

SOLDIERS' ANGELS
Audited Financial Statements
December 31, 2021

ADKF, P.C.
Certified Public Accountants

SOLDIERS' ANGELS
Table of Contents
December 31, 2021

	<u>Page</u>
Audited Financial Statements	
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Audited Financial Statements	9



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Soldiers' Angels
San Antonio, Texas

Opinion

We have audited the accompanying financial statements of Soldiers' Angels, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 Soldiers' Angels as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits.

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 the Organization'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, including omissions, 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.

- 1 -

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Auditor's Responsibilities for the Audit of the Financial Statements – continued

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 the Organization'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 the Organization'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 that we identified during the audit.

ADKF, PC

ADKF, P.C.

San Antonio, Texas

March 18, 2022

SOLDIERS' ANGELS
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,628,436	\$ 3,377,980
Investments, at fair value	43,430	31,150
Accounts receivable	289,572	404,758
Contributed goods inventory	9,473	27,838
Prepaid expenses	34,521	9,516
Total current assets	<u>6,005,432</u>	<u>3,851,242</u>
Other Assets:		
Property and equipment, net	135,977	191,358
Deposits and other assets	8,960	8,960
Total other assets	<u>144,937</u>	<u>200,318</u>
Total Assets	<u><u>\$ 6,150,369</u></u>	<u><u>\$ 4,051,560</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 197,121	\$ 156,458
Accrued expenses	35,970	36,935
Total current liabilities	<u>233,091</u>	<u>193,393</u>
PPP Loan	-	285,305
Total liabilities	<u>233,091</u>	<u>478,698</u>
Net Assets:		
Without donor restrictions	<u>5,917,278</u>	<u>3,572,862</u>
Total net assets	<u>5,917,278</u>	<u>3,572,862</u>
Total Liabilities and Net Assets	<u><u>\$ 6,150,369</u></u>	<u><u>\$ 4,051,560</u></u>

See notes to audited financial statements.

SOLDIERS' ANGELS
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributed goods, services and facilities	\$ 26,169,316	\$ -	\$ 26,169,316
Contributions	4,272,058	-	4,272,058
Fundraising - auto auctions, net of direct expenses of \$4,166,550	2,796,174	-	2,796,174
Fundraising - third party events	80,438	-	80,438
PPP grant	263,198	-	263,198
Total support and revenues	<u>33,581,184</u>	<u>-</u>	<u>33,581,184</u>
Expenses			
Program services	29,981,960	-	29,981,960
General and administrative	375,677	-	375,677
Fundraising	880,000	-	880,000
Total expenses	<u>31,237,637</u>	<u>-</u>	<u>31,237,637</u>
Income from Operations	2,343,547	-	2,343,547
Other Income			
Investment earnings, net	263	-	263
Other income	606	-	606
Total other income	<u>869</u>	<u>-</u>	<u>869</u>
Change in Net Assets	2,344,416	-	2,344,416
Net assets released from restrictions	-	-	-
Net assets at beginning of year	<u>3,572,862</u>	<u>-</u>	<u>3,572,862</u>
Net Assets at Year End	<u>\$ 5,917,278</u>	<u>\$ -</u>	<u>\$ 5,917,278</u>

See notes to audited financial statements.

SOLDIERS' ANGELS
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributed goods, services and facilities	\$ 21,427,791	\$ -	\$ 21,427,791
Contributions	3,144,414	-	3,144,414
Fundraising - auto auctions, net of direct expenses of \$4,364,606	2,696,987	-	2,696,987
Fundraising - third party events	41,224	-	41,224
Total support and revenues	<u>27,310,416</u>	<u>-</u>	<u>27,310,416</u>
Expenses			
Program services	25,065,763	-	25,065,763
General and administrative	307,228	-	307,228
Fundraising	840,872	-	840,872
Total expenses	<u>26,213,863</u>	<u>-</u>	<u>26,213,863</u>
Income from Operations	1,096,553	-	1,096,553
Other Income			
Investment earnings, net	3,255	-	3,255
Other income	5,165	-	5,165
Total other income	<u>8,420</u>	<u>-</u>	<u>8,420</u>
Change in Net Assets	1,104,973	-	1,104,973
Net assets released from restrictions	-	-	-
Net assets at beginning of year	<u>2,467,889</u>	<u>-</u>	<u>2,467,889</u>
Net Assets at Year End	<u>\$ 3,572,862</u>	<u>\$ -</u>	<u>\$ 3,572,862</u>

See notes to audited financial statements.

SOLDIERS' ANGELS
Statement of Functional Expenses
Year Ended December 31, 2021

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes and employee benefits	\$ 1,178,661	\$ 147,232	\$ 225,450	\$ 1,551,343
In-kind expense	26,173,018	-	-	26,173,018
Conferences and meetings	673	2,474	156	3,303
Insurance	1,220	3,100	1,342	5,662
Memberships and dues	2,712	1,643	1,640	5,995
Postage and shipping	168,844	409	123,851	293,104
Printing and publications	137,205	788	179,633	317,626
Professional services	438,085	52,310	194,685	685,080
Rent and maintenance	180,919	15,499	13,103	209,521
Specific assistance	1,367,394	-	-	1,367,394
Supplies	214,526	9,600	41,733	265,859
Telephone and internet	27,851	3,428	2,429	33,708
Third party event expenses	-	-	88,974	88,974
Travel	52,584	2,828	3,104	58,516
Volunteer expense	38,268	297	3,900	42,465
Depreciation	-	55,381	-	55,381
Other	-	80,688	-	80,688
	<u>\$ 29,981,960</u>	<u>\$ 375,677</u>	<u>\$ 880,000</u>	<u>\$ 31,237,637</u>
 Other expenses not included above:				
Auto auction, direct costs			<u>\$ 4,166,550</u>	

See notes to audited financial statements.

SOLDIERS' ANGELS
Statement of Functional Expenses
Year Ended December 31, 2020

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, taxes and employee benefits	\$ 1,164,731	\$ 110,590	\$ 261,271	\$ 1,536,592
In-kind expense	21,378,823	-	-	21,378,823
Conferences and meetings	1,444	195	318	1,957
Insurance	9,454	1,378	-	10,832
Memberships and dues	3,540	238	6,259	10,037
Postage and shipping	168,408	3,195	155,819	327,422
Printing and publications	192,794	-	83,155	275,949
Professional services	413,212	29,638	301,038	743,888
Rent and maintenance	175,917	18,696	16,825	211,438
Specific assistance	1,413,401	-	-	1,413,401
Supplies	39,367	4,854	7,781	52,002
Telephone and internet	21,422	6,097	1,923	29,442
Third party event expenses	-	-	1,086	1,086
Travel	36,081	723	4,483	41,287
Volunteer expense	47,169	325	914	48,408
Depreciation	-	54,288	-	54,288
Other	-	77,011	-	77,011
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 25,065,763</u>	<u>\$ 307,228</u>	<u>\$ 840,872</u>	<u>\$ 26,213,863</u>
Other expenses not included above:				
Auto auction, direct costs			<u>\$ 4,364,606</u>	

See notes to audited financial statements.

SOLDIERS' ANGELS
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Change in net assets	\$ 2,344,416	\$ 1,104,973
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	55,381	54,290
Net realized and unrealized (gain) on investments	(88)	(538)
Contributed investments	(12,340)	(6,952)
(Contributed) inventory, net	18,365	(21,298)
PPP loan forgiveness	(263,198)	-
Changes in operating assets and liabilities:		
Accounts receivable	115,186	(199,322)
Prepaid expenses	(25,005)	20,773
Other inventory	-	17,168
Accounts payable	40,663	81,819
Accrued expenses	(965)	(27,901)
Net cash provided by operating activities	<u>2,272,415</u>	<u>1,023,012</u>
Investing Activities		
Net investment activity	<u>148</u>	<u>127</u>
Net cash provided by investing activities	148	127
Financing Activities		
Repayment on PPP loan	(22,107)	-
Receipt of PPP loan	-	285,305
Net cash (used) provided by financing activities	<u>(22,107)</u>	<u>285,305</u>
Change in cash and cash equivalents	2,250,456	1,308,444
Cash and cash equivalents at beginning of year	<u>3,377,980</u>	<u>2,069,536</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 5,628,436</u></u>	<u><u>\$ 3,377,980</u></u>
Supplemental Disclosures		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	-	-
Non-cash donations, in-kind	26,169,316	21,427,791

See notes to audited financial statements.

Soldiers' Angels
Notes to Audited Financial Statements
December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Soldiers' Angels (Organization) is a not-for-profit which was incorporated on December 26, 2003, with a mission to provide aid, comfort and resources to the military personnel, veterans and their families. The Organization offers "boots on the ground" and "virtual" programs and services, which allows the Organization to best serve military families and veterans, while also ensuring that the resources of dedicated volunteers are fully utilized.

The Organization operates twelve virtual teams that include volunteers from all over the country and internationally who participate in supporting the U.S. military families and U.S. veterans. The Organization's virtual teams and programs include:

- Deployed Adoptions Team
- Ladies of Liberty Team
- Angels Bakers Team
- Chaplain Support Team
- Letter Writing Team
- Special Operations Forces Team
- Baby Brigade Team
- Women of Valor Team
- Living Legends Team
- Cards Plus Team
- Sewing & Crafting Team
- Adopt-A-Family Team

Soldiers' Angels "boots on the ground" services are geared primarily to supporting veterans through a partnership with VA Medical Centers. Soldiers' Angels provides support to veteran patients and homeless veterans to include:

- Patient Visits
- Luncheons/Dinners
- Mobile Food Distributions
- Hygiene Kits
- Canteen Vouchers
- Stand Down Support for Homeless Veterans
- Homeless Veteran Housing Packs
- Transportation Services
- Box Lunches
- Valor IT

These key service areas are provided through the contribution of goods, gift cards and other services which are recognized at fair value and reflected in the accompanying financial statements as contributed goods, services and facilities which are offset by a like amount included as in-kind expense.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. *Grants and contributions gifted for recurring programs are generally not considered "restricted" under GAAP,* though for internal reporting management tracks such donations and contributions to verify the disbursement matches the donor's intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, Board designated.

With Donor Restrictions: Net assets subject to donor-imposed stipulations that are more restrictive than the Organization's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Soldiers' Angels
Notes to Audited Financial Statements
December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition: The Organization recognizes contributions and grants either when a valid promise to give (generally in writing) is received or as collected in the case of most smaller denomination gifts. Contributions are reported as without or with donor restriction, depending on the existence and/or nature of any restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restriction. Non-cash contributions are recorded at their fair market value at the date of contribution.

Donated goods and services are reported as “in-kind contributions” by the Organization. Donated goods are recorded at fair value at the time of donation. The value of donated services is based on an amount determined to be appropriate if individuals were employed by the Organization to perform such services and is recorded as contributed services revenue and expense in the period during which the services are rendered.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash on hand and deposits held by financial institutions with maturities of three months or less.

Investments: Investments are reported at fair market value determined by quoted market prices. Gains and losses (realized and unrealized) are reported as investment earnings, net of fees in the accompanying statements of activities. Donated investment instruments are recorded at fair value at the date of donation.

Accounts Receivable: Accounts receivable are reported at outstanding principal, net of an allowance for doubtful accounts if deemed necessary. The allowance is generally determined based on an account-by-account review and historic trends. Accounts are charged off when collection efforts have failed, and the account is deemed uncollectible. An allowance was not required at December 31, 2021 and 2020. Interest is generally not charged on the receivables.

Inventories: Inventories consist of care packages which are gifts to be sent to deployed soldiers or their families, promotional items and contributed goods for distribution and use in the Organization’s programs. The distribution of these contributed goods for the Organization programs are recorded as program expenses in the statements of functional expenses. Cost is determined using the first-in, first-out method. Donated items are recorded at their estimated fair value at the date of donation.

Property and Equipment: Property, improvements and equipment are valued at historical cost or estimated fair value at the date of donation. Expenditures for betterments greater than \$5,000 that materially extend the useful life of an asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, which is generally three to five years for furniture, equipment and vehicles and five years for improvements.

Income Taxes: Soldiers’ Angels is a tax-exempt organization under Internal Revenue Service Code Section 501(c)(3). In addition, the Organization is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The Organization is not subject to Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its federal tax returns for the last four years remain subject to examination.

Employee Benefit Plan: The Organization has a Simple IRA plan which covers substantially all employees. Employees may contribute a percentage of their annual compensation as allowed by the federal tax code. The Organization matches up to 3% of employees’ contributions. The Organization matched approximately \$30,000 in 2021 and \$27,000 in 2020 to the Plan.

Soldiers' Angels
Notes to Audited Financial Statements
December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Functional Allocation of Expenses: The costs of providing the services and other activities of the Organization have been summarized on a functional basis in the statement of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of estimates of time and effort, as well as depreciation, office and occupancy, which are allocated on square-footage or another reasonable basis.

Advertising: Advertising and marketing costs are expensed as incurred and totaled approximately \$188,000 in 2021 and \$241,000 in 2020.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

New Accounting Pronouncement: In February 2016, the Financial Accounting Standards Board issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2021. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets to increase the transparency of contributed non-financial assets by enhancing the presentation and disclosures. The update includes the presentation of contributed non-financial assets as a separate line item in the statement of activities while disclosing disaggregated information about the types of contributed non-financial assets, how the contribution was used and various other disclosures. The effective date is for periods beginning after June 15, 2021 with early adoption permitted. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

Use of Estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. The Organization places its cash and investments with financial institutions, and limits the amount of credit exposure, although it may from time to time have cash balances or investments in excess of that insured by the FDIC. The Organization periodically assesses the financial condition of the institutions and believes the risk of loss is minimal.

Reclassifications: Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no effect on the previously reported change in net assets.

Soldiers' Angels
Notes to Audited Financial Statements
December 31, 2021 and 2020

NOTE B – INVESTMENTS

Investments are stated at fair value. Investment earnings (including interest earned on accounts classified as cash and cash equivalents) is summarized as follows at December 31:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 325	\$ 2,867
Net realized and unrealized gain on change in market value	88	538
Investment fees	<u>(150)</u>	<u>(150)</u>
Investment earnings, net	<u>\$ 263</u>	<u>\$ 3,255</u>

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Vehicles	\$ 32,780	\$ 32,780
Furniture and equipment	31,926	31,926
Leasehold improvements	21,800	21,800
Software	<u>190,400</u>	<u>190,400</u>
Total property and equipment	276,906	276,906
Less accumulated depreciation	<u>(140,929)</u>	<u>(85,548)</u>
Property and equipment, net	<u>\$ 135,977</u>	<u>\$ 191,358</u>

NOTE D – PAYCHECK PROTECTION PROGRAM

The Organization received funding under the Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), administered by the U.S. Small Business Administration. In 2020, the Organization received proceeds of \$285,305 bearing interest at a rate of 1% per annum with a maturity date of April 28, 2022. The Organization used the proceeds for payroll costs and other permitted expenses. On March 30, 2021, the Organization received notification that the PPP loan was forgiven in the amount of \$263,198, and the remaining \$22,107 we repaid. The net proceeds forgiven of \$263,198 is reported as PPP grant in support and revenues in the statement of activities and in operating activities on statement of cash flows for the year ended December 31, 2021.

Soldiers' Angels
Notes to Audited Financial Statements
December 31, 2021 and 2020

NOTE E – GIFTS IN-KIND

Contributed goods, services and facilities consisted of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Goods	\$ 26,029,617	\$ 21,351,538
Facilities	6,617	4,500
Professional services	130,613	71,483
Gift cards	<u>2,469</u>	<u>270</u>
	<u>\$ 26,169,316</u>	<u>\$ 21,427,791</u>

The Organization disbursed \$12,131,413 in 2021 and \$9,808,464 in 2020 in donated goods to various VA hospitals and military families. These disbursements are included in in-kind expenses in the statement of functional expenses.

Volunteers donated approximately 266,517 hours in 2021 and 236,900 hours in 2020 to SA's program services; however, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition under U.S. generally accepted accounting principles, which limits recognition of donated services to professional services.

NOTE F – OPERATING LEASES

The Organization leases office and storage space under a noncancelable operating lease with monthly payments of approximately \$7,000. The operating lease expires February 2024.

The Organization also leases various office equipment with monthly payments ranging from \$405 to \$7,929 with various expiration dates through December 2025.

Rent expense totaled approximately \$166,700 in 2021 and \$93,400 in 2020. The aggregate minimum future lease payments on noncancelable leases, are as follows:

<u>Year Ending December 31,</u>	
2022	92,100
2023	95,000
2024	27,000
2025	1,400

NOTE G – RELATED PARTY TRANSACTIONS

The Organization received approximately \$116,000 in 2021 and \$56,000 in 2020 for in-kind donations from Board Members. These amounts are included in contributed goods, services and facilities in the statements of activities.

Soldiers' Angels
Notes to Audited Financial Statements
December 31, 2021 and 2020

NOTE H – FAIR VALUE MEASUREMENTS

In accordance with U.S. generally accepted accounting principles, the Organization utilizes a fair value hierarchy that prioritizes the inputs for the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2: Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets
 - quoted prices for identical or similar assets or liabilities in inactive markets
 - inputs other than quoted prices that are observable for the asset or liability
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies nor transfers between levels. Following is a description of the valuation methodologies used for investments measured at fair value:

Cash and cash equivalents: Valued at its carry amount due to short-term maturity of the instrument.

Equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Soldiers' Angels
Notes to Audited Financial Statements
December 31, 2021 and 2020

NOTE H – FAIR VALUE MEASUREMENTS - continued

The following table sets forth, by level within the fair value hierarchy, the Organization's investments at fair value as follows:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
<i>December 31, 2021</i>				
Cash and cash equivalents	\$ 31,000	\$ -	\$ -	\$ 31,000
Equity securities	12,430	-	-	12,430
	<u>43,430</u>	<u>-</u>	<u>-</u>	<u>43,430</u>
Total investments at fair value	<u>\$ 43,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,430</u>
 <i>December 31, 2020</i>				
Cash and cash equivalents	\$ 25,275	\$ -	\$ -	\$ 25,275
Equity securities	5,875	-	-	5,875
	<u>31,150</u>	<u>-</u>	<u>-</u>	<u>31,150</u>
Total investments at fair value	<u>\$ 31,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,150</u>

NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization has approximately \$5,930,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. This consists of cash of \$5,600,000, accounts receivable of \$290,000 and investments (which are not endowed) of \$40,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets on hand to meet at least 60 days of normal operating expenses which, on the average, total approximately \$417,000 per month given full programmatic expenditures.

NOTE J – CURRENT ECONOMIC CONDITIONS

Certain current economic events have arisen which could impact the Organization's ongoing operations. As a result of the COVID-19 pandemic, mandated and voluntary closings have caused various business and supply chain disruptions which have an indeterminate duration. Additionally, the effects of economic stimulus programs and U.S. Federal Reserve actions remain uncertain. These matters could impact numerous facets of the business environment including interest rates, inflation, and the availability of goods, capital and labor. Any related financial impact cannot be reasonably estimated at this time.