Financial Statements

PAT SUMMITT FOUNDATION

Ten Months Ended December 31, 2025

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Directors
Pat Summitt Foundation
Knoxville, Tennessee

Opinion

We have audited the accompanying financial statements of Pat Summitt Foundation, which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses and cash flows for the ten months ended December 31, 2025, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pat Summitt Foundation as of December 31, 2025, and the changes in its net assets and its cash flows for ten months 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 Financial Statements section of our report. We are required to be independent of Pat Summitt Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pat Summitt Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pat Summitt Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pat Summitt 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.

May 8, 2026

PAT SUMMITT FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2025

ASSETS	
CURRENT ASSETS	
Cash	$ 2,236,469
Prepaid expenses	75,367
Current portion of long-term pledges receivable	50,000
TOTAL CURRENT ASSETS	2,361,836
INVESTMENTS	6,252,036
LONG-TERM PLEDGES RECEIVABLE, net of current portion and present value discount	127,151
OTHER ASSETS	
Right-of-use asset - office lease	107,811
	$ 8,848,835

See the accompanying notes to the financial statements.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable		$ 9,611
Pledges payable		269,826
Current portion of long-term lease		46,722
TOTAL CURRENT LIABILITIES		326,159
LONG-TERM LEASE, net of current portion		61,089
TOTAL LIABILITIES		387,248
NET ASSETS		
Without donor restrictions:		
Board designated	$ 6,252,036	
Undesignated	2,209,551	8,461,586
		$ 8,848,835

PAT SUMMITT FOUNDATION

STATEMENT OF ACTIVITIES

Ten Months Ended December 31, 2025

NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions and grants		$ 1,970,865
Contribution from East Tennessee Foundation		7,234,637
Special events, net of direct expenses		57,576
Investment income, net of expenses		79,699
TOTAL SUPPORT AND REVENUE		9,342,777
EXPENSES		
Program services	$ 546,822	
Management and general	218,504	
Fundraising	167,888	
TOTAL EXPENSES		933,214
OTHER CHANGES IN NET ASSETS		
Unrealized gain on investments		52,024
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		8,461,586
NET ASSETS AT THE BEGINNING OF THE PERIOD		0
NET ASSETS AT THE END OF THE PERIOD		$ 8,461,586

See the accompanying notes to the financial statements.

PAT SUMMITT FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Ten Months Ended December 31, 2025

	Program Services	Management and General	Fundraising	Totals
Salaries	$ 66,599	$ 81,311	$ 89,195	$ 237,105
Payroll taxes	5,301	6,551	7,208	19,060
Employee benefits	3,064	3,758	4,002	10,824
Grants to others	294,000	0	0	294,000
Advertising	76,068	1,000	0	77,068
Awareness and stewardship	14,585	0	0	14,585
Legacy events	28,316	0	0	28,316
Professional fees	32,844	46,897	13,198	92,939
Conferences and meetings	2,041	0	887	2,928
Travel	16,865	2,143	3,129	22,137
Office supplies	6,856	28,551	29,880	65,287
Knoxville golf event	0	0	19,895	19,895
Insurance	0	2,726	495	3,221
Facilities rent	0	37,638	0	37,638
Utilities	0	4,025	0	4,025
Miscellaneous	282	3,903	0	4,185
	$ 546,822	$ 218,504	$ 167,888	$ 933,214

See the accompanying notes to the financial statements.

PAT SUMMITT FOUNDATION

STATEMENT OF CASH FLOWS

Ten Months Ended December 31, 2025

CASH PROVIDED(USED) BY OPERATING ACTIVITIES		
Change in net assets		$ 8,461,586
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gain on investments	$ (52,024)	
Assumption of long-term pledge agreement	539,652	
Payment on long-term pledge to others	(269,826)	
Capital campaign pledges, net of present value discount	(227,151)	
Amortization of right of use asset	34,309	
Cash paid on operating lease	(34,309)	
(Increase) in prepaid expenses	(75,367)	
Increase in accounts payable	9,611	(75,105)
NET CASH PROVIDED BY OPERATING ACTIVITIES		8,386,481
CASH PROVIDED(USED) BY INVESTING ACTIVITIES		
Increase in investments		(6,200,012)
CASH PROVIDED(USED) BY FINANCING ACTIVITIES		
Cash received from long-term pledges		50,000
NET INCREASE IN CASH		2,236,469
CASH AT THE BEGINNING OF THE PERIOD		0
CASH AT THE END OF THE PERIOD		$ 2,236,469
SUPPLEMENTAL DISCLOSURES		
Acquisition of right-of-use asset with corresponding lease liability		$ 142,120

See the accompanying independent accountants' audit report.

PAT SUMMITT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

NOTE A - DESCRIPTION OF ORGANIZATION

Pat Summitt Foundation (the Foundation) is a Tennessee not-for-profit corporation formed in 2025. The Foundation focuses on advancing research for treatment and a cure, providing care and support for patients and caregivers and educating the public about Alzheimer's disease. The Foundation was originally created in 2011 by Pat Summitt and her son, Tyler Summitt, as a designated fund of the East Tennessee Foundation, a separate not-for-profit corporation. Their goal was to help ensure no family has to hear that a loved one has been diagnosed with Alzheimer's disease.

As discussed in note K, on March 1, 2025, the Foundation became a separate not-for-profit corporation. At that time, the Foundation received a contribution from the East Tennessee Foundation which included the assets and liabilities of the original fund.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions they may undertake in the future, actual results could differ from those estimates. Estimates are used when accounting for the allocation of expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and interest bearing deposits. For purposes of the statement of cash flows, cash on deposit with financial institutions and all cash investments with original maturities of three months or less are considered to be cash and cash equivalents.

Support and Revenue

Contributions are recorded as support when cash or other assets are received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts of cash and other assets that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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. Restricted contributions whose restrictions are met in the same reporting period as the contributions are received are reported as support without donor restrictions.

Pledges Receivable

Unconditional pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Unconditional pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the pledge is received. Amortization of the discount is included in contributions. Conditional promises to give are not recorded as support until such time as the conditions are substantially met.

Income Taxes

The Foundation is exempt from federal income taxes under section 501(c)(3) of the U.S. Internal Revenue Code except on unrelated business income. The Foundation's income tax filings are open and subject to examination by the Internal Revenue Service generally for three years after they are filed. However, the Foundation is not currently under audit nor has the Foundation been contacted by this jurisdiction. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs to provide programs and services are summarized on a functional basis in the accompanying financial statements. Expenses directly related to a specific function are charged to that function. Salaries and related expenses are allocated based on an analysis of time spent on program services and supporting services. Rent is allocated based on the use of space.

NOTE C - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of cash and cash equivalents and pledges receivable. Cash and cash equivalents are maintained in demand deposit accounts that, at times, may exceed federally insured limits. The Foundation has not experienced any losses and does not believe it is exposed to any significant credit risk on such accounts. By their nature, all such financial instruments involve risk, including credit risk of nonperformance by counterparties. Exposure to credit risk is managed through various monitoring procedures. At December 31, 2025, the Foundation had no major concentrations of credit risk except for uninsured bank deposits and pledges receivable. At December 31, 2025 all unconditional promises to give were due from one contributor.

NOTE D - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation had the following financial assets available at December 31, 2025:

Cash	$ 2,236,469
Pledges receivable	177,151
Investments	6,252,036
Financial assets at December 31, 2025	8,665,656
Less board designated endowments	(6,252,036)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,413,620

As part of the Foundation'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.

NOTE E - INVESTMENTS

Investments, measured at fair value, at December 31, 2025 consisted of the following:

Cash	$ 1,702,817
Equity	2,763,656
Fixed income	659,689
Mutual funds	487,130
Private equity and credit	638,743
	$ 6,252,036

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under Financial Accounting Standards Board's Accounting Standards Codification 820, *Fair Value Measurement*, are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: 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 active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

		Fair Value at Reporting Date Using		
Description	12/31/25	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	$ 1,702,817	$ 1,702,817	$ 0	$ 0
Equity	2,763,656	2,763,656	0	0
Fixed income	659,689	659,689	0	0
Mutual funds	487,130	487,130	0	0
Private equity and credit	638,743	0	0	638,743
Totals	$ 6,252,036	$ 5,613,292	$ 0	$ 638,743

Changes in Level 3 values during the ten months ended December 31, 2025 were as follows:

Balance as of March 1, 2025	$ 0
Purchases	642,717
Unrealized (loss)	(3,974)
Balance as of December 31, 2025	$ 638,743

Investments are subject to market and credit risks that may cause the fair value of investments to fluctuate. Such changes could occur in the near term and may materially affect the amounts reported in the financial statements.

Realized and unrealized gains and losses are determined on the basis of specific identification. Investment income for the ten months ended December 31, 2025 consisted of the following:

Interest and dividends	$ 88,913
Investment management fees	(5,212)
Realized (loss)	(4,002)
	$ 79,699

NOTE F - PLEDGES RECEIVABLE

Pledges receivable are recorded at the present value of estimated future cash flows using a discount rate of 4%. Unconditional pledges receivable at December 31, 2025 were as follows:

Amounts due in:		
Less than one year		$ 50,000
One to five years	$ 150,000	
Less: Present value discount	(22,849)	127,151
Net pledges receivable		$ 177,151

The allowance for uncollectible pledges is based on historical collection experience and specific donor circumstances. No allowance for uncollectible pledges was considered necessary at December 31, 2025.

NOTE G - LEASE OBLIGATION

The Foundation leases office space and furniture under an operating lease with a term of three years. The right-of-use asset and lease liability values were computed using a discount rate of 4%.

The following summarizes amounts included in the statement of financial position for the operating lease as of December 31, 2025:

Operating lease right-of-use asset	$ 107,811
Current portion of long-term lease	$ 46,722
Long-term lease, net of current portion	61,089
Total lease liability	$ 107,811

The maturities of the lease liability as of December 31, 2025 are as follows:

Year Ending December 31:	
2026	$ 50,184
2027	50,184
2028	12,456
Total lease payments	112,824
Less: interest	(5,013)
Present value of lease liability	$ 107,811

Operating lease expense for the ten months ended December 31, 2025 was $37,638.

NOTE H - PLEDGE PAYABLE

In December 2022, the Pat Summitt Foundation Fund of the East Tennessee Foundation, signed a long-term pledge agreement with the University of Tennessee to support education services to raise awareness about Alzheimer's disease, similar diseases and dementia and to support research into prevention, cure and treatment. The agreement was transferred to Pat Summitt Foundation on March 1, 2025 with a balance of $539,653. During the ten months ended December 31, 2025, the Foundation made a payment on the pledge of $269,826. The remaining balance of $269,826 is expected to be paid during the year ending December 31, 2026.

NOTE I - ENDOWMENT

The Foundation's endowment consists of funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. All endowment funds held by the Foundation are board designated funds and therefore reported as net assets without donor restrictions.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide long-term growth as well as meet current income needs. The Foundation expects its endowment funds, over time, to provide an average rate of return to exceed inflation plus spending. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution of the endowment fund of up to 4.5% of endowment balance. Distributions are not made if funds are not needed for operations.

Changes in endowment net assets for the ten months ended December 31, 2025 were as follows:

Endowment net assets at March 1, 2025	$ 0
Contributions	6,155,624
Investment return:	
Investment income	53,603
Net change in market value (realized and unrealized)	48,023
Investment fees	(5,212)
Endowment net assets at December 31, 2025	$ 6,252,036

Endowment net assets are presented in the accompanying financial statements as follows:

Investments	$ 6,252,036

NOTE J - PENSION PLAN

The Foundation provides a 401(k) retirement plan to eligible employees. Full-time employees are eligible to make contributions immediately upon hiring. After six-months of service, the Foundation matches employee contributions to the plan of up to 5% of compensation. Pension expense for the ten-months ended December 31, 2025 was $4,045.

NOTE K - CONTRIBUTION FROM EAST TENNESSEE FOUNDATION

On February 28, 2025, the Foundation entered into a transition services agreement with the East Tennessee Foundation to separate from the East Tennessee Foundation and operate as an independent not-for-profit organization. The separation took place on March 1, 2025 and at that time the assets and liabilities of the fund were transferred to the Foundation. The transferred funds are reported in the statement of activities as a contribution from the East Tennessee Foundation and consist of the following:

Cash - non-endowed funds	$ 1,550,000
Cash - endowed funds	6,155,774
Prepaid sponsorship agreement	68,516
Long-term pledge payable	(539,653)
	$ 7,234,637

NOTE L - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through May 8, 2026, the date the financial statements were available to be issued, and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.