COALITION TO SALUTE
AMERICA’S HEROES FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018
CONTENTS

Independent auditors’ report

Financial statements

Statement of financial position

Statement of activities

Statement of functional expenses

Statement of cash flows

Notes to financial statements
INDEPENDENT AUDITORS’ REPORT

To the Board of Directors of
Coalition to Salute America’s Heroes Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Coalition to Salute America’s Heroes Foundation (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility 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; this includes 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coalition to Salute America’s Heroes Foundation as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

1360 Beverly Road
Suite 300
McLean, Virginia 22101
May 15, 2019
COALITION TO SALUTE AMERICA’S HEROES FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

Assets:
Current assets:
  Cash $ 450,049
  Prepaid expenses 95,324
  Other assets 2,286

  Total current assets 547,659

Property and equipment, net 19,294
Investments 1,803,264
Donated artwork 270,000
Security deposits 3,116

Total assets $ 2,643,333

Liabilities and net assets:
Current liabilities:
  Accounts payable $ 616,065
  Accrued expenses 69,455

  Total current liabilities 685,520

Net assets:
  Without donor restrictions 1,957,813

Total liabilities and net assets $ 2,643,333

See accompanying notes to financial statements.
COALITION TO SALUTE AMERICA’S HEROES FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

Revenues, gains and other support:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$9,968,842</td>
</tr>
<tr>
<td>Gift in-kind</td>
<td>7,111,252</td>
</tr>
<tr>
<td>Unrealized loss on investments</td>
<td>(275,361)</td>
</tr>
<tr>
<td>Realized gain on investments</td>
<td>54,870</td>
</tr>
<tr>
<td>Dividend and interest income</td>
<td>121,035</td>
</tr>
<tr>
<td>Other income</td>
<td>217,867</td>
</tr>
</tbody>
</table>

Total revenues gains and other support            17,198,505

Expenses:

Program services:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterans’ emergency financial aid</td>
<td>2,164,381</td>
</tr>
<tr>
<td>Veterans’ recovery activities</td>
<td>3,574,405</td>
</tr>
<tr>
<td>Public awareness of veterans’ needs</td>
<td>8,269,363</td>
</tr>
</tbody>
</table>

Total program services                           14,008,149

Supporting services:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundraising</td>
<td>3,495,507</td>
</tr>
<tr>
<td>Management and general</td>
<td>1,115,619</td>
</tr>
</tbody>
</table>

Total supporting services                        4,611,126

Total expenses                                   18,619,275

Change in net assets                             (1,420,770)

Net assets, beginning of year                    3,378,583

Net assets, end of year                          $1,957,813
## COALITION TO SALUTE AMERICA’S HEROES FOUNDATION

### STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED DECEMBER 31, 2018**

<table>
<thead>
<tr>
<th>Program services</th>
<th>Supporting services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Veterans’ emergency financial aid</strong></td>
<td><strong>Veterans’ recovery activities</strong></td>
</tr>
<tr>
<td><strong>Veteran assistance and gifts</strong></td>
<td>$951,503</td>
</tr>
<tr>
<td><strong>Promotional events &amp; seminars</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Promotion production</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Veterans conference production</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>PSA media</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Grants and contributions</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Printing &amp; Mailshop</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>List rental fees</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Data processing</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Premiums</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Miscellaneous</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Caging and escrow</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Rent expense</strong></td>
<td>48,744</td>
</tr>
<tr>
<td><strong>Salaries and benefits</strong></td>
<td>790,218</td>
</tr>
<tr>
<td><strong>Payroll and other taxes</strong></td>
<td>49,769</td>
</tr>
<tr>
<td><strong>Telephone and utilities</strong></td>
<td>11,224</td>
</tr>
<tr>
<td><strong>Accounting</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Bookkeeping</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Legal</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Consulting</strong></td>
<td>34,415</td>
</tr>
<tr>
<td><strong>Advertising</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Outside services</strong></td>
<td>132,858</td>
</tr>
<tr>
<td><strong>Travel expense</strong></td>
<td>107,093</td>
</tr>
<tr>
<td><strong>Postage and delivery</strong></td>
<td>10,240</td>
</tr>
<tr>
<td><strong>Office expenses</strong></td>
<td>18,031</td>
</tr>
<tr>
<td><strong>Depreciation expense</strong></td>
<td>4,963</td>
</tr>
<tr>
<td><strong>Bank and credit card fees</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Insurance</strong></td>
<td>5,323</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,164,381</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
COALITION TO SALUTE AMERICA’S HEROES FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

Cash flows from operating activities:
Change in net assets $ (1,420,770)
Adjustments to reconcile change in net assets to
net cash used in operating activities:
  Depreciation expense 8,679
  Net loss on investments 220,491
  Change in prepaid expenses (35,259)
  Change in other assets (14)
  Change in accounts payable 128,654
  Change in accrued expenses (3,119)
  Net cash used in operating activities (1,101,338)

Cash flows from investing activities:
  Purchase of property and equipment (10,454)
  Purchase of investments (134,109)
  Sales of investments 763,441
  Net cash provided by investing activities 618,878

Net decrease in cash (482,460)
Cash, beginning of year 932,509
Cash, end of year $ 450,049

See accompanying notes to financial statements.
1. Organization

Organization - Coalition to Salute America’s Heroes Foundation (CSAH) is a not-for-profit corporation whose purpose is providing support to wounded troops, veterans, and their families and to inform the public of the needs of wounded veterans. The Corporate Charter was adopted in the District of Columbia. The name Coalition to Salute America’s Heroes Foundation was adopted on August 4, 2004.

2. Summary of significant accounting policies

Basis of accounting - The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred. Contributions are received primarily as a result of direct mail and other media solicitations to individuals throughout the country. Contributions are recognized as support when received.

Uses of estimates - Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Financial statement presentation - CSAH presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Under FASB ASC 958, CSAH is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Without donor restrictions - Net assets not subject to donor-imposed stipulations.

With donor restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of CSAH and/or the passage of time or net assets subject to donor-imposed stipulations that they be maintained permanently by CSAH. CSAH does not have any net assets with donor restrictions at December 31, 2018.
2. **Summary of significant accounting policies (continued)**

*Contributions* - CSAH records contributions as with donor restricted revenue if they are received with donor stipulations that limit the use of the donated assets. 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 are recorded as contributions without donor restrictions.

*Income taxes* - CSAH is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code); therefore, no provision for income taxes has been made in these financial statements. CSAH has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Code and qualifies for deductible contributions as provided in Section 170(b)(1)A(vi). However, CSAH is subjected to taxation on unrelated business income. For the year ended December 31, 2018, there is no unrelated business income.

Management has evaluated CSAH’s tax positions and has concluded that CSAH has taken no uncertain tax positions that required adjustment to the financial statements.

CSAH’s federal Return of Organization Exempt from Income Tax (Form 990) is open to examination by the IRS for three years after it is filed.

*Receivables* - Receivables, including employee advances and promises to give, are carried at original invoice amounts less an estimate for doubtful receivables based on an annual review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

*Property and equipment* - Property and equipment are stated at cost. Donated property and equipment are recorded at fair value at the date of donation. CSAH depreciates property and equipment with a cost of $500 or more over their estimated useful lives of one to ten years.

Expenditure for maintenance and repairs are expensed as incurred. Betterments, which increase the value or materially extend the life of the related assets, are capitalized.
2. **Summary of significant accounting policies (continued)**

*Investments* - Investments are reported at fair market value based on quoted prices. Unless restricted by the donor, investment income which consists of interest and dividend income earned, realized and unrealized gains or losses, is included as increases or decreases in net assets without donor restrictions.

*Donated artwork* - Donated artwork consists of six canvas paintings which are held by CSAH as long-lived assets. Due to the inexhaustible nature of the paintings, the artwork is not being amortized.

*Gifts-in-kind* - Gifts-in-kind are recorded as contributions at their estimated fair value as of the date of the donation.

*Allocation of expenses* - Expenses directly attributable to a program are charged directly to that program. Expenses that benefit more than one program are allocated between program and supporting services. Salaries and related benefits, rent, telephone, office supplies and depreciation are allocated based on the time and effort spent by the employees. Printing and mailshop, list rental fees, data processing, and premiums are allocated based on a direct line count method of allocating joint costs.

*Functional expenses* - The costs of providing various program and supporting services have been summarized on a functional basis on the statement of functional expenses. The program and supporting services of CSAH are as follows:

*Veterans’ emergency financial aid* - Program to assist wounded veterans (and their spouses) with direct financial aid.

*Veterans’ recovery activities* - All expenses incurred to provide wounded veterans with recovery conferences, seminars on educational job training, career counseling, job seeking and placement services, employment opportunities, and to address issues of PTSD and TBI.

*Public awareness of veterans’ needs* - All expenses incurred to educate the general public about the country’s wounded troops and veterans and their families and their community needs. Also, all expenses incurred to inform the general public to participate in CSAH’s assistance programs.

*Fundraising* - All expenses incurred with the purpose of raising funds.
2. Summary of significant accounting policies (continued)

Management and general - All other operating expenses incurred by CSAH in the accomplishment of its tax exempt purposes.

Advertising - Advertising is expensed as incurred. For the year ended December 31, 2018, advertising expense was $2,770.

3. Concentration of credit risk

Financial instruments that are potentially subject to concentration of credit risk consist primarily of cash in banks. CSAH places its cash in financial institutions that are insured by the Federal Deposit Insurance Corporation. CSAH maintains cash balances that may exceed federally insured limits. CSAH has not experienced any losses.

CSAH invests in a professionally managed portfolio that contains various securities. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Money market and security investments are held at brokerage firms that are members of Securities Investor Protection Corporation. CSAH maintains balances at those firms that may be in excess of insured limits. CSAH has not experienced any such losses.

4. Property and equipment

Property and equipment at December 31, 2018 consists of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$ 113,449</td>
</tr>
<tr>
<td>Website</td>
<td>$132,603</td>
</tr>
<tr>
<td></td>
<td>$246,052</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>(226,758)</td>
</tr>
<tr>
<td></td>
<td>$19,294</td>
</tr>
</tbody>
</table>
5. Investments

Investments at December 31, 2018, consist of the following:

- Money market $23,170
- Mutual funds:
  - Open end mutual funds $1,780,094

Total investments $1,803,264

6. Fair value measurement

CSAH follows FASB ASC 820 to disclose fair value measurements of assets and liabilities. FASB ASC 820 requires that assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, CSAH performs a detail analysis of the assets and liabilities that are subject to FASB ASC 820. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by CSAH at December 31, 2018. The inputs and techniques used in measuring fair value were not changed in 2018.

The following table presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy. There are no liabilities that are being measured and reported on a fair value basis.
6. Fair value measurement (continued)

<table>
<thead>
<tr>
<th>Fair Value Measurements Using</th>
<th>Significant Other Observable Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quoted Prices In Active Markets for Identical Assets (Level 1)</td>
</tr>
<tr>
<td>Fair Value</td>
<td>$1,780,094</td>
</tr>
<tr>
<td>Mutual funds</td>
<td></td>
</tr>
</tbody>
</table>

Mutual funds are publicly traded on various open markets and are considered a Level 1 item. CSAH investments also hold $23,170 of money market accounts which are reported at cost.

7. Retirement plan

CSAH established a profit sharing plan in accordance with Section 401(k) of the Internal Revenue Code. Substantially all employees age 21 and over that complete one year of service are eligible to participate. Participants may defer an amount of compensation not exceeding the limit under Federal law. CSAH has the discretion to match each participant’s elective deferral. During 2018, CSAH contributed $77,412 to the plan.

8. Contributed materials and services

During 2018, CSAH produced Public Service Announcements (PSA’s). In connection with the airing of the PSAs, CSAH received airtime with a fair value of $4,192,670 for the year ended December 31, 2018. The amount was recognized as gift in-kind revenue and public awareness of veterans’ needs expense in the statement of activities, and as part of PSA media in the statement of functional expenses.

CSAH received other miscellaneous materials, including books, food, quilts, and other promotional items, with a fair value of $2,881,382 during the year ended December 31, 2018. The items were used to increase public awareness of veterans' issues and in the veterans' recovery activities. The fair value of these items was recognized as gift in-kind revenue and as veterans' recovery activities expense in the statement of activities, and veteran assistance and gifts and promotion production expense in the statement of functional expenses.
8. Contributed materials and services (continued)

During 2018, CSAH received contributed use of office space with a fair value of $37,200 during the year ended December 31, 2018. The space was used for the operations of CSAH. The fair value of the rent was recognized as gift in-kind revenue and allocated to the program and supporting services expenses in the statement of activities, and rent expense in the statement of functional expenses.

9. Allocation of joint costs

CSAH incurred joint costs of $6,861,154 during the 2018 fiscal year for direct mail and electronic communication materials and activities that include fundraising appeals. Of those costs, $3,351,447 was allocated to public awareness of veterans’ needs, $3,101,045 was allocated to fundraising, and $408,662 was allocated to management and general.

10. Lease

CSAH has a lease for office space. Future minimum rental payments for this operating lease are as follows:

<table>
<thead>
<tr>
<th>For the year ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$ 48,863</td>
</tr>
<tr>
<td>2020</td>
<td>50,277</td>
</tr>
<tr>
<td>2021</td>
<td>21,197</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 120,337</strong></td>
</tr>
</tbody>
</table>

For the year ended December 31, 2018, rent expense was $85,233 of which $37,200 was a gift-in-kind.

11. Liquidity

CSAH has $2,253,313 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of $450,049 and investments of $1,803,264. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.
12. **Internet fundraising**

On February 1, 2007, CSAH entered into a contract with a direct mail consultant for direct mail consultation services. On July 24, 2013, CSAH and the consulting firm executed an addendum to the contract to include consultation services related to internet and social media fundraising. The addendum calls for revenue from the internet fundraising to be used first to pay direct costs, such as caging fees and list rental fees, before being used to pay consulting fees. In the event that the revenue is insufficient to cover all of the consulting firm’s fees, CSAH is not obligated to pay such fees. As of December 31, 2018, all fees due under the internet fundraising agreement had been paid or accrued.

13. **Subsequent events**

Management has evaluated subsequent events through May 15, 2018, the date which the financial statements were available to be issued.