

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Report on Financial Statements
Years Ended December 31, 2020 and 2019**



**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Table of Contents**

Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 18

Independent Auditor's Report

Board of Directors
Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation

We have audited the accompanying financial statements of Medal of Honor Foundation, Inc. dba Congressional Medal of Honor Foundation, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 Medal of Honor Foundation, Inc. dba Congressional Medal of Honor Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McGay Kiddy LLC

Mount Pleasant, South Carolina

April 16, 2021



**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Statements of Financial Position
December 31, 2020 and 2019**

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,508,374	\$ 205,513
Contributions receivable, net	255,738	666,722
Current portion of contributions receivable - related party	50,000	100,000
Coins inventory	195,011	224,674
Investments	10,119,208	8,886,578
Prepaid expenses	4,041	6,383
Total Current Assets	12,132,372	10,089,870
Noncurrent Assets		
Contributions receivable - related party, net of current portion	50,000	50,000
Intangible assets, net	-	83,000
Deposits	17,500	17,500
Other assets	-	3,779
Total Noncurrent Assets	67,500	154,279
Total Assets	\$ 12,199,872	\$ 10,244,149
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 12,032	\$ 63,520
Accounts payable - related party	950,709	218,528
Accrued payroll	8,076	10,189
Accrued expenses	44,328	98,165
Current portion of long-term debt	29,932	-
Total Current Liabilities	1,045,077	390,402
Noncurrent Liabilities		
Long-term debt, net of current portion	121,968	-
Total Noncurrent Liabilities	121,968	-
Total Liabilities	1,167,045	390,402
Net Assets		
Without Donor Restrictions		
Undesignated	(888,407)	182,458
Board designated endowment funds	10,120,868	8,882,483
Total Net Assets Without Donor Restrictions	9,232,461	9,064,941
With Donor Restrictions	1,800,366	788,806
Total Net Assets	11,032,827	9,853,747
Total Liabilities and Net Assets	\$ 12,199,872	\$ 10,244,149

See accompanying notes to financial statements and independent auditor's report.

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Statement of Activities
Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 2,351,673	\$ 1,062,382	\$ 3,414,055
Commemorative coin income	38,640	-	38,640
Investment income, net	1,240,029	-	1,240,029
Other income	3,408	-	3,408
Assets released from restrictions	50,822	(50,822)	-
	<u>3,684,572</u>	<u>1,011,560</u>	<u>4,696,132</u>
Total Revenue and Support			
Expenses			
Program services	2,867,770	-	2,867,770
Management and general	337,459	-	337,459
Fundraising	311,823	-	311,823
	<u>3,517,052</u>	<u>-</u>	<u>3,517,052</u>
Total Expenses			
Change in Net Assets	<u>167,520</u>	<u>1,011,560</u>	<u>1,179,080</u>
Beginning Net Assets	9,064,941	788,806	9,853,747
Ending Net Assets	<u>\$ 9,232,461</u>	<u>\$ 1,800,366</u>	<u>\$ 11,032,827</u>

See accompanying notes to financial statements and independent auditor's report.

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Statement of Activities
Year Ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 3,848,210	\$ 245,643	\$ 4,093,853
In-kind contributions	138,231	-	138,231
Commemorative coin income	26,884	-	26,884
Medal of Honor book income	11,601	-	11,601
Investment income, net	1,509,033	-	1,509,033
Loss on disposal of asset	(6,189)	-	(6,189)
Other income	17,685	-	17,685
Assets released from restrictions	718,710	(718,710)	-
Total Revenue and Support	6,264,165	(473,067)	5,791,098
Expenses			
Program services	3,572,038	-	3,572,038
Management and general	602,741	-	602,741
Fundraising	652,730	-	652,730
Total Expenses	4,827,509	-	4,827,509
Change in Net Assets	1,436,656	(473,067)	963,589
Beginning Net Assets, As Originally Stated	7,628,285	1,061,873	8,690,158
Prior period restatement (see Note M)	-	200,000	200,000
Beginning Net Assets, Restated	7,628,285	1,261,873	8,890,158
Ending Net Assets	\$ 9,064,941	\$ 788,806	\$ 9,853,747

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Statement of Functional Expenses
Year Ended December 31, 2020**

	Program Services	Management and General	Fundraising	Total
Personnel				
Salaries	\$ 462,479	\$ 139,972	\$ 261,702	\$ 864,153
Payroll taxes	32,358	9,793	18,310	60,461
Total Personnel	<u>494,837</u>	<u>149,765</u>	<u>280,012</u>	<u>924,614</u>
Other Functional Expenses				
Contributions to Society	2,193,224	-	-	2,193,224
Professional services	17,476	139,806	17,476	174,758
Depreciation and amortization	83,000	-	-	83,000
Educational and fundraising events	43,862	-	14,285	58,147
Travel	11,675	11,675	-	23,350
Miscellaneous	50	18,340	50	18,440
Bad debt expense	10,000	-	-	10,000
Office, computer, website	3,968	5,350	-	9,318
Bank and payroll service charges	7,770	-	-	7,770
Occupancy	-	5,603	-	5,603
Insurance	-	4,626	-	4,626
Office rent	-	2,294	-	2,294
Medal of Honor recipient outreach	1,908	-	-	1,908
Total Other Functional Expenses	<u>2,372,933</u>	<u>187,694</u>	<u>31,811</u>	<u>2,592,438</u>
Total Functional Expenses	<u>\$ 2,867,770</u>	<u>\$ 337,459</u>	<u>\$ 311,823</u>	<u>\$ 3,517,052</u>

See accompanying notes to financial statements and independent auditor's report.

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Statement of Functional Expenses
Year Ended December 31, 2019**

	Program Services	Management and General	Fundraising	Total
Personnel				
Salaries	\$ 522,055	\$ 133,625	\$ 235,846	\$ 891,526
Payroll taxes	36,680	9,396	16,567	62,643
Total Personnel	<u>558,735</u>	<u>143,021</u>	<u>252,413</u>	<u>954,169</u>
Other Functional Expenses				
Contributions to Society	1,524,110	-	-	1,524,110
Educational and fundraising events	1,014,414	-	384,283	1,398,697
Office rent	-	130,913	-	130,913
Character development program	127,226	-	-	127,226
Medal of Honor recipient outreach	102,383	-	-	102,383
Depreciation and amortization	99,600	1,032	-	100,632
Occupancy	-	100,333	-	100,333
Office, computer, website	61,427	38,787	-	100,214
Professional services	9,516	76,128	9,516	95,160
Miscellaneous	18,467	56,566	6,518	81,551
Travel	20,492	20,492	-	40,984
Medal of Honor book	25,245	-	-	25,245
Insurance	-	15,330	-	15,330
Bank and payroll service charges	-	10,086	-	10,086
Bad debt expense	-	10,053	-	10,053
Living history project	9,839	-	-	9,839
Burials and gravesite markers	584	-	-	584
Total Other Functional Expenses	<u>3,013,303</u>	<u>459,720</u>	<u>400,317</u>	<u>3,873,340</u>
Total Functional Expenses	<u>\$ 3,572,038</u>	<u>\$ 602,741</u>	<u>\$ 652,730</u>	<u>\$ 4,827,509</u>

See accompanying notes to financial statements and independent auditor's report.

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Statements of Cash Flows
Years Ended December 31, 2020 and 2019**

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 1,179,080	\$ 963,589
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	83,000	100,632
Bad debt expense	10,000	10,053
Investment income	(1,240,029)	(1,509,033)
Loss on disposal of asset	-	6,190
Change in:		
Contributions receivable, net	400,984	242,733
Contributions receivable - related party	50,000	50,000
Coins inventory	29,663	35,333
Prepaid expenses	2,342	71,588
Deposits	-	(17,500)
Other assets	3,779	(3,779)
Accounts payable	(51,488)	(419,976)
Accounts payable - related party	732,181	(18,972)
Accrued payroll	(2,113)	10,189
Accrued expenses	(53,837)	98,165
Net cash provided by (used in) operating activities	1,143,562	(380,788)
Cash Flows from Investing Activities		
Proceeds from sale of investments	2,952,405	992,859
Purchase of investments	(2,945,006)	(600,493)
Net cash provided by investing activities	7,399	392,366
Cash Flows from Financing Activities		
Proceeds from long-term debt	151,900	-
Net cash provided by financing activities	151,900	-
Net Increase in Cash and Cash Equivalents	1,302,861	11,578
Cash and Cash Equivalents, Beginning of Year	205,513	193,935
Cash and Cash Equivalents, Ending of Year	\$ 1,508,374	\$ 205,513

See accompanying notes to financial statements and independent auditor's report.

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Notes to Financial Statements**

Note A – Summary of Significant Accounting Policies

Nature of Activities

Medal of Honor Foundation, Inc. dba Congressional Medal of Honor Foundation (the Foundation) was formed for the purpose of supporting the goals and purposes of the Congressional Medal of Honor Society of the United States of America (the Society). These goals and purposes include: protecting, upholding, and preserving the dignity and honor of the Medal; providing appropriate aid to all persons to whom the Medal has been awarded and needy veterans, including the widow and/or children; promoting allegiance to the Government of the United States of America and to its Constitution, and to the service of our nation in peace and war; and promoting and perpetuating the principles upon which our nation is founded, fostering patriotism and inspiring and stimulating the youth of our nation to become worthy citizens of the United States of America. Resources for the Foundation's activities are primarily provided by contributions and investment income.

Basis of Accounting

The Foundation's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America (U.S. GAAP), and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Foundation's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) of the United States of America in its Accounting Standards Codification (ASC) 958 – 205, *Not-For-Profit Entities – Presentation of Financial Statements*. These standards require classification of net assets and changes in net assets as net assets without donor restrictions and net assets with donor restrictions as follows:

Net assets without donor restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenue and support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Foundation has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Use of Estimates and Assumptions

The preparation of financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Notes to Financial Statements**

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met, and the promises become unconditional. Unconditional promises to give due in subsequent years are reported at present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. The Foundation uses the allowance method to determine uncollectible promises to give when deemed necessary. The allowance is based on prior years' experience and management's analysis of specific accounts. As of December 31, 2020 and 2019, management has determined that no allowance for uncollectible contributions receivable is deemed necessary.

Coins Inventory

Inventory is comprised of Congressional Medal of Honor Society commemorative gold and silver coins held for resale and for future outreach and fundraising events by the Foundation. Purchased inventory is stated at lower of cost or net realizable value, principally on the average cost method. As of December 31, 2020 and 2019, these coins are stated at a cost of \$195,011 and \$224,674, respectively.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair market value based on quoted market prices. Unrealized and realized gains and losses, interest and dividends, and investment expenses are included in the Statements of Activities as Investment income, net. Investment income, net is reported as unrestricted and temporarily restricted, depending on the nature of investment.

Property and Equipment

The Foundation capitalizes all expenditures for property and equipment in excess of \$5,000. Purchased property and equipment are carried at cost. Donated property and equipment are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets once assets are placed in service.

Intangible Assets

Intangible assets subject to amortization include website development costs, which are being amortized on a straight-line basis over three years. The Foundation reviews its intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset.

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Notes to Financial Statements**

Endowment Fund

The state of South Carolina follows the State Prudent Management of Institutional Funds Act (SPMIFA). The Board of Directors of the Foundation has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity (a) the original gifts donated to the permanent endowment, (b) subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as donor restrictions for use or purpose until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on equity-based investments and bond funds to achieve its long-term return objectives within prudent risk constraints.

The Board of Directors may also designate certain net assets without donor restrictions to be included as part of the endowment, including earnings on those designated net assets. Interest and dividends earned on the endowment account, not to exceed five percent of principal, may be transferred to the general operating account, as approved by the Board of Directors. As noted above, certain net assets without donor restrictions may be added to the endowment principal and are subject to the endowment account restrictions, except as approved by a majority vote of the board of directors. The endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of broad market measures of return on investments. Actual returns from any given year may vary from this amount.

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Notes to Financial Statements**

Restricted and Unrestricted Revenue and Support

Contributions received are recorded in accordance with ASC 958 – 605, *Not-For-Profit Entities – Revenue Recognition*. These standards require that contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. When a 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 are reported in the Statement of Activities as net assets released from restrictions.

In-kind Contributions and Expenses

The Foundation received in-kind contributions consisting of various dinners, hotel and travel, venue costs for events and recipients, and legal services which are recorded in operating income and the applicable functional expense. These items are recorded at the estimated fair market value.

Functional Allocation of Expenses

The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to the appropriate expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases as determined by Management.

Income Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from federal and state income taxes unless income is generated from unrelated business activities. There is no unrelated business income for the years ended December 31, 2020 and 2019. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1) and has been classified as a Foundation that is not a private foundation under Section 509(a)(2).

The FASB provides guidance on the Foundation's evaluation of accounting for uncertainty in income taxes. Management evaluated the Foundation's position and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Donated Services

Donated services are recognized as contributions in accordance with ASC 958 – 605, *Not-For-Profit Entities – Revenue Recognition*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided many hours in program services and fundraising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under ASC 958 – 605 are not met.

Recent Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires that lease arrangements longer than 12 months result in an entity recognizing an asset and a liability. The standard requires use of the modified retrospective transition approach. While the Foundation is currently evaluating this standard, given the small number of leases the Foundation is party to, the Foundation expects this standard will not have a significant impact on the Foundation's financial statements from the recognition of right of use assets and related liabilities. The FASB issued ASU 2020-05 which delays the effective date of ASU 2016-02. The delayed guidance is effective for the Foundation for fiscal years beginning after December 15, 2021.

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Notes to Financial Statements**

Note B – Credit Risk

The Foundation maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and management believes the Foundation is not exposed to any significant credit risk on cash and cash equivalents.

At December 31, 2020 and 2019, one donor and three donors, respectively, had contributions receivable balances representing 97.8% and 95.0%, respectively, of contributions receivable.

Note C – Intangible Assets, Net

Intangible assets consisted of the following at December 31:

	2020	2019
LiveUp website	\$ 298,800	\$ 298,800
Less: accumulated amortization	(298,800)	(215,800)
Intangible Assets, Net	\$ -	\$ 83,000

Amortization expense for the years ended December 31, 2020 and 2019 was \$83,000 and \$99,600, respectively.

Note D – Fair Value of Financial Assets and Liabilities

The Foundation follows the provisions of ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets and liabilities and is required to provide additional disclosures. ASC 820 clarifies that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes market data or assumptions that market participants would use in pricing the asset or liability. ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Mutual Funds, Exchange-Traded Funds, and Closed-End Funds: Valued at the net asset value (NAV) of shares held by the Foundation at December 31, 2020 and 2019.

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Notes to Financial Statements**

The Foundation does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 3 during the years ended December 31, 2020 and 2019. There were no changes during the years ended December 31, 2020 and 2019 to the Foundation's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following tables present the assets measured at fair value on a recurring basis as of December 31, 2020 and 2019:

	Fair Value Measurements at December 31, 2020		
	Level 1	Level 2	Level 3
Mutual funds	\$ 6,786,240	\$ -	\$ -
Exchange-traded and closed-end funds	3,332,968		
Total	\$ 10,119,208	\$ -	\$ -

	Fair Value Measurements at December 31, 2019		
	Level 1	Level 2	Level 3
Mutual funds	\$ 4,172,146	\$ -	\$ -
Exchange-traded and closed-end funds	4,714,432	-	-
Total	\$ 8,886,578	\$ -	\$ -

The Foundation has \$1,508,374 and \$205,513, respectively of cash including cash held in brokerage accounts, as of December 31, 2020 and 2019, which was not classified as a Level as prescribed within ASC 820.

The determination of the fair value above incorporates various factors required under ASC 820. These factors include not only the credit standing of the counterparties involved and the impact of credit enhancements, but also the impact of the Foundation's nonperformance risk on its liabilities.

Note E – Long-Term Debt

	2020	2019
Note payable to a bank in conjunction with the Paycheck Protection Program. The note matures on July 9, 2023 and bears interest of 1.00%. This note payable is eligible for forgiveness and management expects the full amount to be forgiven subsequent to December 31, 2020. If the full amount of the note is not forgiven, the expected monthly principal and interest payments of \$6,473 will begin August 9, 2021.	\$ 151,900	\$ -
Total Long-Term Debt	151,900	-
Less: current portion of long-term debt	(29,932)	-
Long-Term Debt, Net of Current Portion	\$ 121,968	\$ -

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Notes to Financial Statements**

The schedule of future minimum payments is as follows:

Year ending December 31,		
2021	\$	29,932
2022		76,807
2023		<u>45,161</u>
	\$	<u><u>151,900</u></u>

Note F – Endowment

The Foundation’s endowment consists of funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The activity in the endowment consisted of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Endowment Net Assets, Beginning of the Year	\$ 8,882,483	\$ 7,774,040
Investment income	169,063	208,268
Realized and unrealized losses	1,069,322	1,251,530
Contributions	-	33,645
Board approved expenditures	-	<u>(385,000)</u>
Endowment Net Assets, End of Year	<u>\$ 10,120,868</u>	<u>\$ 8,882,483</u>

Note G – In-kind Contributions

For the years ended December 31, 2020 and 2019, the Foundation received in-kind contributions of \$0 and \$138,231, respectively for various dinners, hotel and travel, venue costs for events and recipients, and legal services provided by a board member. Corresponding expenses have been recorded for these contributions in the Statements of Activities.

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Notes to Financial Statements**

Note H – Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31:

	2020	2019
Subject to Time Restrictions	\$ 100,000	\$ 150,000
Subject to Purpose Restrictions		
Society's Character Development Program	941,132	439,824
Character Development Program/Direct to Kids	561,074	163,897
Medal of Honor Day	163,897	31,304
Kiosks Everywhere Initiative	31,304	2,321
Citizens Honors	2,320	1,460
Lifeline	639	-
Total	\$ 1,800,366	\$ 788,806

Net assets released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by donors were \$933,678 and \$1,722,898 for the years ended December 31, 2020 and 2019, respectively.

Note I – Operating Leases

During 2019, the Foundation leased office space in Virginia and Florida under the terms of operating leases expiring in November 2022 and June 2020, respectively. The leases were terminated in August 2019 and March 2020, respectively. Lease expense was \$2,294 and \$130,913 for the years ending December 31, 2020 and 2019, respectively, and is included in management and general expenses in the Statements of Activities.

Note J – Related Party Transactions

During the years ended December 31, 2020 and 2019, the Foundation gave \$2,193,224 and \$1,524,110, respectively, to the Society in support of the Society's purpose. As of December 31, 2020 and 2019, \$950,709 and \$218,528 was payable to the Society. These expenses are included in Contributions to Society on the Statements of Functional Expenses.

During the years ended December 31, 2020 and 2019, the Foundation received \$216,000 and \$269,000, respectively, from board members in personal contributions for outreach, fundraising, and general purposes, including in-kind legal work. Also, during the years ended December 31, 2020 and 2019, the Foundation received \$125,000 and \$150,000, respectively, from the financial institution where it maintains its cash, cash equivalents, and investment balances.

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Notes to Financial Statements**

Note K – Employee Retirement Plan

The Foundation has a SIMPLE IRA plan (the Plan) which became effective on March 22, 2013. In order to be eligible for participation, an employee must be employed with the Foundation for 90 calendar days. The Foundation can match employee contributions up to three percent of the employee's compensation. For any calendar year, the Foundation can make non-elective contributions equal to two percent of eligible employee compensation in place of making matching contributions. Total employer contributions for the years ended December 31, 2020 and 2019 were \$4,771 and \$25,282, respectively.

Note L – Liquidity and Availability of Financial Assets

The Foundation's working capital and cash flows have variations throughout the year attributable to the timing of support and contributions. The Foundation has committed to provide funding to the Society in 2020 though the exact amount is not determinable as of the date of this report. As part of its liquidity plan, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Foundation invests excess cash in short-term investments, including money market accounts, and has the ability to redeem certain investments as necessary to meet its obligations.

The following reflects the Foundation's financial assets as of December 31, 2020, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions.

	2020	2019
Cash and cash equivalents	\$ 1,508,374	\$ 205,513
Contributions receivable, net	255,738	666,722
Contributions receivable - related party	100,000	150,000
Investments	10,119,208	8,886,578
Total Financial Assets	11,983,320	9,908,813
Less: amounts not available to be used within one year:		
Financial assets restricted by donor and others to specific uses	(1,800,366)	(788,806)
Add back: net assets with purpose or time restrictions to be met within one year	1,800,366	788,806
Board designated endowment funds	(10,120,868)	(8,882,483)
Total Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ 1,862,452	\$ 1,026,330

Note M – Prior Period Adjustment

A prior period adjustment of \$200,000 was made to account for a related party pledge that was not reflected in the financial statements as of December 31, 2018. This resulted in beginning member's equity for the year ended December 31, 2019 increasing by \$200,000, and contributions decreasing \$50,000 for the year ended December 31, 2019.

**Medal of Honor Foundation, Inc. dba
Congressional Medal of Honor Foundation
Notes to Financial Statements**

Note N – Subsequent Events

Management has evaluated events through the date which the financial statements were available to be issued.

In February 2021, the Foundation applied for forgiveness of the PPP loan and is awaiting confirmation and forgiveness.

In February 2021, the Foundation applied for the second round of PPP funding in the amount of \$146,000 and was approved on March 26, 2021 and received the funds in April 2021.

The COVID-19 pandemic has caused business disruptions domestically and is anticipated to continue for the foreseeable future. The Foundation expects the ramifications of COVID-19 to have an impact on its results. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related restrictions and impact of COVID-19 on overall demand for Foundation's services, all of which are highly uncertain and cannot be predicted.