

Tinker Foundation, Inc.

Financial Statements

December 31, 2023

Independent Auditors' Report

Board of Directors
Tinker Foundation, Inc.

Opinion

We have audited the accompanying financial statements of the Tinker Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2023 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tinker Foundation, Inc. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 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 misstatement, whether due to fraud or error.

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

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 substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Investments as of December 31, 2023 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PKF O'Connor Davies, LLP

May 31, 2024

Tinker Foundation, Inc.

Statement of Financial Position
Year Ended December 31, 2023

ASSETS

Cash and cash equivalents	\$ 155,496
Prepaid federal excise tax	1,633
Prepaid expenses	28,749
Due from broker	5,541,841
Investments	74,751,823
Property and equipment, net	<u>168,940</u>
	<u>\$ 80,648,482</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 83,169
Grants payable	1,642,000
Postretirement benefit obligation	74,909
Federal excise tax payable	61,515
Deferred federal excise tax	<u>142,804</u>
Total Liabilities	2,004,397
Net assets without donor restrictions	<u>78,644,085</u>
	<u>\$ 80,648,482</u>

See notes to financial statements

Tinker Foundation, Inc.

Statement of Activities Year Ended December 31, 2023

REVENUE

Investment Return	
Interest and dividends	\$ 1,137,153
Realized gain from investments	5,031,120
Unrealized gain on investments	3,185,755
Less: direct investment expenses	<u>(200,591)</u>
Investment Return	9,153,437
Other income	<u>1,169</u>
Total Revenue	<u>9,154,606</u>

EXPENSES

Grants and programs	3,848,669
Foundation operations and governance	548,217
Federal excise tax expense	98,797
Deferred excise tax expense	<u>65,845</u>
Total Expenses	<u>4,561,528</u>
Change in Net Assets Before Postretirement Benefit	
Obligation adjustment	4,593,078
Postretirement benefit obligation adjustment	<u>(20,649)</u>
Change in Net Assets	4,572,429

NET ASSETS

Beginning of year	<u>74,071,656</u>
End of year	<u>\$ 78,644,085</u>

See notes to financial statements

Tinker Foundation, Inc.

Statement of Functional Expenses For the Year Ended December 31, 2023

	<u>Grants and Program</u>	<u>Operations and Governance</u>	<u>Total</u>
Grants	\$ 2,927,778	\$ -	\$ 2,927,778
Salaries and benefits	666,409	398,892	1,065,301
Director fees	-	28,000	28,000
Professional fees	26,127	16,749	42,876
Travel, meetings and conferences	63,312	6,415	69,727
Occupancy	52,962	32,503	85,465
Office and other expenses	77,049	44,159	121,208
Depreciation	35,032	21,499	56,531
Total	<u>\$ 3,848,669</u>	<u>\$ 548,217</u>	<u>\$ 4,396,886</u>

See notes to financial statements

Tinker Foundation, Inc.

Statement of Cash Flows
Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 4,572,429
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	56,531
Net realized and unrealized gain on investments	(8,216,875)
Deferred federal excise tax	65,845
Change in operating assets and liabilities	
Prepaid federal excise tax	37,282
Prepaid expenses	(16,106)
Accounts payable and accrued expenses	10,204
Grants payable	(209,000)
Postretirement benefit obligation	8,909
Federal excise tax payable	61,515
Net Cash from Operating Activities	<u>(3,629,266)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Due from broker	(4,347,746)
Purchase of investments	(8,755,773)
Proceeds from sale of investments	<u>16,676,319</u>
Net Cash from Investing Activities	<u>3,572,800</u>
Net Change in Cash and Cash Equivalents	(56,466)

CASH AND CASH EQUIVALENTS

Beginning of year	<u>211,962</u>
End of year	<u>\$ 155,496</u>

See notes to financial statements

Tinker Foundation, Inc.

Notes to Financial Statements

December 31, 2023

1. Organization

The Tinker Foundation, Inc. (the “Foundation”) is a private foundation which supports activities to promote the development of an equitable, sustainable and productive society in Latin America. The Foundation’s primary source of revenue is investment revenue.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Asset Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. All net assets of the Foundation are without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents represent short-term investments with maturities of three months or less at time of purchase, except for those short-term investments managed by the Foundation’s investment managers as part of their long-term investment strategies.

Fair Value Measurements

The Foundation follows US GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The Foundation follows US GAAP guidance which removed the requirements to categorize within the fair value hierarchy alternative investments where fair value is measured using the net asset value (“NAV”) per share as a practical expedient.

Tinker Foundation, Inc.

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Investment Risks and Uncertainties

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as offshore limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, are generally not currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical cost, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

Because of the inherent uncertainty of valuations, the estimated fair values of alternative investments may differ significantly from the values that would have been used had a ready market for such investments existed or had such investment been liquidated, and those differences could be material.

Investment Expenses

Investment expenses on the statement of activities consist of fees paid directly to the Foundation's investment advisors and custodians.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method. The office space of the Foundation, a condominium, is being depreciated over a forty-year period. Furniture and fixtures are being depreciated over seven years. Computer equipment is being depreciated over a three-year period. The Foundation capitalizes all property and equipment items purchased over \$10,000.

Tinker Foundation, Inc.

Notes to Financial Statements

December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Grants

Grants are recognized when approved by the Foundation's Board of Directors, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions.

Grants payable represent the amount authorized but scheduled for future payment. Grants to be paid in more than one year are discounted to present value, if material.

Functional Expense Allocations

The financial statements report categories of expenses that are attributable to program and supporting functions or operations and governance of the Foundation. Expenditures, which can be identified with a specific program or support service, are allocated directly, according to their natural expenditures; these expenses include grants, salaries and benefits, professional fees, and federal excise taxes.

Postretirement Benefit Plan

The Foundation follows U.S. GAAP guidance on Defined Benefit Plans which requires the Foundation to recognize the funded status of the Foundation's postretirement medical and health benefits as an asset or liability in its statement of financial position with corresponding adjustment to change in net assets in the statement of activities. The adjustment to change in net assets represents the balance of unrecognized actuarial gains that will be recognized within net periodic cost in the future.

Accounting for Uncertainty in Income Taxes

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2020.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is May 31, 2024.

Tinker Foundation, Inc.

Notes to Financial Statements

December 31, 2023

3. Federal Excise Taxes

The Foundation is classified as a private operating foundation as defined in Section 509(a) of the Internal Revenue Code (the "Code"). The Code provides that the Foundation make qualifying distributions or expenditures based on the results of an income test and either an asset, endowment or support test. During 2023, the Foundation passed the endowment test.

For the tax year ended December 31, 2023, the Foundation is subject to a federal excise tax of 1.39% on its net investment income as defined by the Code.

Deferred federal excise taxes on the change in unrealized appreciation of investments is calculated at the 1.39% tax rate as this will be the effective tax rate when such gains are realized.

4. Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist principally of cash and cash equivalents and investments. The Foundation maintains its cash with high quality institutions. The Foundation routinely assesses the diversification and financial strength of its cash and investment portfolio. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times balances may exceed the FDIC and/or SIPC limit. As of December 31, 2023, the Foundation did not have any uninsured cash equivalents on deposit. As of December 31, 2023, the Foundation's uninsured investment holdings totaled approximately \$74,251,800. The Foundation has not experienced any losses in such accounts.

Tinker Foundation, Inc.

Notes to Financial Statements December 31, 2023

5. Investments

The following are the classes and major categories of investments measured at fair value on a recurring basis at December 31, 2023, grouped by the fair value hierarchy for those investments subject to categorization within such hierarchy:

	2023			Total
	Level 1	Level 2	Investments Valued Using NAV (*)	
U.S. Treasury Bills	\$ 1,996,961	\$ -	\$ -	\$ 1,996,961
Common Stock				
Consumer	299,586	-	-	299,586
Healthcare	403,862	-	-	403,862
Industrials	546,740	-	-	546,740
Technology	578,290	-	-	578,290
Other	255,443	-	-	255,443
Mutual Funds				
Large cap equity funds	15,298,757	8,485,302	-	23,784,059
Small cap equity funds	3,039,585	-	-	3,039,585
Emerging cap equity funds	3,658,901	-	-	3,658,901
All asset funds	3,096,766	-	-	3,096,766
Global equity funds	5,122,422	-	-	5,122,422
Fixed income funds	7,297,651	-	-	7,297,651
Exchange traded funds	3,033,201	-	-	3,033,201
Hedge Funds				
International	-	-	209,896	209,896
Multi-strategy	-	-	6,606,661	6,606,661
Event driven	-	-	5,149,676	5,149,676
International equity funds	-	-	6,052,309	6,052,309
Private equities	-	-	1,559,786	1,559,786
Real estate	-	-	508,697	508,697
Total Investments at Fair Value	<u>\$ 44,628,165</u>	<u>\$ 8,485,302</u>	<u>\$ 20,087,025</u>	73,200,492
Cash held for investment, at cost				1,551,331
Total Investments				<u>\$ 74,751,823</u>

(*) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy.

Information regarding alternative investments measured at NAV using the practical expedient at December 31, 2023 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds				
International (see "a" below)	\$ 209,896	\$ -	Quarterly	60 days
Multi-strategy (see "b" below)	6,606,661	-	Quarterly	60 days
Event driven(see "c" below)	5,149,676	-	Quarterly	65 days
International equity funds (see "d" below)	6,052,309	-	Monthly-Quarterly	10 - 45 days
Private equities (see "e" below)	1,559,786	-	N/A	N/A
Real estate funds (see "f" below)	508,697	1,157,590	N/A	N/A
Total	<u>\$ 20,087,025</u>	<u>\$ 1,157,590</u>		

Tinker Foundation, Inc.

Notes to Financial Statements
December 31, 2023

5. Investments (*continued*)

- a. This category includes one international hedge fund where the objective is to generate long-term, superior, risk-adjusted returns by investing primarily in publicly traded equity securities. The investment manager seeks to achieve the investment objective by employing a strict fundamentals-based investment approach. The fund generally invests in companies that appear to be trading at a discount to their intrinsic value, and short companies that it believes are trading at a premium to their intrinsic value. It is a generalist fund and invests across all sectors and geographies.
- b. This category includes one multi-strategy hedge fund where the fund seeks to target traditional and non-traditional sources of alpha by employing a diverse set of catalyst-driven absolute return strategies that are intended to be uncorrelated to each other and to the major indices. The fund utilizes four core absolute return strategies by investing across the corporate capital structure and often trade around or in conjunction with an event or catalyst.
- c. This category includes one event-driven hedge fund where the fund seeks to achieve equity-like returns while taking on significantly less market risk than the broad market indices. The fund strives to achieve this goal through superior security selection on both long and short positions. Net long-term exposure will vary between 40%-60%. Gross exposure will range from 100%-160%. The fund will have 20-40 long positions. Core long positions will be 4%-8% of net asset value. The fund will typically have 15-35 short positions, sized in the 0.5%-2.5% range. Concentration in any one industry will be less than 35% on a net long-term basis.
- d. This category includes two international equity funds where the objective is to obtain long-term capital gains and income through investing in diversified portfolios of international equities.
- e. This category includes one private equity fund that invests in a select group of private equity funds in the venture capital sector. The partnership will continue through January 4, 2025, unless terminated sooner or extended in accordance with the partnership agreement.
- f. This category includes two real estate limited partnerships that invest with a goal of achieving superior risk-adjusted returns.

Tinker Foundation, Inc.

Notes to Financial Statements
December 31, 2023

6. Property and Equipment

Property and equipment consist of the following at December 31, 2023:

Office condominium	\$ 2,152,757
Furniture and equipment	<u>130,099</u>
	2,282,856
Less accumulated depreciation	<u>2,113,916</u>
	<u>\$ 168,940</u>

Depreciation expense amounted to \$56,531 for the year ended December 31, 2023.

7. Liquidity and Availability of Financial Assets

The Foundation's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position were as follows for December 31, 2023:

Financial assets:	
Cash and cash equivalents	\$ 155,496
Due from broker	5,541,841
Investments	<u>74,751,823</u>
Total Financial Assets	<u>80,449,160</u>
Less: Contractual restrictions amounts	
Illiquid investments	<u>2,068,483</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 78,380,677</u>

As part of the Foundation's liquidity management strategy, the Foundation structures its financial assets to be available as its grant payments and other general liabilities come due. The withdrawals are adjusted based on the grants to be disbursed and other factors affecting available cash such as capital calls on investments, investment income and capital distributions, general operating expenses, and other factors affecting available cash.

The annual spending rate is proposed by the Finance Committee as part of the budget each year and communicated to the Board for its approval on current conditions.

Tinker Foundation, Inc.

Notes to Financial Statements

December 31, 2023

8. Grants Payable

The Foundation entered into grant commitments with certain organizations. Grants payable in more than one year are discounted to their net present value at the time the grants are made, if material. Grants payable totaled \$1,642,000 on December 31, 2023. Grants payables are scheduled to be disbursed as follows:

2024	\$ 1,340,000
2025	302,000
	<u>\$ 1,642,000</u>

9. Retirement Benefits

The Foundation provides a 401(k) plan for the benefit of all of its employees who are 21 years of age or older. Employees are permitted to contribute to this plan from pre-tax compensation up to the dollar limit established annually by the Internal Revenue Service as well. Employees who have 12 months of service at the Foundation are eligible for the Foundation's discretionary contribution benefit. The Foundation contributed 15% of eligible compensation, 3% as a safe harbor contribution, and 12% as a discretionary contribution, to each eligible participant, which totaled \$115,223 for the year ended December 31, 2023.

10. Postretirement Healthcare Benefits

In 2016, the Foundation adopted a formal postretirement medical policy for long-term employees that either were approaching retirement or retired from the Foundation at that time. Under the policy, employees will receive \$6,000 per year for medical costs for the first five years and \$3,000 per year for the next five years, ending at 10 years of benefits. There is one elderly past-employee whom the Foundation has promised to cover up to \$6,000 per year of medical costs for the remainder of her life.

Information as of and for the year ended December 31, 2023 for the plan is as follows:

Benefit Obligation	
at End of Year	\$ 74,909
Net postretirement benefit costs	4,260
Unrecognized actuarial loss	20,649
Benefits paid	16,000
Discount rate used	4.49%
Components of Net Periodic Expense	
for the Year	
Service cost	\$ -
Interest cost	4,260
	<u>\$ 4,260</u>

Tinker Foundation, Inc.

Notes to Financial Statements
December 31, 2023

10. Postretirement Healthcare Benefits (continued)

Net benefits expected to be paid in each of the next five years and the following five years in the aggregate are as follows:

2024	\$ 16,000
2025	15,287
2026	14,526
2027	13,731
2028	6,771
2029-2033	<u>12,994</u>
	<u>\$ 79,309</u>

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Tinker Foundation, Inc.

Supplementary Information

December 31, 2023

Tinker Foundation, Inc.

Schedule of Investments
December 31, 2023

	<u>Fair Value</u>
TREASURY BILLS	
US Treasury Bill due on 2/8/24	\$ 1,996,961
COMMON STOCK	2,083,921
MUTUAL FUNDS	
Edgewood Growth	5,078,762
GQG Partners Global Quality Fund	5,122,422
Independent Franchise Partners	8,485,302
PIMCO All Asset Fund	3,096,766
PIMCO Total Return Fund	7,297,651
Vanguard Emerging Markets Equity Index Fund	3,658,901
Vanguard Institutional Index Fund	4,692,103
Vanguard Small Cap Value Index Fund	3,039,585
Vanguard Windsor Admiral Fund	5,527,892
EXCHANGE TRADED FUNDS	
VictoryShares USAA Core Intermediate-Term Bond ETF	3,033,201
HEDGE FUNDS	
Hawk Ridge Partners II, LP	5,149,676
Hudson Bay International Fund, Ltd.	6,606,661
Valinor Capital Partners Offshore, Ltd.	209,896
INTERNATIONAL EQUITY FUNDS	
Junto Offshore Fund, Ltd.	2,900,529
Highclere International Investors SMID Fund	3,151,780
LIMITED PARTNERSHIPS	
Adler US Real Estate Property Partners V, LP	406,995
Corner Ventures DAG Fund 1-C, LP	1,559,786
Westbrook Real Estate VIII, LP	101,702
CASH HELD FOR INVESTMENT	
Charles Schwab	<u>1,551,331</u>
Total Investment Portfolio	<u><u>\$ 74,751,823</u></u>

See independent auditors' report