



PragerMetis

**Coalition to Salute
America's Heroes Foundation
Financial Statements
December 31, 2020**

Coalition to Salute America's Heroes Foundation
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December 31, 2020

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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, 2020, 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, 2020, 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 28, 2021

Coalition to Salute America's Heroes Foundation
Statement of Financial Position
December 31, 2020

Assets

Current assets

Cash	\$ 690,981
Employee advances	1,729
Prepaid expenses	178,663
Total current assets	<u>871,373</u>

Property and equipment, net	16,565
Investments	1,853,583
Donated artwork	270,000
Security deposits	<u>3,116</u>

Total assets \$ 3,014,637

Liabilities and net assets

Liabilities

Current liabilities

Accounts payable	\$ 615,472
Accrued expenses	<u>72,031</u>

Total liabilities (all current) 687,503

Net assets

Without donor restrictions 2,327,134

Total liabilities and net assets \$ 3,014,637

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, 2020

Revenues, gains and other support

Contributions	\$ 8,196,312
Gifts in-kind	55,520,190
Unrealized gain on investments	93,776
Realized gain on investments	2,504
Dividend and interest income	55,787
Other income	197,219

Total revenue, gains, and other support 64,065,788

Expenses

Program services	
Veterans' emergency financial aid	1,589,065
Veterans' recovery activities	1,589,661
Public awareness of veterans' needs	57,109,500
Total program services	<u>60,288,226</u>

Supporting services

Fundraising	2,650,772
Management and general	931,613
Total supporting services	<u>3,582,385</u>

Total expenses 63,870,611

Change in net assets 195,177

Net assets without donor restrictions, beginning of year 2,131,957

Net assets without donor restrictions, end of year \$ 2,327,134

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, 2020

	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	\$ 742,715	\$ 1,306,498	\$ -	\$ -	\$ -	\$ 2,049,213
Promotional events and seminars	-	6,792	56,185	-	-	62,977
Promotion production	-	-	95,593	-	-	95,593
PSA media	-	-	54,292,811	-	-	54,292,811
Grants and contributions	-	42,500	-	-	-	42,500
Printing and mailshop	-	-	824,735	790,371	103,092	1,718,198
List rental fees	-	-	143,944	137,947	17,993	299,884
Data processing	-	-	83,495	80,995	10,438	174,928
Premiums	-	-	587,352	562,879	73,419	1,223,650
Miscellaneous	-	-	802	868	100	1,770
Caging and escrow	-	-	-	-	170,661	170,661
Rent expense	29,431	4,327	4,242	9,994	6,216	54,210
Salaries and benefits	643,290	94,581	92,721	218,433	135,860	1,184,885
Payroll and other taxes	41,866	6,155	6,035	14,216	8,840	77,112
Telephone and utilities	8,754	1,287	1,262	2,973	1,849	16,125
Accounting	-	-	-	-	44,720	44,720
Bookkeeping	-	-	-	-	137,400	137,400
Legal	-	-	-	-	20,350	20,350
Consulting	19,668	17,025	229,046	206,055	72,051	543,845
Advertising	-	-	285	-	-	285
Outside services	47,629	4,631	58,833	11,339	11,589	134,021
Travel expense	30,670	3,388	5,863	7,825	4,868	52,614
Postage and delivery	8,434	100,035	600,622	577,456	76,223	1,362,770
Office expenses	9,516	1,399	1,372	3,231	6,610	22,128
Depreciation expense	1,992	293	287	676	421	3,669
Bank and credit card fees	-	-	23,280	23,782	27,836	74,898
Insurance	5,100	750	735	1,732	1,077	9,394
	<u>\$ 1,589,065</u>	<u>\$ 1,589,661</u>	<u>\$ 57,109,500</u>	<u>\$ 2,650,772</u>	<u>\$ 931,613</u>	<u>\$ 63,870,611</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, 2020

Cash flows from operating activities

Change in net assets	\$ 195,177
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	3,669
Net gain on investments	(96,280)
(Increase) decrease in assets:	
Employee advances	(369)
Prepaid expenses	(108,939)
Increase (decrease) in liabilities:	
Accounts payable	88,117
Accrued expenses	(2,042)
Net cash provided by operating activities	<u>79,333</u>

Cash flows from investing activities

Purchase of investments	(1,380,836)
Sales of investments	1,552,675
Purchase of property and equipment	(9,295)
Net cash provided by investing activities	<u>162,544</u>

Net increase in cash 241,877

Cash, beginning of year 449,104

Cash, end of year \$ 690,981

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 (GAAP), 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 or upon notification of an unconditional promise to give.

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 GAAP which requires CSAH 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, 2020.

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, 2020, 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.

Property and Equipment

Property and equipment is stated at cost. Donated property and equipment is 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.

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 function 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.

Note 2 Summary of Significant Accounting Policies (continued)

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

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 and does not believe it is at an increased risk of loss related to such matters.

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 Property and Equipment

Property and equipment at December 31, 2020, consists of the following:

Furniture and equipment	\$ 92,279
Leasehold improvements	9,295
Website	153,773
	<u>255,347</u>
Less: Accumulated depreciation	<u>(238,782)</u>
Property and equipment, net	<u><u>\$ 16,565</u></u>

Note 5 Investments

Investments at December 31, 2020, consist of the following:

Money market	\$ 16,648
Stocks	650,469
Mutual funds	1,186,466
	<u>1,853,583</u>
Total investments	<u><u>\$ 1,853,583</u></u>

Note 6 Fair Value Measurement

CSAH follows GAAP to disclose fair value measurements of assets and liabilities which 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 fair value measurement, CSAH performs a detail analysis of the assets and liabilities that are subject to GAAP. The inputs and techniques used in measuring fair value were not changed in 2020.

Note 6 Fair Value Measurement (continued)

At December 31, 2020, assets measured at fair value on a recurring basis consisted of publicly traded mutual funds and stocks totaling \$1,836,953. Mutual funds and stocks 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 \$16,648 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 2020, CSAH contributed \$67,605 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 \$54,292,811 for the year ended December 31, 2020. The amount was recognized as gifts 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, and other promotional items, with a fair value of \$1,227,379 during the year ended December 31, 2020. 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 gifts 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.

Note 9 Allocation of Joint Costs

CSAH incurred joint costs of \$5,112,107 during the 2020 fiscal year for direct mail and electronic communication materials and activities that include fundraising appeals. Of those costs, \$2,452,587 was allocated to public awareness of veterans' needs, \$2,352,947 was allocated to fundraising, and \$306,573 was allocated to management and general.

Coalition to Salute America's Heroes Foundation

Notes to Financial Statements

December 31, 2020

Note 10 Lease Commitment

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

Years ending December 31:

2021	\$	50,730
2022		51,512
	\$	<u>102,242</u>

Subsequent to year end CSAH extended the lease through July 31, 2026.

Note 11 Liquidity

CSAH has \$2,544,564 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$690,981 and investments of \$1,853,583. 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 28, 2021, the date which the financial statements were available to be issued.