



PragerMetis

**Coalition to Salute
America's Heroes Foundation
Financial Statements
December 31, 2021**

Coalition to Salute America's Heroes Foundation
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December 31, 2021

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Independent Auditor's Report

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

Prager Metis CPAs, LLC

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Opinion

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, 2021, 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 Coalition to Salute America's Heroes Foundation as of December 31, 2021, 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Coalition to Salute America's Heroes 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 Coalition to Salute America's Heroes Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's 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 auditor's 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 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 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 Coalition to Salute America's Heroes 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 Coalition to Salute America's Heroes 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 identified during the audit.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
McLean, Virginia
June 27, 2022

Coalition to Salute America's Heroes Foundation
Statement of Financial Position
December 31, 2021

Assets

Current assets

| | |
|--------------------------|----------------|
| Cash | \$ 814,623 |
| Contributions receivable | 54,906 |
| Employee advances | 3,571 |
| Prepaid expenses | 116,517 |
| Total current assets | <u>989,617</u> |

| | |
|------------------------------------|----------------|
| Property and equipment, net | 15,628 |
| Investments | 2,072,015 |
| Donated artwork | 270,000 |
| Security deposits | 3,116 |
| Operating lease right-of-use asset | <u>223,219</u> |

Total assets \$ 3,573,595

Liabilities and net assets

Liabilities

Current liabilities

| | |
|--|---------------|
| Accounts payable | \$ 814,337 |
| Accrued expenses | 53,957 |
| Operating lease liability, current portion | <u>51,514</u> |

Operating lease liability, less current portion 181,109

Total liabilities 1,100,917

Net assets

Without donor restrictions 2,472,678

Total liabilities and net assets \$ 3,573,595

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, 2021

Revenues, gains and other support

| | |
|--------------------------------|--------------|
| Contributions | \$ 7,225,287 |
| Gifts in-kind | 43,362,196 |
| Unrealized gain on investments | 77,095 |
| Realized gain on investments | 81,585 |
| Dividend and interest income | 59,591 |
| Other income | 242,650 |

Total revenue, gains, and other support 51,048,404

Expenses

| | |
|-------------------------------------|-------------------|
| Program services | |
| Veterans' emergency financial aid | 1,597,432 |
| Veterans' recovery activities | 1,323,915 |
| Public awareness of veterans' needs | 44,813,974 |
| Total program services | <u>47,735,321</u> |

Supporting services

| | |
|---------------------------|------------------|
| Fundraising | 2,296,664 |
| Management and general | 870,875 |
| Total supporting services | <u>3,167,539</u> |

Total expenses 50,902,860

Change in net assets 145,544

Net assets without donor restrictions, beginning of year 2,327,134

Net assets without donor restrictions, end of year \$ 2,472,678

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, 2021

| | 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 | \$ 683,325 | \$ 941,682 | \$ - | \$ - | \$ - | \$ 1,625,007 |
| Promotional events and seminars | - | 71,231 | 45,866 | - | - | 117,097 |
| Promotion production | - | - | 40,450 | - | - | 40,450 |
| PSA media | - | - | 42,492,933 | - | - | 42,492,933 |
| Grants and contributions | - | 76,047 | - | - | - | 76,047 |
| Printing and mailshop | - | - | 668,129 | 668,129 | 85,294 | 1,421,552 |
| List rental fees | - | - | 122,407 | 122,407 | 15,627 | 260,441 |
| Data processing | - | - | 79,609 | 80,539 | 10,163 | 170,311 |
| Premiums | - | - | 434,650 | 434,650 | 55,487 | 924,787 |
| Miscellaneous | - | - | 1,130 | 930 | 144 | 2,204 |
| Caging and escrow | - | - | - | - | 158,213 | 158,213 |
| Rent expense | 28,553 | 3,828 | 4,040 | 8,563 | 5,587 | 50,571 |
| Salaries and benefits | 689,618 | 92,449 | 97,575 | 206,807 | 134,951 | 1,221,400 |
| Payroll and other taxes | 45,107 | 6,046 | 6,383 | 13,527 | 8,827 | 79,890 |
| Telephone and utilities | 9,045 | 1,212 | 1,280 | 2,712 | 1,770 | 16,019 |
| Accounting | - | - | - | - | 44,295 | 44,295 |
| Bookkeeping | - | - | - | - | 137,400 | 137,400 |
| Legal | - | - | - | - | 21,695 | 21,695 |
| Consulting | 19,891 | 15,342 | 217,155 | 192,421 | 65,221 | 510,030 |
| Advertising | - | - | 3,170 | - | - | 3,170 |
| Outside services | 42,445 | 4,207 | 56,176 | 11,830 | 10,096 | 124,754 |
| Travel expense | 57,566 | 6,978 | 9,205 | 15,608 | 10,185 | 99,542 |
| Postage and delivery | 8,927 | 103,156 | 508,349 | 509,763 | 66,088 | 1,196,283 |
| Office expenses | 6,020 | 807 | 852 | 1,806 | 8,231 | 17,716 |
| Depreciation and amortization | 1,631 | 219 | 231 | 489 | 319 | 2,889 |
| Bank and credit card fees | - | - | 23,634 | 24,892 | 30,244 | 78,770 |
| Insurance | 5,304 | 711 | 750 | 1,591 | 1,038 | 9,394 |
| | <u>\$ 1,597,432</u> | <u>\$ 1,323,915</u> | <u>\$ 44,813,974</u> | <u>\$ 2,296,664</u> | <u>\$ 870,875</u> | <u>\$ 50,902,860</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, 2021

| | |
|---|--------------------------|
| Cash flows from operating activities | |
| Change in net assets | \$ 145,544 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation expense | 2,889 |
| Net gain on investments | (158,680) |
| Straight line rent recognition | 9,404 |
| (Increase) decrease in assets: | |
| Employee advances | (1,842) |
| Prepaid expenses | 62,146 |
| Contributions receivable | (54,906) |
| Increase (decrease) in liabilities: | |
| Accounts payable | 198,865 |
| Accrued expenses | (18,074) |
| Net cash provided by operating activities | <u>185,346</u> |
| Cash flows from investing activities | |
| Purchase of investments | (423,573) |
| Sales of investments | 363,821 |
| Purchase of property and equipment | (1,952) |
| Net cash used in investing activities | <u>(61,704)</u> |
| Net increase in cash | 123,642 |
| Cash, beginning of year | <u>690,981</u> |
| Cash, end of year | <u><u>\$ 814,623</u></u> |
| Noncash investing and financing activities | |
| Right-of-use assets obtained in exchange for new operating lease liabilities | <u><u>\$ 223,219</u></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 (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 GAAP. 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, 2021.

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, 2021, 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.

Contributions Receivable

CSAH records contributions receivable upon notification from the donor of the unconditional promise to give. An allowance for doubtful accounts is established based on management's assessment of the collectability of the receivable. Management believes all contributions receivable are fully collectible.

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.

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. CSAH's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of CSAH.

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.

Leases

During the year, as a result of entering into a new office lease agreement, CSAH elected to early implement Financial Accounting Standards Board Accounting Standards Codification 842, *Leases* (ASC 842). As a result of this implementation, CSAH has recognized a right-of-use (ROU) asset and operating lease liability in the accompanying statement of financial position. CSAH adopted ASC 842 on January 1, 2021, utilizing an optional transition method, which resulted in CSAH applying the new disclosure requirements beginning in the period of adoption. No cumulative effect adjustment was necessary as there was no deferred rent recognized in relation to the previous lease agreement.

CSAH has elected the available practical expedients. These included transition elections that permitted it to not reassess its prior conclusions about lease identification, lease classification, and initial direct costs for existing or expired leases. In addition, it adopted ongoing accounting policies to not recognize ROU assets and lease liabilities for leasing arrangements with terms of less than one year, and do not include an option to purchase the underlying asset that CSAH is reasonably certain to exercise, and to not separate lease and non-lease components for all classes of underlying assets.

Note 2 Summary of Significant Accounting Policies (continued)

ROU asset represents CSAH's right to use an underlying asset for the lease term and operating lease liability represents CSAH's obligation to make lease payments and are recognized at the lease commencement date based on the present value of the lease payments over the lease term. CSAH uses its incremental borrowing rate to calculate the present value. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreement contains variable payments based on common area maintenance and real estate taxes which are not determinable at the lease commencement and are not included in the measurement of the ROU and operating lease liability. Accordingly, CSAH recognizes such variable payments in the period in which the payments are made.

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, 2021, consists of the following:

| | |
|---|-------------------------|
| Furniture and equipment | \$ 87,682 |
| Leasehold improvements | 9,295 |
| Website | <u>153,773</u> |
| | 250,750 |
| Less: Accumulated depreciation and amortization | <u>(235,122)</u> |
| Property and equipment, net | <u><u>\$ 15,628</u></u> |

Coalition to Salute America's Heroes Foundation

Notes to Financial Statements

December 31, 2021

Note 5 Investments

Investments at December 31, 2021, consist of the following:

| | |
|-------------------|---------------------|
| Money market | \$ 22,847 |
| Stocks | 719,830 |
| Mutual funds | <u>1,329,338</u> |
| Total investments | <u>\$ 2,072,015</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 2021.

At December 31, 2021, assets measured at fair value on a recurring basis consisted of publicly traded mutual funds and stocks totaling \$2,049,168. 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 \$22,847 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 2021, CSAH contributed \$66,031 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 \$42,492,933 for the year ended December 31, 2021. The fair value is estimated based on the market rate for the type and location of the airtime provided. 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 \$869,263 during the year ended December 31, 2021. The fair value of materials is valued based on cost to purchase the item in the open market or based on the weight of the goods provided based on the value provided by the third-party donor. 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 \$4,245,538 during the 2021 fiscal year for direct mail and electronic communication materials and activities that include fundraising appeals. Of those costs, \$1,994,468 was allocated to public awareness of veterans' needs, \$1,996,456 was allocated to fundraising, and \$254,614 was allocated to management and general.

Note 10 Leases

In 2016, CSAH entered into a noncancelable operating lease for office space expiring May 2021. Rent expense under this lease totaled \$20,072.

During the year, CSAH entered into a new noncancelable operating lease for office space commencing June 1, 2021 and ending July 31, 2026. At December 31, 2021, the lease has a remaining term of 4 years 7 months.

Rent expense under the new lease was \$30,499. CSAH recorded a ROU asset and operating lease liability using its incremental borrowing rate of 3%. Operating cash flows under this lease was \$21,095.

Note 10 Leases (continued)

Maturities of the new operating lease as of December 31, 2021 are as follows:

| Years ending December 31: | <u>Operating</u> |
|--|--------------------------|
| 2022 | \$ 51,514 |
| 2023 | 53,059 |
| 2024 | 54,651 |
| 2025 | 56,291 |
| 2026 | <u>33,525</u> |
| Total lease payments | 249,040 |
| Less: interest | <u>(16,417)</u> |
| Present value of operating lease liability | <u><u>\$ 232,623</u></u> |

Note 11 Paycheck Protection Program

On February 4, 2021, CSAH received a loan totaling \$188,375 under the Paycheck Protection Program (PPP) administered by the SBA. On November 1, 2021 this loan was forgiven. CSAH has elected to recognize this as a grant and recognized the forgiveness as other income in the accompanying statement of activities.

Note 12 Liquidity

CSAH has \$2,941,544 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$814,623, contributions receivable of \$54,906, and investments of \$2,072,015. 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 statement of financial position date.

Note 13 Subsequent Events

Management has evaluated subsequent events through June 27, 2022, the date which the financial statements were available to be issued.