



PragerMetis

**Coalition to Salute
America's Heroes Foundation
Financial Statements
December 31, 2019**

Coalition to Salute America's Heroes Foundation
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December 31, 2019

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Independent Auditor's Report

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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, 2019, 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.

Auditor's 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, 2019, 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.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
McLean, Virginia
May 21, 2020

Coalition to Salute America's Heroes Foundation
Statement of Financial Position
December 31, 2019

Assets

Current assets

Cash	\$ 449,104
Employee advances	1,360
Prepaid expenses	<u>69,724</u>
Total current assets	520,188

Equipment, net	10,939
Investments	1,929,142
Donated artwork	270,000
Security deposits	<u>3,116</u>

Total assets	<u><u>\$ 2,733,385</u></u>
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Liabilities and net assets

Liabilities

Current liabilities

Accounts payable	\$ 527,355
Accrued expenses	<u>74,073</u>

Total liabilities (all current)	601,428
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Net assets

Without donor restrictions	<u>2,131,957</u>
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Total liabilities and net assets	<u><u>\$ 2,733,385</u></u>
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The accompanying notes are an integral part of these financial statements.

Coalition to Salute America's Heroes Foundation
Statement of Activities
Year Ended December 31, 2019

Unrestricted revenues, gains and other support	
Contributions	\$ 9,338,384
Gift in-kind	20,075,967
Unrealized gain on investments	181,134
Realized gain on investments	6,370
Dividend and interest income	100,302
Other income	187,803
	<hr/>
Total revenue, gains, and other support	29,889,960
	<hr/>
Expenses	
Program services	
Veterans' emergency financial aid	1,595,986
Veterans' recovery activities	1,787,208
Public Awareness of veterans' needs	22,272,745
Total program services	<hr/> 25,655,939
Supporting services	
Fundraising	2,955,256
Management and general	1,104,621
Total supporting services	<hr/> 4,059,877
	<hr/>
Total expenses	29,715,816
	<hr/>
Change in net assets	174,144
Net assets, beginning of year	<hr/> 1,957,813
	<hr/>
Net assets, end of year	\$ 2,131,957

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

Coalition to Salute America's Heroes Foundation
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services			Supporting Services		Total
	Veterans' Emergency Financial Aid	Veterans' Recovery Activities	Public Awareness of Veterans' Needs	Fundraising	Management and General	
Veteran assistance and gifts	\$ 631,347	\$ 1,420,736	\$ -	\$ -	\$ -	\$ 2,052,083
Promotional events and seminars	-	54,134	59,664	-	-	113,798
Promotion production	-	-	229,960	-	-	229,960
PSA media	-	-	18,647,700	-	-	18,647,700
Grants and contributions	-	29,948	-	-	-	29,948
Printing and mailshop	-	-	937,143	818,764	129,219	1,885,126
List rental fees	-	-	206,161	177,298	28,863	412,322
Data processing	-	-	96,775	84,546	13,548	194,869
Premiums	-	-	755,881	650,057	105,823	1,511,761
Miscellaneous	-	-	1,515	3,853	213	5,581
Caging and escrow	-	-	-	-	217,375	217,375
Rent expense	50,294	6,460	7,740	14,435	9,501	88,430
Salaries and benefits	667,091	85,688	102,666	191,457	126,020	1,172,922
Payroll and other taxes	44,542	5,721	6,855	12,782	8,414	78,314
Telephone and utilities	10,314	1,325	1,587	2,960	1,948	18,134
Accounting	-	-	-	-	39,559	39,559
Bookkeeping	-	-	-	-	137,400	137,400
Legal	-	-	-	-	20,909	20,909
Consulting	32,831	26,518	303,943	236,845	88,910	689,047
Outside services	49,948	4,569	63,816	10,963	12,063	141,359
Travel expense	76,373	8,353	18,916	27,717	12,283	143,642
Postage and delivery	8,543	140,585	801,044	690,275	113,518	1,753,965
Office expenses	14,608	1,875	3,135	5,759	7,806	33,183
Depreciation expense	4,752	610	731	1,364	898	8,355
Bank and credit card fees	-	-	26,691	24,648	29,342	80,681
Insurance	5,343	686	822	1,533	1,009	9,393
	<u>\$ 1,595,986</u>	<u>\$ 1,787,208</u>	<u>\$ 22,272,745</u>	<u>\$ 2,955,256</u>	<u>\$ 1,104,621</u>	<u>\$ 29,715,816</u>

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

Coalition to Salute America's Heroes Foundation
Statement of Cash Flows
Year Ended December 31, 2019

Cash flows from operating activities	
Change in net assets	\$ 174,144
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	8,355
Net gain on investments	(187,504)
(Increase) decrease in assets:	
Contributions receivable	1,000
Employee advances	(74)
Prepaid expenses	25,600
Increase (decrease) in liabilities:	
Accounts payable	(88,710)
Accrued expenses	4,618
Net cash used in operating activities	<u>(62,571)</u>
Cash flows from investing activities	
Purchase of investments	(104,401)
Sales of investments	166,027
Net cash provided by investing activities	<u>61,626</u>
Net decrease in cash	(945)
Cash, beginning of year	<u>450,049</u>
Cash, end of year	<u>\$ 449,104</u>

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

Note 1 Description of 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.

Note 2 Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, 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, 2019.

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.

Note 2 Summary of Significant Accounting Policies (continued)

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, 2019, 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.

Equipment

Equipment is stated at cost. Donated equipment is recorded at fair value at the date of donation. CSAH depreciates 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.

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.

Note 2 Summary of Significant Accounting Policies (continued)

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 mail-shop, 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.

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

Note 3 Concentrations 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.

Note 3 Concentrations of Credit Risk (continued)

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.

Note 4 Equipment

Equipment at December 31, 2019, consists of the following:

Furniture and equipment	\$ 92,279
Website	<u>153,773</u>
	246,052
Less: Accumulated depreciation	<u>235,113</u>
	<u><u>\$ 10,939</u></u>

Note 5 Investments

Investments at December 31, 2019, consist of the following:

Money market	\$ 15,288
Mutual funds	
Open end mutual funds	<u>1,913,854</u>
Total investments	<u><u>\$ 1,929,142</u></u>

Note 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: Unadjusted 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, 2019. The inputs and techniques used in measuring fair value were not changed in 2019.

At December 31, 2019, assets measured at fair value on a recurring basis consisted of publicly traded mutual funds totaling \$1,913,854. Mutual funds are publicly traded on various open markets and are considered a Level 1 item. There are no liabilities that are being measured and reported on a fair value basis.

CSAH investments also hold \$15,288 of money market accounts which are reported at cost.

Note 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 2019, CSAH contributed \$65,325 to the plan which is including in salaries and benefits in the accompanying statement of functional expenses.

Note 8 Contributed Materials and Services

During the year, CSAH produced Public Service Announcements (PSA's). In connection with the airing of the PSAs, CSAH received airtime with a fair value of \$18,647,700 for the year ended December 31, 2019. 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.

Note 8 Contributed Materials and Services (continued)

CSAH received other miscellaneous materials, including books, food, and other promotional items, with a fair value of \$1,391,067 during the year ended December 31, 2019. 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.

CSAH received contributed use of office space with a fair value of \$37,200 during the year ended December 31, 2019. 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.

Note 9 Allocation of Joint Costs

CSAH incurred joint costs of \$6,153,433 during the 2019 fiscal year for direct mail and electronic communication materials and activities that include fundraising appeals. Of those costs, \$3,073,405 was allocated to public awareness of veterans' needs, \$2,649,751 was allocated to fundraising, and \$430,277 was allocated to management and general.

Note 10 Lease

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

Years ending December 31:	
2020	\$ 50,277
2021	21,197
	<u>\$ 71,474</u>

For the year ended December 31, 2019, rent expense was \$88,430 of which \$37,200 was a gift-in-kind.

Note 11 Liquidity

CSAH has \$2,378,246 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$449,104 and investments of \$1,929,142. 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.

Note 12 Subsequent Events

Management has evaluated subsequent events through May 21, 2020, the date which the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have resulted in a decline in the value of CSAH's investments. Management believes such declines are temporary in nature. Other financial impacts could occur, although such potential impacts are unknown at this time.