



Semper Fi & America's Fund

Financial Statements

Years Ended June 30, 2021 and 2020



SEMPER FI & AMERICA'S FUND

Financial Statements

Years Ended June 30, 2021 and 2020

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Semper Fi & America's Fund

We have audited the accompanying financial statements of Semper Fi & America's Fund (a nonprofit organization), which are comprised of the statements of financial position as of June 30, 2021 and 2020, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 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 Semper Fi & America's Fund as of June 30, 2021 and 2020, 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.

Aldrich CPAs + Advisors LLP

San Diego, California
December 22, 2021

SEMPER FI & AMERICA'S FUND**Statements of Financial Position**

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,055,471	\$ 644,073
Accounts receivable	124,814	97,833
Investments	34,821,038	27,333,499
Unconditional promises to give	5,200,000	6,400,000
Prepaid expenses and other assets	1,821,743	1,176,409
Property and equipment, net of accumulated depreciation	<u>182,818</u>	<u>181,010</u>
Total Assets	<u>\$ 43,205,884</u>	<u>\$ 35,832,824</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 378,248	\$ 45,414
Accrued expenses	1,354,606	1,007,407
Note payable	<u>-</u>	<u>1,906,100</u>
Total Liabilities	1,732,854	2,958,921
Net Assets:		
Without donor restriction	25,031,668	21,193,903
With donor restriction:		
Purpose-restricted	9,167,671	4,406,309
Time-restricted	4,000,000	4,000,000
Perpetual in nature	<u>3,273,691</u>	<u>3,273,691</u>
Total With Donor Restriction	<u>16,441,362</u>	<u>11,680,000</u>
Total Net Assets	<u>41,473,030</u>	<u>32,873,903</u>
Total Liabilities and Net Assets	<u>\$ 43,205,884</u>	<u>\$ 35,832,824</u>

SEMPER FI & AMERICA'S FUND**Statement of Activities**

Year Ended June 30, 2021

	Without Donor Restriction	With Donor Restriction	Total
Support and Other Revenue:			
Contributions	\$ 22,718,919	\$ 21,854,368	\$ 44,573,287
Special events:			
Revenue	151,891	-	151,891
Expense	(27,097)	-	(27,097)
Special Events, net	124,794	-	124,794
Investment income, net	2,217,529	1,440,355	3,657,884
In-kind contributions	31,138	-	31,138
PPP loan forgiveness	1,906,100	-	1,906,100
Net assets released from restrictions-time	9,500,000	(9,500,000)	-
Net assets released from restrictions-purpose	9,033,361	(9,033,361)	-
 Total Support and Other Revenue	 45,531,841	 4,761,362	 50,293,203
Expenses:			
Program services:			
Service member and family support	31,591,028	-	31,591,028
Transition	2,249,945	-	2,249,945
Integrative wellness	4,388,407	-	4,388,407
Total Program Services	38,229,380	-	38,229,380
Supporting services:			
Management and general	2,528,330	-	2,528,330
Fundraising	936,366	-	936,366
 Total Expenses	 41,694,076	 -	 41,694,076
 Change in Net Assets	 3,837,765	 4,761,362	 8,599,127
Net Assets, beginning	21,193,903	11,680,000	32,873,903
Net Assets, ending	\$ 25,031,668	\$ 16,441,362	\$ 41,473,030

SEMPER FI & AMERICA'S FUND**Statement of Activities**

Year Ended June 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
Support and Other Revenue:			
Contributions	\$ 20,764,714	\$ 17,791,057	\$ 38,555,771
Special events:			
Revenue	732,492	-	732,492
Expense	(214,241)	-	(214,241)
Special Events, net	518,251	-	518,251
Investment income, net	570,954	61,105	632,059
In-kind contributions	41,873	-	41,873
Net assets released from restrictions-time	9,500,000	(9,500,000)	-
Net assets released from restrictions-purpose	9,646,011	(9,646,011)	-
 Total Support and Other Revenue	 41,041,803	 (1,293,849)	 39,747,954
 Expenses:			
Program services:			
Service member and family support	26,129,573	-	26,129,573
Transition	4,048,864	-	4,048,864
Integrative wellness	5,157,467	-	5,157,467
Total Program Services	35,335,904	-	35,335,904
 Supporting services:			
Management and general	2,512,292	-	2,512,292
Fundraising	986,449	-	986,449
 Total Expenses	 38,834,645	 -	 38,834,645
 Change in Net Assets	 2,207,158	 (1,293,849)	 913,309
 Net Assets, beginning	 18,986,745	 12,973,849	 31,960,594
 Net Assets, ending	 \$ 21,193,903	 \$ 11,680,000	 \$ 32,873,903

SEMPER FI & AMERICA'S FUND

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services				Supporting Services		
	Service Member and Family Support	Transition	Integrative Wellness	Total Program	Management and General	Fundraising	Total
Grants:							
Service member and family support	\$ 8,837,149	\$ -	\$ -	\$ 8,837,149	\$ -	\$ -	\$ 8,837,149
Housing	7,890,950	-	-	7,890,950	-	-	7,890,950
Transportation	3,065,268	-	-	3,065,268	-	-	3,065,268
Adaptive equipment	1,780,276	-	-	1,780,276	-	-	1,780,276
Education and career	-	1,104,734	-	1,104,734	-	-	1,104,734
Military to civilian transition	-	431,762	-	431,762	-	-	431,762
PTSD, TBI and medical	-	-	1,924,659	1,924,659	-	-	1,924,659
Recovery through sports	-	-	972,452	972,452	-	-	972,452
Jinx McCain horsemanship	-	-	99,749	99,749	-	-	99,749
Total Grants	21,573,643	1,536,496	2,996,860	26,106,999	-	-	26,106,999
Wages, taxes, and benefits	8,576,825	610,850	1,191,433	10,379,108	1,957,345	652,809	12,989,262
Postage and delivery	400,658	28,535	55,657	484,850	38,722	46,684	570,256
Professional services	326,210	23,233	45,315	394,758	123,077	46,620	564,455
Other operating expenses	127,150	9,056	17,663	153,869	117,724	41,049	312,642
Education and promotional	148,013	10,542	20,561	179,116	2,931	96,163	278,210
Office rent and expenses	168,531	12,003	23,411	203,945	30,147	8,941	243,033
Donation processing	-	-	-	-	203,711	29,761	233,472
Communications	125,903	8,967	17,490	152,360	27,082	5,814	185,256
Depreciation	72,810	5,186	10,114	88,110	14,450	6,194	108,754
Travel and meetings	71,285	5,077	9,903	86,265	13,141	2,331	101,737
	10,017,385	713,449	1,391,547	12,122,381	2,528,330	936,366	15,587,077
Total Expenses	31,591,028	2,249,945	4,388,407	38,229,380	2,528,330	936,366	41,694,076
Special Events Expenses	-	-	-	-	-	27,097	27,097
Total Functional Expenses	\$ 31,591,028	\$ 2,249,945	\$ 4,388,407	\$ 38,229,380	\$ 2,528,330	\$ 963,463	\$ 41,721,173

See accompanying notes to financial statements.

SEMPER FI & AMERICA'S FUND

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services				Supporting Services		Total
	Service Member and Family Support	Transition	Integrative Wellness	Total Program	Management and General	Fundraising	
Grants:							
Service member and family support	\$ 8,247,689	\$ -	\$ -	\$ 8,247,689	\$ -	\$ -	\$ 8,247,689
Housing	6,073,200	-	-	6,073,200	-	-	6,073,200
Transportation	1,669,167	-	-	1,669,167	-	-	1,669,167
Adaptive equipment	1,477,080	-	-	1,477,080	-	-	1,477,080
Education and career	-	823,789	-	823,789	-	-	823,789
Military to civilian transition	-	1,882,802	-	1,882,802	-	-	1,882,802
PTSD, TBI and medical	-	-	1,427,570	1,427,570	-	-	1,427,570
Recovery through sports	-	-	1,848,689	1,848,689	-	-	1,848,689
Jinx McCain horsemanship	-	-	171,412	171,412	-	-	171,412
Total Grants	17,467,136	2,706,591	3,447,671	23,621,398	-	-	23,621,398
Wages, taxes, and benefits	7,147,577	1,107,541	1,410,792	9,665,910	1,916,185	644,168	12,226,263
Postage and delivery	271,049	42,000	53,500	366,549	35,704	43,392	445,645
Professional services	123,131	19,079	24,304	166,514	67,524	43,106	277,144
Other operating expenses	112,202	17,386	22,146	151,734	95,122	34,352	281,208
Education and promotional	208,023	32,234	41,060	281,317	-	156,966	438,283
Office rent and expenses	134,972	20,914	26,641	182,527	21,262	11,293	215,082
Donation processing	-	-	-	-	309,234	29,483	338,717
Communications	98,777	15,306	19,497	133,580	25,410	5,738	164,728
Depreciation	79,584	12,332	15,708	107,624	18,563	8,691	134,878
Travel and meetings	487,122	75,481	96,148	658,751	23,288	9,260	691,299
	8,662,437	1,342,273	1,709,796	11,714,506	2,512,292	986,449	15,213,247
Total Expenses	26,129,573	4,048,864	5,157,467	35,335,904	2,512,292	986,449	38,834,645
Special Events Expenses	-	-	-	-	-	214,241	214,241
Total Functional Expenses	\$ 26,129,573	\$ 4,048,864	\$ 5,157,467	\$ 35,335,904	\$ 2,512,292	\$ 1,200,690	\$ 39,048,886

See accompanying notes to financial statements.

SEMPER FI & AMERICA'S FUND**Statements of Cash Flows**

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Cash received from donors and others	\$ 26,030,468	\$ 24,389,796
Payments received on unconditional promises to give	13,550,000	14,450,000
Cash received from investment earnings, net	1,613,424	603,841
Cash paid to employees and vendors	(15,711,314)	(14,552,075)
Cash paid for grants	<u>(25,458,071)</u>	<u>(23,135,015)</u>
Net Cash Provided by Operating Activities	24,507	1,756,547
Cash Flows from Investing Activities:		
Purchases of investments	(7,766,724)	(8,523,524)
Proceeds on sales of investments	8,264,177	4,500,771
Purchases of property and equipment	<u>(110,562)</u>	<u>(57,018)</u>
Net Cash Povided (Used) by Investing Activities	386,891	(4,079,771)
Cash Flows Provided by Financing Activities:		
Issuance of note payable	<u>-</u>	<u>1,906,100</u>
Net Increase (Decrease) in Cash and Cash Equivalents	411,398	(417,124)
Cash and Cash Equivalents, beginning	<u>644,073</u>	<u>1,061,197</u>
Cash and Cash Equivalents, ending	<u>\$ 1,055,471</u>	<u>\$ 644,073</u>

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

Semper Fi & America's Fund (the Organization) is a tax-exempt organization incorporated in the State of California in 2004. It was formerly known as Injured Marine Semper Fi Fund and changed its name on October 12, 2020. The Organization is dedicated to providing assistance to our combat wounded, critically ill and injured service members and veterans, and military family members, from all branches of the U.S. Armed Forces. The primary source of income is from donor contributions. Since its inception in 2004, the Organization has assisted 26,000 service members, veterans and their families with \$250,000,000 in grants.

The Organization offers vital, life-changing support through a broad spectrum of services designed to meet the complex needs of wounded, ill, and injured service members and veterans, and military families, during hospitalization, recovery, and transition back into the local community. Our case managers, visiting nurses, and entire team support those we serve by helping navigate complex medical and emotional recovery. We provide support through three key areas of assistance — Service Member and Family Support, Transition, and Integrative Wellness.

Service Member and Family Support Program

Our Service Member and Family Support Program provides our Nation's heroes with direct financial assistance for expenses incurred during hospitalization, assisting with their most pressing needs at bedside, and ensuring they have specialized support throughout the duration of their recovery. Ongoing assistance includes adaptive housing, transportation, and equipment; targeted support for caregivers, children, and Vietnam veterans; and relief and recovery in times of crisis, disaster, and emergency — including the COVID-19 pandemic.

Transition Program

Our Transition Program helps veterans thrive beyond their injuries and connect with their communities through a wide range of education support and career assistance, including one-on-one mentorships and opportunities to engage with fellow veterans. This program provides our Nation's heroes with the skills and resources needed to succeed in the next phases of their lives.

Integrative Wellness Program

Our Integrative Wellness Program applies a holistic approach to long-term health, providing wellness tools to improve body, mind, and spirit. We foster healing in a powerful and sustaining way, using innovative technologies and high-tech wellness devices, as well as sports, art, and animal therapy.

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

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

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Fair Value of Financial Instruments

The Organization's financial instruments, none of which are held for trading purposes, include cash, investments, receivables, and accounts payable. The Organization estimates that the fair value of all of these nonderivative financial instruments at June 30, 2021 and 2020 approximates the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable are recorded at estimated net realizable value. Receivables are written off when the Organization determines an account is uncollectible. There were no write-offs in the fiscal years ended June 30, 2021 and 2020. Past due status is determined based on a review of the amounts recorded and the expected collection of these amounts. No allowance for doubtful accounts is deemed necessary as of June 30, 2021 and 2020 as management has determined that all amounts are deemed collectible.

Investments

Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets. Investment income and gains restricted by a donor are reported as increases in net assets with donor restrictions until they are appropriated for use in accordance with the agreements.

Unconditional Promises to Give

When a donor has unconditionally promised to contribute funds to the Organization in future periods, the Organization recognizes an unconditional promise to give. Promises to give expected to be collected within one year are recorded as support and a receivable at net realizable value. Promises to give expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue.

An allowance for uncollectible pledges receivable, if any, is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. No allowance for doubtful promises to give is deemed necessary as of June 30, 2021 and 2020 as management has determined all amounts are deemed collectible.

Prepaid Expenses and Other Assets

Prepaid expenses include items such as insurance, promotional and educational materials, event costs and other items to be used in future periods. Purchased items are valued at the lower of cost (first-in, first-out method) or net realizable value. Prepaid expenses also include gift cards and computer equipment that are purchased or donated for distribution as grants to service members. Donated items are recorded at the estimated fair market value at the date of the gift.

Property and Equipment

The Organization capitalizes all expenditures for property, equipment, software, and website design equal to or in excess of \$1,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of two to five years.

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Revenue Recognition

Contributions - 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-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 reported in the statements of activities as net assets released from restrictions.

In-kind contributions – In-kind contributions consist of donated use of facilities, donated assets, donated supplies and donated services. Donated services are recognized in the statements of activities 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 Organization.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses are allocated on a reasonable basis that is consistently applied, as follows. Employee wages, benefits and taxes are allocated based on each person's job duties. Office rent and expenses and communication systems are allocated using the overall employee allocation. Travel, professional services, postage and delivery, other business costs, and educational and promotional are allocated based on the purpose of each expenditure. Donation processing is allocated to Management and General except for costs for peer-to-peer fundraising websites that are allocated to fundraising. Depreciation is allocated based on the purpose and usage of each asset.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation code. The Organization, however, may be subject to tax on income which is not related to its exempt purpose. For the years ended June 30, 2021 and 2020, no such unrelated business taxable income was reported and, therefore, no provision for income taxes has been made.

The Organization follows US GAAP related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2021 and 2020 and therefore no amounts have been accrued.

Future Accounting Standards

The FASB has issued a substantial ASU which will become effective in future years.

In February 2016, the FASB issued ASU No. 2016-02 *Leases*. The primary change in GAAP addressed by ASU 2016-02 is the requirement for a lessee to recognize on the statements of financial position a liability to make lease payments ("lease liability") and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 also requires qualitative and quantitative disclosures to enable users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, although there are optional practical expedients that entities may elect to apply. The Organization is evaluating the effect that the provisions of ASU 2016-02 will have on its financial statements and related disclosures, but as of the date of this report, the Organization has no leases that would be impacted by this ASU.

Subsequent Events

The Organization has evaluated subsequent events through December 22, 2021, which is the date the financial statements were available to be issued (Note 13).

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 2 – Liquidity and Availability

The Organization maintains a Liquidity Management Plan and also an Investment Policy that strive to balance the goals of (1) making sufficient funds available to meet near-term expenses, while (2) investing in securities with diversified risk, reasonable return and high marketability.

Funds for near-term expenses are maintained in a combination of cash and short-term, highly rated fixed income securities. The remaining funds are invested in a combination of longer-term fixed income securities and equities with the goal of providing a higher rate of return as compared to the near-term investments.

The Organization's board establishes investment policy guidelines. Implementation of these guidelines and the resultant investing of funds is performed by a professional, outside investment manager. As part of the annual budget process, the board reviews management's estimates of projected revenues and expenses, cash flow, and financial assets for the coming fiscal year to determine near-term and longer-term funding requirements. An important consideration in the review process is the highly seasonal nature of the Organization's donations, which causes the Organization to need highly liquid funds available for much of the year.

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restriction within one year of the balance sheet date. Amounts already appropriated from the donor-restricted endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	2021	2020
Cash and cash equivalents	\$ 1,055,471	\$ 644,073
Accounts receivable	124,814	97,833
Investments	34,821,038	27,333,499
Unconditional promises to give	5,200,000	6,400,000
Total Financial Assets	41,201,323	34,475,405
Less amounts not available to be used within one year:		
Restricted by donor with purpose restrictions	(9,167,671)	(4,406,309)
Restricted by donor with time restrictions	-	(1,200,000)
Donor restricted endowment funds held in perpetuity	(3,273,691)	(3,273,691)
Endowment earnings unavailable due to spending limits	(1,315,167)	(135,539)
Financial Assets Available for General Expenditures Within One Year	\$ 27,444,794	\$ 25,459,866

Note 3 - Fair Value and Investments

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

Level 3 inputs are unobservable inputs for the investment.

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 3 – Fair Value and Investments, continued

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The 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 June 30, 2021 and 2020.

Cash and equivalents: Reported at cost plus earned interest, which approximates market prices.

Equity and bond mutual funds and exchange traded funds (ETF): Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable characteristics, as provided by a third party using computerized valuation formula. If quoted market prices are not available, then fair market values are estimated using the most recent bid prices in the over-the-counter market in which the individual securities are traded and adjusted for other factors, such as interest rates, credit, etc., as determined by the broker and/or custodian.

Treasury Securities: Reported at cost plus earned interest, which approximates market prices.

The fair market value of investments is categorized as follows:

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 217,028	\$ -	\$ -	\$ 217,028
Equity Mutual Funds and ETFs:				
Large blend	2,977,814	-	-	2,977,814
Foreign large blend	1,239,798	-	-	1,239,798
Large value	1,187,330	-	-	1,187,330
Mid-cap blend	1,147,723	-	-	1,147,723
Small growth	527,756	-	-	527,756
Utilities	493,477	-	-	493,477
Other	480,909	-	-	480,909
Large growth	455,734	-	-	455,734
Real estate	363,712	-	-	363,712
Small blend	339,757	-	-	339,757
Small value	337,647	-	-	337,647
Diversified emerging markets	297,891	-	-	297,891
Global real estate	276,747	-	-	276,747
Foreign small value	243,306	-	-	243,306
Treasury securities	-	4,487,881	-	4,487,881
Corporate bonds	-	1,603,318	-	1,603,318
Bond Mutual Funds and ETFs:				
Short-term bond	7,418,421	-	-	7,418,421
Intermediate term bond	2,948,893	-	-	2,948,893
World bond	2,383,405	-	-	2,383,405
Inflation protected bond	1,912,927	-	-	1,912,927
Large blend	1,694,416	-	-	1,694,416
Emerging market bond	1,089,696	-	-	1,089,696
Other	695,452	-	-	695,452
	<u>\$ 28,729,839</u>	<u>\$ 6,091,199</u>	<u>\$ -</u>	<u>\$ 34,821,038</u>

SEMPER FI & AMERICA'S FUND**Notes to Financial Statements**

Years Ended June 30, 2021 and 2020

Note 3 – Fair Value and Investments, continued

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 5,383,186	\$ -	\$ -	\$ 5,383,186
Equity Mutual Funds and ETFs:				
Large blend	2,837,800	-	-	2,837,800
Large value	938,155	-	-	938,155
Small blend	615,143	-	-	615,143
Mid-cap blend	613,253	-	-	613,253
Foreign large value	610,538	-	-	610,538
Large growth	453,357	-	-	453,357
Real estate	272,440	-	-	272,440
Small value	272,266	-	-	272,266
Diversified emerging markets	262,429	-	-	262,429
Utilities	250,002	-	-	250,002
Other	246,097	-	-	246,097
Foreign large blend	210,486	-	-	210,486
Foreign small value	190,424	-	-	190,424
Global real estate	121,166	-	-	121,166
Treasury securities	70,257	386,673	-	456,930
Bond Mutual Funds and ETFs:				
Short-term bond	6,646,050	-	-	6,646,050
Intermediate term bond	2,785,909	-	-	2,785,909
World bond	2,063,459	-	-	2,063,459
Inflation protected bond	1,410,401	-	-	1,410,401
Emerging market bond	694,008	-	-	694,008
	<u>\$ 26,946,826</u>	<u>\$ 386,673</u>	<u>\$ -</u>	<u>\$ 27,333,499</u>

Note 4 – Unconditional Promises to Give

Unconditional promises to give consist of the following at June 30:

	2021	2020
Due within one year	\$ 5,200,000	\$ 5,200,000
Due in one to five years	-	1,200,000
	<u>\$ 5,200,000</u>	<u>\$ 6,400,000</u>

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 5 – Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Software	\$ 74,141	\$ 74,141
Office furniture and equipment	168,374	125,650
Vehicles	168,069	168,069
Website development	<u>187,983</u>	<u>160,900</u>
	598,567	528,760
Less accumulated depreciation	<u>(415,749)</u>	<u>(347,750)</u>
	<u>\$ 182,818</u>	<u>\$ 181,010</u>

Note 6 – Note Payable

On May 4, 2020, the Organization received loan proceeds in the amount of \$1,906,100 under the Paycheck Protection Program (PPP). The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payment for the first six months. The Organization used the proceeds for purposes consistent with the PPP. The loan was forgiven by the SBA and the bank on March 31, 2021 and the Organization recognized the forgiveness as revenue in the statement of activities during the year ended June 30, 2021.

SEMPER FI & AMERICA'S FUND**Notes to Financial Statements**

Years Ended June 30, 2021 and 2020

Note 7 – Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purposes:		
Vail Veterans Program (see note 13)	\$ 4,705,863	\$ -
Service Branch	1,603,895	316,421
Visiting Nurses	798,581	1,339,200
Family Support	652,278	676,206
Education and Career Transition	622,300	1,446,924
All other	240,834	84,778
Vietnam Veterans	217,989	300,000
Service Dogs	204,968	-
Grants only, any program	57,188	3,614
Geographic	49,836	54,419
Adaptive Equipment	7,593	34,520
Housing	6,346	-
PTSD/TBI/Medical	-	143,228
COVID-19	-	6,999
	<u>9,167,671</u>	<u>4,406,309</u>
Subject to the passage of time:		
Unconditional Promise to Give	4,000,000	4,000,000
Perpetual in nature:		
Endowment - Grants Only, Branch Specific	3,064,691	3,064,691
General Endowment	<u>209,000</u>	<u>209,000</u>
	<u>3,273,691</u>	<u>3,273,691</u>
Net Assets with Donor Restrictions	<u>\$ 16,441,362</u>	<u>\$ 11,680,000</u>

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 7 – Net Assets, continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purposes:		
Housing	\$ 1,677,151	\$ 2,000,883
Grants only, any program	1,243,863	626,386
Vietnam Veterans	1,205,327	1,012,646
Education and Career Transition	1,197,288	1,115,744
Family Support	983,027	1,404,271
Visiting Nurses	686,894	934,806
COVID-19	492,941	793,848
All other	396,720	505,689
Geographic	281,921	135,751
Service Branch	275,291	301,990
Service Dogs	235,982	281,134
Adaptive Equipment	221,721	331,679
PTSD/TBI/Medical	106,490	201,184
Vail Veterans Program (see note 13)	28,745	-
	<u>\$ 9,033,361</u>	<u>\$ 9,646,011</u>
Subject to the passage of time:		
Unconditional Promise to Give	<u>\$ 9,500,000</u>	<u>\$ 9,500,000</u>

Note 8 – Endowment Funds

The Organization's endowment consists of donor-restricted funds primarily established to support the Organization's operations and mission. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on existence or absence of donor-imposed restrictions. The Organization classifies as net assets that are perpetual in nature the original value of amounts donated to the endowment.

The Organization has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) 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 Organization classifies as net assets that are perpetual in nature (1) the original value of gifts donated to the endowment (2) the original value of subsequent gifts donated to the endowment and (3) accumulations to the 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 as perpetual in nature is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA and the donor specified purposes.

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 8 – Endowment Funds, continued

In accordance with UPMIFA, the Organization 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 Organization
7. The investment policies of the Organization

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. The Organization had no underwater endowments as of June 30, 2021 and 2020.

The Organization has adopted investment and spending policies for endowment funds that:

1. Preserve the capital: to seek to minimize the probability of loss of principal over the investment horizon of the portfolio relative to the market.
2. Long-term growth of capital: to seek long-term growth of principal.
3. Preservation of purchasing power: to seek returns in excess of the rate of inflation over the long-term investment horizon of the portfolio relative to the market.

The Organization's spending policy is to disburse funds available in accordance with donor restrictions to meet the current program needs of the Organization.

Endowment net assets composition by type of fund as of June 30, 2021 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
	<u> </u>	<u> </u>	<u> </u>
Donor-restricted funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donors	\$ -	\$ 3,273,691	\$ 3,273,691
Accumulated investment gains	-	1,584,607	1,584,607
	<u>\$ -</u>	<u>\$ 4,858,298</u>	<u>\$ 4,858,298</u>

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 8 – Endowment Funds, continued

Endowment net assets composition by type of fund as of June 30, 2020 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted funds:			
Original-donor restricted gift amount required to be maintained in perpetuity by donors	\$ -	\$ 3,273,691	\$ 3,273,691
Accumulated investment gains	-	357,434	357,434
	<u>\$ -</u>	<u>\$ 3,631,125</u>	<u>\$ 3,631,125</u>

Changes in endowment net assets is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment, June 30, 2019	\$ -	\$ 3,771,321	\$ 3,554,127
Investment earnings, net of fees	-	61,047	61,047
Amounts appropriated for expenditure	-	(201,243)	(201,243)
Endowment, June 30, 2020	-	3,631,125	3,631,125
Investment earnings, net of fees	-	1,427,188	1,427,188
Amounts appropriated for expenditure	-	(200,015)	(200,015)
Endowment, June 30, 2021	<u>\$ -</u>	<u>\$ 4,858,298</u>	<u>\$ 4,858,298</u>

Note 9 – Allocation of Joint Costs

In fulfilling its mission, the Organization conducts various special events and prepares numerous educational materials. The costs associated with these activities sometimes include so-called "joint costs" or costs that include both program as well as fundraising or general and administrative elements. Management reviews each such activity to determine the appropriate accounting treatment based upon the purpose of the activity, the audience to which the activity is directed and the content of the materials utilized.

Joint costs were allocated as follows for the year ended June 30:

	2021	2020
Program services	\$ 205,535	\$ 162,356
Fundraising	75,189	72,645
Management	2,930	-
	<u>\$ 283,654</u>	<u>\$ 235,001</u>

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 10 – Risks and Concentrations

The Organization maintains cash accounts at various financial institutions. The balances at times may exceed Federal Deposit Insurance Corporation (FDIC) limits. Accounts at each financial institution are insured by the FDIC up to \$250,000.

The Organization also maintains cash in brokerage accounts. The balances at times may exceed Securities Investor Protection Corporation (SIPC) limits. Accounts at each financial institution are insured by the SIPC up to a limit of \$500,000, including \$250,000 for claims on cash, per customer for all accounts at the same institution.

The Organization invests in various types of investment securities, primarily mutual funds and exchange traded funds as discussed in note 3, which are exposed to normal investing risks, such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

Two donors comprised 33% and 36% of contributions for the years ended June 30, 2021 and 2020, respectively. Two donors comprised 100% of the unconditional promises to give at June 30, 2021 and 2020.

Note 11 – Pension Plan

The Organization has a contributory 403(b) retirement plan covering all employees. The Organization matches employee contributions up to 2% of employee eligible wages. Plan expenses including the Organization match and plan operating expenses for the years ended June 30, 2021 and 2020 were \$145,853 and \$49,171, respectively.

Note 12 – Contingencies

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruptions through mandated and voluntary closing of businesses and shelter-in-place orders. In response, the U.S. Government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes significant provisions to provide relief and assistance to affected organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of business closures, shelter-in-place orders, and the ultimate impact of the CARES Act and other governmental initiatives. The Organization did not incur any significant financial impact as a result of the pandemic for the fiscal years ended June 30, 2020 and 2021. However, the future financial impact and duration cannot be reasonably estimated at this time.

Note 13 – Subsequent Event

On March 31, 2021, the Organization entered into an agreement (the "Agreement") with Vail Veterans Foundation, Inc. (VVF). Under the Agreement, the Organization received \$4.7 million in investments and cash from VVF and agreed to assume operations of VVF's five programs, but did not acquire VVF's legal entity. All assets received from VVF were included in Contributions in the FY 2021 Statement of Activities. As of June 30, 2021, the Organization was in compliance with all terms of the Agreement. Subsequent to June 30, 2021, the Organization and VVF agreed it was in their respective best interests to rescind and cancel the Agreement. A rescission agreement (the Rescission) was entered into by both parties on October 21, 2021. Per the Rescission, the Organization returned \$4.8 million to VVF, consisting of the assets it received under the Acquisition, plus earnings on the investments, less costs incurred by the Organization under the Acquisition. Per the Rescission, the Organization was released from all obligations it assumed in the Acquisition and has no future financial obligations. The \$4.8 million will be recorded as a non-operating loss in The Fund's FY 2022 Statement of Activities.