22,972
Total	15,278,805	1,227,705
Less accumulated depreciation and amortization	(147,986)	(149,785)
Property and equipment, net	$ 15,130,819	$ 1,077,920

9. GIFT COMMITMENTS AND FUNDS HELD FOR OTHERS

The Organization's gift commitments and funds held for others consist of the following at December 31:

	2024	2023
The Academy	$ 2,656,946	$ 12,135,898
The Friends of the Air Force Academy Library	1,537,599	1,392,460
Other	326,390	66,749
Total	$ 4,520,935	$ 13,595,107

The gift commitments to the Academy include gift offers which have been officially accepted by the Academy but not yet fully delivered by the Foundation at year-end.

In 2020 the Organization made a gift offer of $28,000,000 to the Academy to support the construction of a cyber facility. The offer was accepted by the Academy and recorded by the Organization as an unconditional promise to give. In 2024, the cyber facility was completed at a lower-than-expected cost. As a result, the Academy did not utilize the full amount of the original gift, and the remaining gift commitment was released. The Organization recognized a reduction in expenses of $4,991,312 in 2024 related to this adjustment.

The Organization also holds funds on behalf of The Friends of the Air Force Academy Library, an unrelated non-profit organization which also supports the Academy.

10. NET ASSETS WITH DONOR RESTRICTIONS

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

	2024	2023
Subject to expenditure for specified purpose:		
Program services:		
Academic	$ 36,208,637	$ 29,705,735
Center for Character and Leadership Development	24,344,529	21,776,447
Commandant	10,002,942	7,720,402
Institute for Future Conflict	10,070,706	4,423,258
Superintendent	5,700,852	4,606,938
Athletic	3,873,568	21,368,651
Air Force Academy Real Estate Trust	2,069,433	2,436,364
Cadet, graduate and heritage	2,006,838	1,092,585
Hosmer Visitor Center		410,166
Other	10,459,459	5,032,292
Supporting services:		
Founding Director Fund	22,634,900	20,167,368
New Administration Building Fund	16,057,730	13,171,810
Hotel Polaris	3,202,210	3,818,080
Distinguished Graduate Memorial	2,276,177	2,288,642
Campaign Initiative Fund	1,334,314	1,622,810
Other	1,426,507	20,108
Total	$ 151,668,802	$ 139,661,656

11. FUNCTIONAL EXPENSES ALLOCATION METHODS

The consolidated financial statements report certain categories of expenses that are associated with one or more programs or with supporting services of the Organization. All expenses are individually identified as to a specific program or supporting service and, accordingly, are directly reflected in the appropriate categories of expenses based on their actual functional purpose.

12. CONCENTRATIONS

During 2024, the Organization received approximately 25%, 13%, and 12% of its contributions from three individual donors. As of December 31, 2024, approximately 20%, 13%, and 10% of promises to give were from three individual donors. During 2023, the Organization received approximately 16% of its contributions from one individual donor. As of December 31, 2023, approximately 18%, 13%, and 10% of promises to give were from three individual donors.

13. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2024 and 2023, the Organization received contributions totaling $18,197,101 and $15,941,195, respectively, from members of its Board of Directors.

These amounts include both cash contributions and unconditional promises to give. As of December 31, 2024 and 2023, outstanding promises to give from Board members, before discounting to net present value, totaled $25,583,263 and $20,783,714, respectively.

14. RETIREMENT PLAN

The Organization has a qualified defined contribution 401(k) plan. The plan covers employees who are at least 21 years of age and have completed one month of service. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The plan is a safe harbor matching plan. The Organization matches 100% of employee contributions up to 6% of annual compensation. The Organization made matching contributions to the plan of $167,733 and $166,861 for the years ended December 31, 2024 and 2023, respectively.