

REPORT OF
MIDWAY USA FOUNDATION, INC.
DECEMBER 31, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Midway USA Foundation, Inc.

Opinion

We have audited the financial statements of Midway USA Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities for the year ended December 31, 2023, the statements of functional expenses and cash flows for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, and the changes in its net assets for the year ended December 31, 2023, and its cash flows for the years ended December 31, 2023 and 2022, 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 (GAAS). 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 the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 for one year after the date that the financial statements are available to be issued.

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 GAAS 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 GAAS, 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 6, 2023. In our opinion, the summarized comparative information in the statements of activities for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Williams - Keepers LLC

Columbia, Missouri
September 6, 2024

MIDWAY USA FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,872,932	\$ 13,607,746
Investments	291,680,236	251,021,346
Accrued interest receivable	232,453	114,970
Prepaid expenses	794,117	620,897
Total current assets	<u>306,579,738</u>	<u>265,364,959</u>
LAND, BUILDING, AND EQUIPMENT, NET	<u>7,797,782</u>	<u>7,709,593</u>
Total assets	<u><u>\$ 314,377,520</u></u>	<u><u>\$ 273,074,552</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 33,725	\$ 14,279
Accrued liabilities	191,185	203,141
Total current liabilities	<u>224,910</u>	<u>217,420</u>
NET ASSETS		
Without donor restrictions	272,935,234	236,270,516
With donor restrictions	41,217,376	36,586,616
Total net assets	<u>314,152,610</u>	<u>272,857,132</u>
Total liabilities and net assets	<u><u>\$ 314,377,520</u></u>	<u><u>\$ 273,074,552</u></u>

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

MIDWAY USA FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
Year Ended December 31, 2023
(with comparative totals for 2022)

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING REVENUES AND OTHER SUPPORT				
Contributions	\$ 15,384,348	\$ -	\$ 15,384,348	\$ 35,429,744
Other	-	-	-	500
In-kind contributions	434,706	-	434,706	474,627
Total operating revenues and other support	<u>15,819,054</u>	<u>-</u>	<u>15,819,054</u>	<u>35,904,871</u>
OPERATING EXPENSES				
Program services	10,350,948	-	10,350,948	10,737,228
Supporting services				
Management and general	691,503	-	691,503	675,278
Fundraising	487,029	-	487,029	480,327
Total operating expenses	<u>11,529,480</u>	<u>-</u>	<u>11,529,480</u>	<u>11,892,833</u>
Increase in net assets from operating activities	4,289,574	-	4,289,574	24,012,038
OTHER REVENUE (EXPENSE)				
Net investment return (loss)	32,194,518	4,630,760	36,825,278	(21,487,130)
Net rental income	266,202	-	266,202	618,980
Other expense	(85,576)	-	(85,576)	(32,125)
Total other revenue (expense)	<u>32,375,144</u>	<u>4,630,760</u>	<u>37,005,904</u>	<u>(20,900,275)</u>
Change in net assets	36,664,718	4,630,760	41,295,478	3,111,763
Net assets, beginning of year	<u>236,270,516</u>	<u>36,586,616</u>	<u>272,857,132</u>	<u>269,745,369</u>
Net assets, end of year	<u>\$ 272,935,234</u>	<u>\$ 41,217,376</u>	<u>\$ 314,152,610</u>	<u>\$ 272,857,132</u>

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

MIDWAY USA FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2023 and 2022

	2023			
	Supporting Services			Total
	Program	Management and		
		General	Fundraising	
Grants and awards	\$ 9,043,715	\$ -	\$ -	\$ 9,043,715
Employee compensation and payroll taxes	776,165	328,119	321,702	1,425,986
Travel and meals	88,811	37,544	36,809	163,164
Insurance	83,514	35,305	34,614	153,433
Amortization and depreciation	-	152,055	-	152,055
Donated advertising and products	132,182	-	-	132,182
Information technology services	53,701	22,701	22,257	98,659
Professional fees	-	42,703	-	42,703
Miscellaneous	172,860	73,076	71,647	317,583
Total expenses	\$ 10,350,948	\$ 691,503	\$ 487,029	\$ 11,529,480

	2022			
	Supporting Services			Total
	Program	Management and		
		General	Fundraising	
Grants and awards	\$ 9,346,436	\$ -	\$ -	\$ 9,346,436
Employee compensation and payroll taxes	713,096	314,849	310,700	1,338,645
Donated advertising and products	288,379	-	-	288,379
Information technology services	95,792	42,295	41,737	179,824
Amortization and depreciation	-	148,036	-	148,036
Insurance	74,336	32,821	32,389	139,546
Travel and meals	70,406	31,086	30,676	132,168
Professional fees	-	40,500	-	40,500
Miscellaneous	148,783	65,691	64,825	279,299
Total expenses	\$ 10,737,228	\$ 675,278	\$ 480,327	\$ 11,892,833

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

MIDWAY USA FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 41,295,478	\$ 3,111,763
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	152,055	148,036
Amortization of investment premiums	1,346,325	352,449
Unrealized (gains) losses on investments	(31,581,707)	22,890,866
Realized (gains) losses on investments	(2,016,260)	1,355,491
Contributions of stock	(25,034)	-
Adjustments for (increases) decreases in operating assets and increases (decreases) in operating liabilities:		
Accrued interest receivable	(117,483)	(32,279)
Prepaid expenses	(173,220)	(29,121)
Accounts payable	19,446	(4,099)
Accrued liabilities	(11,956)	37,684
Net cash provided by operating activities	8,887,644	27,830,790
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of building improvements	(240,244)	-
Purchase of investments	(64,991,381)	(66,047,694)
Distributions of investments	4,137,454	5,725,142
Proceeds from sale of investments	52,471,713	29,177,986
Net cash used by investing activities	(8,622,458)	(31,144,566)
Net change in cash and cash equivalents	265,186	(3,313,776)
Cash and cash equivalents, beginning of year	13,607,746	16,921,522
Cash and cash equivalents, end of year	\$ 13,872,932	\$ 13,607,746
Supplemental disclosures of cash flow information:		
Non-cash investing activity:		
Contributions of stock	\$ 25,034	\$ -

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

MIDWAY USA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Nature of activities: The Midway USA Foundation, Inc. (the Foundation) was incorporated on December 19, 2007, with a mission to raise and invest money to support charitable and educational programs which teach firearms safety, shooting, hunting and outdoor skills. During 2008, the Foundation established the Team Endowment Account Program, which accepts donations to provide funding to schools to begin or enhance shooting sports programs. During 2014, the Foundation established an agency endowment program which accepts donations to provide funding for non-profit organizations with missions that complement the mission of the Foundation. During 2015, the Foundation also established a designated funds program, which is similar to the Agency Endowment Account Program but with a wider mission. Grants from the designated funds program will be issued for the benefit of youth shooting sports, youth education and conservation programs within the mission of the Organization. During 2019, the Foundation established programs to manage Donor-Advised Funds as well as two Special Purpose Endowments, which will help support Coach Training and Range Development.

Basis of accounting: The financial statements of the Foundation have been prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned, and expenses are recognized when incurred.

Financial statement presentation: The Foundation reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Gifts of cash and other assets received without donor stipulations are reported as revenue without donor restrictions.

Net assets with donor restrictions: Net assets with donor restrictions are subject to donor-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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents: The Foundation considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Periodically, the Foundation maintains cash on deposit at financial institutions in excess of amounts insured by the U.S. Federal Deposit Insurance Corporation (FDIC).

Valuation of investments: Investments in debt and equity securities are reported in the financial statements at fair value as of the end of the fiscal year. Fair value is determined by quoted market prices for securities listed on national exchanges or over-the-counter markets. Fair values for hedge funds and private equity limited partnership investments for which market quotations are not readily available represent net asset value or other valuations provided by the investment funds' managers. Purchases and sales of securities are recorded on a trade date basis. Realized investment gains and losses are determined on the specific identification basis. Dividends are recorded on the declaration date. Interest is recorded when earned.

Investment securities of the Foundation are exposed to various risks, such as interest rates, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statements of financial position.

Prepaid expenses: Prepaid expenses include purchases of fundraising supplies to be donated as non-cash grants to eligible schools and programs to use in their fundraising activities. The expense is recorded when the supplies are shipped to the school or program. Total fundraising supplies included in prepaid expenses were \$703,079 and \$486,012 at December 31, 2023 and 2022, respectively. See Note 5 for related expense included in program services – grants and awards in the Statement of Activities.

Land, building and equipment: Land, building and equipment are recorded at cost, and buildings and equipment are depreciated over their estimated useful lives using the straight-line method. Donated assets are recorded at fair value at the date of the donation. During 2015, the Foundation adopted a capitalization policy whereby purchases of software and equipment totaling \$5,000 or more will be capitalized. Maintenance, repairs, and minor improvements are charged to expense as incurred.

Contributions: The Foundation reports gifts of cash and other assets as net assets without donor restrictions. Contributions, including unconditional promises to give, are recognized as revenues in the period in which the promises are made, at net realizable value. Contributions which are conditional promises to give, including bequests, are recognized at their estimated fair value in the period in which the conditions were met. As of December 31, 2023 and 2022, the Foundation has no unconditional promises to give.

Donated materials and services: Donated materials are recorded as contributions at their estimated value on the date of receipt. Donated services are reported if they create a nonfinancial asset or would typically need to be purchased by the Foundation if the services had not been provided by the contribution, require specialized skills, and are provided by individuals with those skills. If donated services meet the definition, they are recorded at the fair value of the services received. During the years ended December 31, 2023 and 2022, the Foundation received \$434,706 and \$474,627 in donated materials and services, respectively.

Statement of Functional Expenses: The costs of providing programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Advertising: The Foundation expenses advertising and promotion costs as incurred. Advertising and promotion costs for the years ended December 31, 2023 and 2022, totaled \$56,819 and \$44,154, respectively.

Tax status: The Foundation is exempt from federal income taxes as a public charity under the provisions of Internal Revenue Code section 501(c)(3). The Foundation's tax returns are subject to examination by the Internal Revenue Service. Any interest or penalties incurred related to income tax filings are reported within general and administrative expenses in the consolidated statements of income.

Subsequent events: Events that have occurred subsequent to December 31, 2023, have been evaluated through September 6, 2024, which represents the date the Foundation's financial statements were approved by management and therefore available to be issued.

2. INVESTMENTS

Investments include the following at December 31:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Investments:				
Mutual funds - equity	\$ 89,609,898	\$ 121,210,843	\$ 97,184,537	\$ 107,305,835
Mutual funds - fixed income	14,040,164	14,277,593	18,176,123	16,869,245
Common stock	16,277,327	19,027,409	9,070,765	10,204,852
Master limited partnerships	-	-	3,482,403	5,570,874
Bonds	30,092,780	29,641,224	16,875,318	15,547,105
Hedge Funds	21,335,000	26,601,423	21,335,000	24,998,619
Private Equity	46,858,071	80,921,744	42,881,873	70,524,816
Total	<u>\$ 218,213,240</u>	<u>\$ 291,680,236</u>	<u>\$ 209,006,019</u>	<u>\$ 251,021,346</u>

The following summarizes the net investment return for the years ended December 31:

	2023	2022
Interest and dividend income	\$ 4,426,734	\$ 3,868,251
Realized and unrealized investment gains (losses)	33,484,682	(24,385,757)
Investment fees	<u>(1,086,138)</u>	<u>(969,624)</u>
Net investment return (loss)	<u>\$ 36,825,278</u>	<u>\$ (21,487,130)</u>

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For assets and liabilities required to be reported at fair value, accounting principles generally accepted in the United States of America prescribes a framework for measuring fair value and financial statement disclosures about fair value measurements. A fair value hierarchy has been established that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The three levels of the fair value hierarchy as prescribed by GAAP are as follows:

- Level 1 Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.
- Level 2 Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Observable inputs may include interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.
- Level 3 Valuation is based on methodologies that are unobservable and significant to the fair value measure. These may be generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of valuation methodologies used for assets and liabilities recorded at fair value.

Mutual funds: Valued at quoted market prices available on an active market which is based on the underlying net asset value (NAV) of shares held by the Foundation at year-end.

Common stock and Master limited partnerships: Valued at closing price reported on the active market on which the individual securities/limited partnerships are traded.

U.S. government bonds: U.S. treasury notes and bonds are valued at the closing price reported in the market in which the individual security is traded. Other U.S. government bonds are valued at the closing price reported in the inactive market in which the bond is traded or valued based on yields currently available on comparable securities of issuers with similar credit ratings.

State and local government bonds: Certain bonds are valued at the closing price reported in the market in which the individual security is traded. Other state and local government bonds are valued at the closing price reported in the inactive market in which the bond is traded or valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Corporate bonds: Certain corporate bonds are valued at the closing price reported in the inactive market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Special limited partnership interests: Investments in special limited partnership interests are recorded at fair value, as valued by the General Partner (GP) in the absence of readily ascertainable market values and based on significant unobservable inputs. These inputs include discounted cash flow models, production forecast, appraisals and sales of comparable underlying investments when available and are based on the best available information in the circumstances without further adjustment by the Foundation.

Hedge funds: Valued based on the NAV per share, without further adjustment by the Foundation. NAV is based upon the fair value of the underlying investments.

The table below presents the Foundation's assets measured at fair value on a recurring basis as of December 31, 2023 and 2022, aggregated by the level in the fair value hierarchy within which those measurements fall:

<u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bonds				
U.S. agencies	\$ -	\$ 5,840,310	\$ -	\$ 5,840,310
Corporate bonds	-	23,800,914	-	23,800,914
Total fixed income	-	29,641,224	-	29,641,224
Common stock and master limited partnerships				
Communication services	259,413	-	-	259,413
Consumer discretionary	1,002,071	-	-	1,002,071
Consumer staples	512,206	-	-	512,206
Energy	7,463,717	-	-	7,463,717
Financials	1,752,938	-	-	1,752,938
Health care	1,567,077	-	-	1,567,077
Industrials	3,377,068	-	-	3,377,068
Information technology	1,947,305	-	-	1,947,305
Materials	697,011	-	-	697,011
Real Estate	314,554	-	-	314,554
Utilities	134,049	-	-	134,049
Total common stock and master limited partnerships	19,027,409	-	-	19,027,409
Mutual funds				
Fixed income				
High yield	14,277,593	-	-	14,277,593
Equity				
Diversified emerging market funds	4,567,605	-	-	4,567,605
International funds	29,158,946	-	-	29,158,946
Real-estate funds	4,677,956	-	-	4,677,956
Mid cap blend funds	82,806,336	-	-	82,806,336
Total mutual funds	135,488,436	-	-	135,488,436
Special limited partnership interests	-	-	80,921,744	80,921,744
Investments at fair value	<u>\$ 154,515,845</u>	<u>\$ 29,641,224</u>	<u>\$ 80,921,744</u>	265,078,813
Investments at net asset value (NAV)				
Hedge funds				26,601,423
Total investments				<u>\$ 291,680,236</u>

<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bonds				
U.S. agencies	\$ -	\$ 3,242,307	\$ -	\$ 3,242,307
Corporate bonds	-	12,304,798	-	12,304,798
Total fixed income	-	15,547,105	-	15,547,105
Common stock and master limited partnerships				
Communication services	142,711	-	-	142,711
Consumer discretionary	1,019,336	-	-	1,019,336
Consumer staples	397,709	-	-	397,709
Energy	6,349,633	-	-	6,349,633
Financials	1,476,978	-	-	1,476,978
Health care	1,389,414	-	-	1,389,414
Industrials	2,306,554	-	-	2,306,554
Information technology	1,461,381	-	-	1,461,381
Materials	606,095	-	-	606,095
Real Estate	396,883	-	-	396,883
Utilities	229,032	-	-	229,032
Total common stock and master limited partnerships	15,775,726	-	-	15,775,726
Mutual funds				
Fixed income				
High yield	16,869,245	-	-	16,869,245
Equity				
Diversified emerging market funds	3,287,921	-	-	3,287,921
Dynamic allocation funds	9,280,467	-	-	9,280,467
International funds	29,795,307	-	-	29,795,307
Real-estate funds	3,868,315	-	-	3,868,315
Mid cap blend funds	61,073,825	-	-	61,073,825
Total mutual funds	124,175,080	-	-	124,175,080
Special limited partnership interests	-	-	70,524,816	70,524,816
Investments at fair value	\$ 139,950,806	\$ 15,547,105	\$ 70,524,816	226,022,727
Investments at net asset value (NAV)				
Hedge funds				24,998,619
Total investments				\$ 251,021,346

Special limited partnership interests – The Foundation’s equity investments include special limited partnership interests, which are considered alternative investments. These interests are considered Level 3 investments as defined above and as shown in the tables above. The Foundation has used unadjusted third party pricing for which information on quantitative unobservable inputs has not been provided, and the Foundation has not developed its own quantitative unobservable inputs. The Foundation is not aware of any changes that should be made to those values. Therefore, the disclosure in tabular format of quantitative information about unobservable inputs used in fair values estimates for Level 3 investments is not disclosed.

The investment objective is to realize long-term compounded returns in excess of those available through conventional investments in public equity markets. The fair values are provided by the partnerships’ General Partners, who use the best information reasonably available in determining fair values of the underlying investments. Underlying investments that are publicly traded securities are valued at quoted market prices. For underlying investments that are not publicly traded, the primary input is the net asset values of the underlying investee limited partnerships or most recent information provided by each investee partnership’s general partner or lead investor. Adjustments to these values may be made by the general partners based on various factors, including comparable market transactions, discount rates, cash flow projections, and/or liquidity, credit and market risk factors, company performance, current capital structure, applicable market trading and transaction comparables, applicable market yields timing of future expected cash flows and recent trades in the secondary market for the security.

Due to the illiquid nature of special limited partnership interests, it is expected that the Foundation will retain ownership of the partnership interests until the termination and final liquidation of the respective partnerships. Termination and final liquidation of the partnerships generally occurs over a period of ten years from the initial commitment date but may take longer.

The following are the Level 3 private equity limited partnership investments and their fair values:

	<u>2023</u>	<u>2022</u>
8VC Opportunities Access Offshore LP	\$ 1,456,941	\$ 1,207,272
Ares Special Opportunities Access Offshore LP	2,373,916	2,964,991
Ares Special Opportunities II Access Offshore LP	1,513,678	885,731
Broad Street Real Estate Credit Partners III	355,486	404,481
China-US Industrial Cooperation Partnership LP	1,195,238	1,172,133
Dragoneer Opportunities VI Access Offshore LP	165,739	38,884
King Street Global Drawdown II	1,094,989	-
Menlo Special Opportunities III Access Offshore LP	439,734	359,761
Pretium Single Family Rental VI Access Offshore LP	491,292	-
Private Credit Managers II Offshore	7,814,732	7,357,226
Private Credit Managers III Offshore	9,678,317	8,470,226
Private Equity Managers (2015) Offshore SCSp Fund	1,874,351	1,989,370
Private Equity Managers (2016) Offshore SCSp Fund	7,819,901	8,159,483
Private Equity Managers (2017) Offshore SCSp Fund	8,198,913	7,163,069
Private Equity Managers (2018) Offshore SCSp Fund	6,576,573	5,648,154
Private Equity Managers (2019) Offshore SCSp Fund	4,976,623	4,191,612
Private Equity Managers (2020) Offshore SCSp Fund	4,010,719	2,774,649
Private Equity Managers (2021) Offshore SCSp Fund	2,951,135	1,275,608
Private Equity Managers (2022) Offshore SCSp Fund	(166,798)	-
Private Equity Managers (2023) Offshore SCSp Fund	8,317	-
Silver Point Distressed Opportunities Access Offshore LP	606,933	663,496
Silver Point Distressed Opportunities Access Offshore LP II	(3,670)	-
SLR Prive Credit II	441,821	-
TPG Tech Adjacencies Access Offshore LP and TPG Tech Adjacencies Access Offshore Holdings LP	979,186	1,096,156
Vintage VII Offshore SCSp Fund	4,181,405	4,639,336
Vintage VIII Offshore SCSp and Vintage VIII Offshore Holdings LP	9,791,368	9,556,299
Vintage IX B Offshore SCSp Fund	2,108,247	506,879
Vintage Real Estate Partners III	(13,342)	-
	<u>\$ 80,921,744</u>	<u>\$ 70,524,816</u>

The Foundation is contractually committed to funding the following private equity limited partnerships up to the commitment amount noted. Unfunded commitments are funded upon demand of the private equity limited partnerships and constitute capital called. The following summarizes commitments, capital calls, and recallable distributions as of December 31, 2023:

	Commitment	Capital Calls	Recallable Distributions	Unfunded Commitment
8VC Opportunities Access Offshore LP	\$ 2,000,000	\$ 1,528,997	\$ -	\$ 471,003
Ares Special Opportunities Access Offshore LP	2,500,000	2,378,958	1,068,445	1,189,487
Ares Special Opportunities II Access Offshore LP	2,700,000	1,390,298	-	1,309,702
Broad Street Real Estate Credit Partners III	1,000,000	688,420	-	311,580
China-US Industrial Cooperation Partnership LP	1,500,000	924,750	-	575,250
Dragoneer Opportunities VI Access Offshore LP	460,000	190,289	3,127	272,838
King Street Global Drawdown II	3,000,000	1,085,452	-	1,914,548
Menlo Special Opportunities III Access Offshore LP	2,000,000	509,375	-	1,490,625
Pretium Single Family Rental VI Access Offshore LP	1,500,000	619,554	84,828	965,274
Private Credit Managers II Offshore	10,500,000	8,154,423	2,106,395	4,451,972
Private Credit Managers III Offshore	11,500,000	8,984,289	1,233,732	3,749,443
Private Equity Managers (2015) Offshore SCSp Fund	1,700,000	1,656,132	549,928	593,796
Private Equity Managers (2016) Offshore SCSp Fund	6,100,000	5,218,050	884,014	1,765,964
Private Equity Managers (2017) Offshore SCSp Fund	5,000,000	4,271,591	713,872	1,442,281
Private Equity Managers (2018) Offshore SCSp Fund	5,000,000	3,743,341	-	1,256,659
Private Equity Managers (2019) Offshore SCSp Fund	4,000,000	2,909,563	-	1,090,437
Private Equity Managers (2020) Offshore SCSp Fund	5,100,000	3,746,548	-	1,353,452
Private Equity Managers (2021) Offshore SCSp Fund	5,000,000	2,708,713	-	2,291,287
Private Equity Managers (2022) Offshore SCSp Fund	9,000,000	-	-	9,000,000
Private Equity Managers (2023) Offshore SCSp Fund	8,000,000	-	-	8,000,000
Private Equity Managers (2024) Offshore SCSp Fund	9,000,000	-	-	9,000,000
Silver Point Distressed Opportunities Access Offshore LP	1,000,000	612,271	392,123	779,852
Silver Point DOIP II Access Offshore LP	2,500,000	-	-	2,500,000
SLR Private Credit II	3,300,000	522,278	-	2,777,722
TPG Tech Adjacencies Access Offshore LP and TPG Tech Adjacencies Access Offshore Holdings LP	1,000,000	1,004,884	68,356	63,472
Vintage VII Offshore SCSp Fund	6,100,000	4,913,876	2,456,982	3,643,106
Vintage VIII Offshore SCSp and Vintage VIII Offshore Holdings LP	10,000,000	6,390,629	2,090,843	5,700,214
Vintage IX B Offshore SCSp Fund	15,000,000	976,314	94,313	14,117,999
Vintage Real Estate Partners III	5,000,000	-	-	5,000,000
	<u>\$ 140,460,000</u>	<u>\$ 65,128,995</u>	<u>\$ 11,746,958</u>	<u>\$ 87,077,963</u>

Through September 6, 2024, the Foundation paid capital calls on the above partnerships totaling \$6,426,341 and received partnership distributions totaling \$4,706,410. Subsequent to December 31, 2023, the Foundation entered into the following new special limited partnership agreement. There were no subsequent capital calls related to this partnership through September 6, 2024.

Special limited partnership	<u>Subsequent Commitment</u>
H.I.G. Private Equity Opportunities Access Offshore LP	\$ 2,000,000
Private Equity Co-Investment Partners IV Offshore LP	2,000,000
Private Equity Co-Investment Partners IV Offshore SCSp	<u>2,000,000</u>
	<u>\$ 6,000,000</u>

A reconciliation of the beginning and ending balance of the Level 3 assets activity that are measured at fair value on a recurring basis using unobservable inputs is as follows:

	<u>Private Equity</u>	
	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 70,524,816	\$ 62,980,606
Capital contributions	8,397,708	13,192,634
Distributions	(4,554,124)	(6,344,980)
Included in investment return:		
Unrealized gains	<u>6,553,344</u>	<u>696,556</u>
Balance, end of year	<u>\$ 80,921,744</u>	<u>\$ 70,524,816</u>

Investments Measured at Net Asset Value (NAV) - The Foundation is permitted, as a practical expedient, to estimate the fair value of an investment that does not have a readily determinable fair value using the net asset value per share (or its equivalent) of the investment, if the net asset value per share of the investment is calculated in a manner consistent with the measurement principles of an investment company as of the Foundation's reporting date. It is not permitted if it is probable the Foundation will sell the investment for an amount different from the reported net asset value. The Foundation has the ability to redeem these investments at NAV reported by the investment manager and, therefore, uses NAV as the reported fair value.

Hedge funds are valued at net asset value (NAV) based on the underlying value of the fund assets and are considered to be redeemable in the short term. The Foundation estimates the fair value of certain alternative investments using the net asset value (NAV) practical expedient. Because NAV is used to estimate fair value, these investments are not classified in the fair value hierarchy. Accordingly, the inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risk associated with investing in those investments or a reflection on the liquidity of each fund's underlying assets and liabilities.

The following table summarizes the net asset value and redemption information for the Foundation's investments reported at NAV as of December 31:

	NAV		Redemption Frequency	Redemption Notice
	2023	2022		
Private investment hedge funds:				
Aptitude Partners Ltd	\$ 15,811,249	\$ 14,955,658	Quarterly	65 Days
Hedge Fund Managers (Strategic) Ltd	10,790,174	10,042,961	Quarterly	91 Days
	<u>\$ 26,601,423</u>	<u>\$ 24,998,619</u>		

The following table lists any additional redemption restrictions for investments measured at fair value using NAV as of December 31, 2023:

	Additional Redemption Restrictions
Private investment hedge funds:	
Aptitude Partners Ltd	Three year lock on investments. No additional restrictions on redemptions.
Hedge Fund Managers (Strategic) Ltd	One year lock on investments. No additional restrictions on redemptions.

The following table briefly describes the investment objectives of the investments measured at fair value using NAV as of December 31, 2023:

	Investment Objective
Private investment hedge funds:	
Aptitude Partners Ltd	Target attractive risk-adjusted long-term returns.
Hedge Fund Managers (Strategic) Ltd	Target attractive long-term risk adjusted-absolute returns with lower volatility than the broad equity markets.

As of December 31, 2023, the Foundation had no unfunded commitments on the above investments measured at NAV.

3. LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following at December 31:

	2023	2022
Building	\$ 6,581,483	\$ 6,341,240
Land	1,658,760	1,658,760
Equipment	8,497	8,497
Total	<u>8,248,740</u>	<u>8,008,497</u>
Less accumulated depreciation and amortization	<u>(450,958)</u>	<u>(298,904)</u>
Land, building, and equipment, net	<u>\$ 7,797,782</u>	<u>\$ 7,709,593</u>

4. GRANTS AND GRANTS PAYABLE

The following summarizes the amounts included in grants and awards reported on the Statement of Activities for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Youth shooting sports program grants	\$ 5,988,676	\$ 6,547,334
Agency endowment distribution grants	910,448	894,902
Donor designated endowment distribution grants	346,450	323,314
Donor advised fund grants	22,195	17,358
Special purpose program grants	1,150,000	1,000,000
	<u>8,417,769</u>	<u>8,782,908</u>
Non-cash grants (Note 1)	885,487	751,745
Less: Purchase discounts for fundraising products	<u>(259,541)</u>	<u>(188,217)</u>
Total grants and awards	<u>\$ 9,043,715</u>	<u>\$ 9,346,436</u>

The Foundation awards grants to organizations for the support of youth shooting sports programs. These grants are recorded by the Foundation when approved by the Board. The Foundation awarded 1,394 and 1,381 grants in 2023 and 2022, respectively, to youth shooting sports teams.

In addition, the Foundation awarded thirty-eight and thirty-five grants in 2023 and 2022, respectively, to organizations with approved "Agency Endowment Fund Agreements". Organizations with "Designated Endowments" were awarded thirteen grants in 2023 and fourteen grants in 2022. The program became active in 2015. During 2021, the "Donor Advised Funds" and "Special Purpose Program Funds" programs became active and awarded three grants and 97 grants in 2023, respectively, and three grants and 107 grants in 2022, respectively.

Accounts payable includes no unpaid grants and awards as of December 31, 2023 and 2022, respectively.

5. RETIREMENT PLAN

The Foundation participates in a defined contributions IRA plan. The plan covers all full-time employees of the Foundation who earn more than \$5,000. Matching contributions are up to 3% of each eligible employee's salary and totaled \$37,860 and \$35,313 for the years ended December 31, 2023 and 2022, respectively.

6. RELATED PARTY TRANSACTIONS

The Foundation utilizes various personnel of Midway Arms, Inc. for grounds maintenance, janitorial services, and utilities. During 2023 and 2022, the Foundation incurred expenses to Midway Arms, Inc. of \$10,200 and \$54,658, respectively. As of December 31, 2023 and 2022, payables to related parties totaled \$3,950 and \$0, respectively.

The Foundation leases office space to two related parties under twelve-month lease agreements with no renewal options. Rental income for the office space totaled \$339,240 and \$638,792 for the years ended December 31, 2023, and 2022, respectively.

7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation receives significant support without donor restrictions and investment income without donor restrictions.

The Foundation considers investment income without donor restrictions and contributions without donor restrictions for use in current programs which are ongoing and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant and award commitments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Foundation's Grant Committee meets semi-annually to review and approve grant and award requests. Due to this timing, the Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 180 days of normal expenses for administrative, general, and fundraising expenses plus an amount that represents the next expected payment for semi-annual grant and award commitments approved by the Committee.

The table below presents financial assets available for general expenditures within one year at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 13,872,932	\$ 13,607,746
Investments	291,680,236	251,021,346
Interest income receivable	232,453	114,970
Total financial assets	<u>305,785,621</u>	<u>264,744,062</u>
Donor-imposed restrictions:		
Funds subject to purpose or time restrictions	<u>41,217,376</u>	<u>36,586,616</u>
Net financial assets after donor-imposed restrictions	264,568,245	228,157,446
Less amounts not available within one year:		
Long-term and non-liquid investments		
Bonds	29,641,224	15,547,105
Hedge Funds	26,601,423	24,998,619
Private Equity	<u>80,921,744</u>	<u>70,524,816</u>
Total financial assets not available within one year	<u>137,164,391</u>	<u>111,070,540</u>
Total financial assets available within one year	<u><u>\$ 127,403,854</u></u>	<u><u>\$ 117,086,906</u></u>

8. ADOPTION OF NEW ACCOUNTING STANDARD

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 326, *Financial Instruments – Credit Losses*), which significantly changed how entities will measure credit losses for most financial assets and certain instruments that are not measured at fair value through the change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in FASB ASC 326 were accounts receivable.

The Foundation adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements.