

Caring for Military Families: The Elizabeth Dole Foundation

Financial Statements

For The Years Ended
December 31, 2015 And December 31, 2014



HERTZBACH
certified public accountants · consultants

Caring for Military Families: The Elizabeth Dole Foundation

Table Of Contents

For The Years Ended December 31, 2015 And 2014

Independent Auditor's Report	1-2
Financial Statements	
Statements Of Financial Position	3
Statements Of Activities	4
Statements Of Cash Flows	5
Notes To Financial Statements	6-10
Supplementary Information	
Statements Of Functional Expenses	11-11A

Independent Auditor's Report

To The Board Of Directors
Caring for Military Families: The Elizabeth Dole Foundation
600 New Hampshire Avenue, NW
Washington, DC 20037

We have audited the accompanying financial statements of Caring for Military Families: The Elizabeth Dole Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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 audits 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 Caring for Military Families: The Elizabeth Dole Foundation as of December 31, 2015 and 2014, 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.

Report On Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of functional expenses on page 11 and 11A are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hertzbach & Company, P.A.

Rockville, Maryland
September 8, 2016

**FINANCIAL
STATEMENTS**

Caring for Military Families: The Elizabeth Dole Foundation

Statements Of Financial Position

December 31,	2015	2014
ASSETS		
CURRENT ASSETS		
Cash And Cash Equivalents	\$ 630,405	\$ 1,212,497
Contributions Receivable	250,000	-
Prepaid Expenses	45,700	4,238
Total Current Assets	926,105	1,216,735
PROPERTY AND EQUIPMENT, NET	7,466	13,958
OTHER ASSETS		
Investments	701,069	299,337
TOTAL ASSETS	\$ 1,634,640	\$ 1,530,030
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,875	\$ 4,699
Accrued Expenses	24,505	6,802
Total Current Liabilities	26,380	11,501
NET ASSETS		
Unrestricted	1,608,260	1,518,529
TOTAL LIABILITIES AND NET ASSETS	\$ 1,634,640	\$ 1,530,030

See Independent Auditor's Report And Accompanying Notes To The Financial Statements

Caring for Military Families: The Elizabeth Dole Foundation Statements Of Activities

For The Years Ended December 31,	2015	2014
Revenues And Gains (Losses)		
Grants And Contributions	\$ 1,338,253	\$ 1,404,000
In-Kind Contributions	218,659	580,268
Interest And Dividend Income	11,837	5,692
Net (Loss) Gain On Investments	<u>(7,602)</u>	<u>23,636</u>
Total Revenues And Gains (Losses)	<u>1,561,147</u>	<u>2,013,596</u>
Expenses		
Program Services:		
Awareness	135,464	387,905
Caregiver Fellows	510,989	199,152
Impact Councils	269,042	7,214
Innovation Grants	-	100,000
Legal Support Resources	-	602
Military Veterans Caregiver Month	195,750	143,584
National Coalition	12,292	31,865
RAND Study	<u>-</u>	<u>510,759</u>
Total Program Services	<u>1,123,537</u>	<u>1,381,081</u>
Supporting Services:		
General And Administrative	340,311	284,708
Fundraising	<u>7,568</u>	<u>101,095</u>
Total Supporting Services	<u>347,879</u>	<u>385,803</u>
Total Expenses	<u>1,471,416</u>	<u>1,766,884</u>
Change In Unrestricted Net Assets	89,731	246,712
Unrestricted Net Assets, Beginning Of Year	<u>1,518,529</u>	<u>1,271,817</u>
Unrestricted Net Assets, End Of Year	<u>\$ 1,608,260</u>	<u>\$ 1,518,529</u>

See Independent Auditor's Report And Accompanying Notes To The Financial Statements

Caring for Military Families: The Elizabeth Dole Foundation Statements Of Cash Flows

For The Years Ended December 31,	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change In Unrestricted Net Assets	\$ 89,731	\$ 246,712
Adjustments To Reconcile Change In Unrestricted Net Assets To Net Cash (Used In) Provided By Operating Activities:		
Depreciation And Amortization	15,467	13,433
Net Loss (Gain) On Investments	7,602	(23,636)
(Increase) Decrease In Operating Assets:		
Contributions Receivable	(250,000)	25,000
Prepaid Expenses	(41,462)	8,012
Increase (Decrease) In Operating Liabilities:		
Accounts Payable	(2,824)	4,381
Accrued Expenses	17,703	(1,986)
Net Cash And Cash Equivalents (Used In) Provided By Operating Activities	<u>(163,783)</u>	<u>271,916</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases Of Property And Equipment	(8,975)	-
Receipt And Purchases Of Investments	(662,004)	(523,489)
Proceeds From Sales Of Investments	252,670	247,789
Net Cash And Cash Equivalents Used In Investing Activities	<u>(418,309)</u>	<u>(275,700)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(582,092)	(3,784)
Cash And Cash Equivalents, Beginning Of Year	<u>1,212,497</u>	<u>1,216,281</u>
Cash And Cash Equivalents, End Of Year	<u>\$ 630,405</u>	<u>\$ 1,212,497</u>

See Independent Auditor's Report And Accompanying Notes To The Financial Statements

Caring for Military Families: The Elizabeth Dole Foundation

Notes To Financial Statements

For The Years Ended December 31, 2015 And 2014

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION – Caring for Military Families: The Elizabeth Dole Foundation (the Foundation) was formed on February 23, 2012 as a nonprofit organization incorporated in Virginia. The purpose of the Foundation is to uplift American military caregivers by strengthening the services afforded to them through innovation, evidence-based research, and collaboration.

BASIS OF ACCOUNTING – The Foundation's financial statements are prepared on the accrual method of accounting. Revenues are recognized in the period in which they are earned and expenses are recognized when the obligation is incurred.

ESTIMATES – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS – For the purpose of the statements of cash flows, the Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2015 and 2014, the Foundation had no cash equivalents.

CONTRIBUTIONS RECEIVABLE – Receivables are reported at the amount management expects to collect from outstanding principal balances. In reviewing receivables, management considers the knowledge of the accounts and historical activity in establishing an allowance for doubtful accounts. Management is of the opinion that all receivables are fully collectible and therefore no allowance for doubtful accounts is provided as of December 31, 2015 and 2014.

INVESTMENTS – Investments are reported at fair value. Fair value is 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. See Note 2 for discussion of fair value measurements.

Realized and unrealized gains and losses are included in the change in net assets. Investment income, gains and losses restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income, gains and losses are recognized.

PROPERTY AND EQUIPMENT – Property and equipment are recorded at cost, or if donated, the assets are capitalized at the estimated fair value at the date of receipt. Depreciation is calculated using the straight-line method over the estimated useful lives of 3 years. The Foundation capitalizes all expenditures for property and equipment over \$2,500. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities.

REVENUE RECOGNITION – Grants and Contributions are recognized as revenues when they are received or unconditionally promised (pledged). The Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets as to a particular purpose or to future periods. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Restrictions expire when a stipulated time restriction ends or a purpose restriction is accomplished. The Foundation treats all contributions in which the restrictions are met in the current year as unrestricted contributions.

Caring for Military Families: The Elizabeth Dole Foundation

Notes To Financial Statements (Continued)

For The Years Ended December 31, 2015 And 2014

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IN-KIND CONTRIBUTIONS – Contributed goods are recorded at their fair value at the date of receipt. For the year ended December 31, 2015, in-kind contributions totaled \$218,659, of which \$72,659 relates to donated investments. For the year ended December 31, 2014 in-kind contributions totaled \$580,268, of which \$523,489 related to donated investments.

FUNCTIONAL EXPENSES – The costs of providing various programs and supporting services have been summarized on a functional basis in the Statements Of Activities and in the supplemental Statements Of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of time records, support, equally, or on estimates made by management.

INCOME TAXES – The Foundation is a non-profit organization and is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is required for the years ended December 31, 2015 and December 31, 2014, as the Foundation had no significant net unrelated business income.

2. FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value for assets and liabilities subject to fair value measurement. The framework provides a fair value hierarchy that prioritizes the inputs to 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to valuation methodology are adjusted 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 the following:

- 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 correction or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability

Level 3 - Inputs to valuation methodology are unobservable and significant to the fair value measurement

The asset or liability's fair value measurement level with 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.

The following is a description of the valuation methodologies used on a recurring basis for assets measured at fair value. There have been no changes in methodologies used as of December 31, 2015.

Mutual Funds / Exchange Traded Funds – Valued at quoted market prices in an exchange and active market.

Caring for Military Families: The Elizabeth Dole Foundation

Notes To Financial Statements (Continued)

For The Years Ended December 31, 2015 And 2014

2. FAIR VALUE MEASUREMENTS (CONTINUED)

Common Stock – Valued at the closing share price reported on the active market on which the individual securities are traded.

Bonds – Valued using the present value of future interest payments and the bond value upon maturity.

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 Foundation believes its valuation method is 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.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 319,817	\$ -	\$ -	\$ 319,817
Exchange Traded Funds	163,697	-	-	163,697
Common Stocks	56,327	-	-	56,327
Bonds	161,228	-	-	161,228
Total Investments, At Fair Value	<u>\$ 701,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 701,069</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 18,208	\$ -	\$ -	\$ 18,208
Exchange Traded Funds	275,500	-	-	275,500
Common Stocks	5,629	-	-	5,629
Total Investments, At Fair Value	<u>\$ 299,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,337</u>

3. PROPERTY AND EQUIPMENT

The Foundation held the following property and equipment as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Computers	\$ 8,975	\$ -
Website	40,300	40,300
Total Property And Equipment	49,275	40,300
Less: Accumulated Depreciation And Amortization	41,809	26,342
Property And Equipment, Net	<u>\$ 7,466</u>	<u>\$ 13,958</u>

During the years ended December 31, 2015 and 2014, the Foundation recorded depreciation and amortization related to property and equipment of \$15,467 and \$13,433, respectively.

See Independent Auditor's Report

Caring for Military Families: The Elizabeth Dole Foundation

Notes To Financial Statements

(Continued)

For The Years Ended December 31, 2015 And 2014

4. CONCENTRATION OF CREDIT RISK

FINANCIAL INSTITUTIONS – The Foundation maintains cash balances at a financial institution and at times, balances may exceed federally insured limits. The Foundation has not experienced any losses with respect to its bank balances in excess of government provided insurance and management believes that there are no significant concentration of credit risk as a result of maintaining these accounts.

MAJOR CONTRIBUTORS – During the years ended December 31, 2015 and 2014 the Foundation received \$500,000 and \$1,000,000, respectively, of support from one contributor, representing approximately 36% and 50% of its total revenue, respectively. The Foundation relies on the support of contributors to ensure the continuing operations of the organization. Any significant reduction in funding from contributors may impact the Foundation's ability to carry out its program and other activities.

5. COMMITMENTS AND CONTINGENCIES

OPERATING LEASE – On May 1, 2015, the Foundation entered into an agreement to rent office space in Washington, DC. This lease was entered into with an unrelated third-party. The lease agreement calls for monthly rent payments of \$5,000. The initial lease expires on April 30, 2016 and will then become a month-to-month agreement and may be terminated by either party with sixty days written notice. For the year ended December 31, 2016 the future minimum lease payment is \$20,000.

6. PROGRAM SERVICES

AWARENESS PROGRAM – The Awareness program was created to support military and veteran caregiver needs by launching a national multi-channel awareness campaign that includes Military and Veterans Caregivers Week, innovative events, media appearances and partnerships, and web and social media efforts.

CAREGIVER FELLOWS PROGRAM – The Caregiver Fellows Program was created to engage active military and veteran caregivers directly in the Foundation's initiatives, provide input to the RAND study, allowing them an opportunity to advise other Foundation programs and to play a leading role in raising awareness.

IMPACT COUNCILS – Building on critical areas identified in the Elizabeth Dole Foundation's RAND study as needs and gaps in caregiver support, the Foundation organized seven focused Impact Councils to engage key leaders across its National Coalition. The Impact Councils were created to provide sustainable, evidence-based solutions to military and veteran caregivers by reviewing caregiver needs, identifying resources for support, and recommending actions in each of the seven areas.

INNOVATION GRANTS – The Foundation created the Innovation Grants program to award grants in 2013 to three top-rated nonprofits across the country that are addressing significant, clearly recognized, unmet, military and veteran caregiver needs.

MILITARY VETERANS CAREGIVER MONTH – Passed by Congress, Month of the Military Caregiver was dedicated to support and raise awareness for the needs of our nation's military and veteran caregivers. During the month America turns its spotlight onto these hidden heroes, helping recognize and honor their sacrifices, service and successes.

NATIONAL COALITION – In April 2014, the two year RAND study was unveiled, providing a clear picture of a societal crisis in need of a national response. The Foundation thus launched, from the White House, its National Coalition comprised of the public and private sectors, labor, non-profit organizations, and the faith community.

Caring for Military Families: The Elizabeth Dole Foundation
Notes To Financial Statements
(Continued)

For The Years Ended December 31, 2015 And 2014

6. PROGRAM SERVICES (CONTINUED)

RAND STUDY – The Foundation commissioned the RAND Corporation to provide the first-ever comprehensive evidence based research on military and veteran caregiver needs. This research pointed to a national strategy engaging the public, private and nonprofit sectors in 2014.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events and transactions for potential recognition or disclosure through the independent auditor's report date, the date the financial statements were available to be issued. There were no events that required recognition or disclosure in the financial statements.

**SUPPLEMENTARY
INFORMATION**

Caring for Military Families: The Elizabeth Dole Foundation Statement Of Functional Expenses

For The Year Ended December 31, 2015

	Program Services								Total
	Awareness	Caregiver Fellows	Impact Councils	Military Veterans Caregiver Month	National Coalition	Fundraising	General And Administrative		
Consulting	\$ 79,250	\$ 403,500	\$ 224,250	\$ 19,750	\$ 11,750	\$ -	\$ 750	\$ 739,250	
Salaries, Benefits, Taxes	-	-	-	-	-	-	191,273	191,273	
Travel	7,678	24,127	3,093	113,500	542	3,558	-	152,498	
Meetings And Conferences	10,561	38,850	35,122	-	-	-	-	84,533	
Professional Fees	-	1,045	-	-	-	1,196	75,704	77,945	
Occupancy	-	-	-	-	-	-	54,200	54,200	
Communications	570	11,112	5,472	30,000	-	-	-	47,154	
Gifts	112	2,240	-	32,500	-	-	-	34,852	
Internet And Website	30,120	1,378	-	-	-	119	-	31,617	
Printing	1,235	12,464	1,050	-	-	927	2,899	18,575	
Depreciation And Amortization	4,933	-	-	-	-	-	10,534	15,467	
Supplies	-	6,497	40	-	-	-	-	6,537	
Postage	5	5,885	15	-	-	12	-	5,917	
Insurance, Licenses, And Fees	-	1,505	-	-	-	-	2,661	4,166	
Repairs And Maintenance	-	1,650	-	-	-	-	435	2,085	
Computer Supplies	-	455	-	-	-	-	1,185	1,640	
Fundraising	-	-	-	-	-	1,459	-	1,459	
Grants And Sponsorships	1,000	-	-	-	-	-	-	1,000	
Bank Fees	-	-	-	-	-	-	670	670	
Dues And Subscriptions	-	281	-	-	-	297	-	578	
	<u>\$ 135,464</u>	<u>\$ 510,989</u>	<u>\$ 269,042</u>	<u>\$ 195,750</u>	<u>\$ 12,292</u>	<u>\$ 7,568</u>	<u>\$ 340,311</u>	<u>\$ 1,471,416</u>	

Caring for Military Families: The Elizabeth Dole Foundation Statement Of Functional Expenses

For The Year Ended December 31, 2014

	Program Services										Total
	Awareness	Caregiver Fellows	Impact Councils	Military Veterans Caregiver Month	National Coalition	RAND Study	Innovation Grants	Legal Support Resources	Fundraising	General And Administrative	
Consulting	\$ 327,411	\$ 190,750	\$ 7,000	\$ 51,450	\$ 27,500	\$ -	\$ -	\$ 602	\$ 66,312	\$ 3,725	\$ 674,750
Salaries, Benefits, Taxes	-	-	-	-	-	-	-	-	-	154,316	154,316
Travel	9,551	401	214	60,231	2,546	110	-	-	18,756	64	91,873
Meetings And Conferences	8,754	4,686	-	28,150	1,496	18,954	-	-	561	163	62,764
Professional Fees	-	-	-	-	-	-	-	-	815	77,918	78,733
Occupancy	-	-	-	-	-	-	-	-	-	37,281	37,281
Communications	4,475	-	-	-	-	-	-	-	9,750	-	14,225
Gifts	237	-	-	-	-	-	-	-	-	-	237
Internet And Website	31,924	-	-	130	-	-	-	-	119	-	32,173
Printing	513	2,872	-	3,595	-	5,695	-	-	-	27	12,702
Depreciation And Amortization	4,933	-	-	-	-	-	-	-	-	8,500	13,433
Supplies	-	35	-	22	-	-	-	-	-	1,860	1,917
Postage	107	408	-	6	323	-	-	-	362	543	1,749
Insurance, Licenses, And Fees	-	-	-	-	-	-	-	-	-	-	-
Repairs And Maintenance	-	-	-	-	-	-	-	-	-	-	-
Computer Supplies	-	-	-	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-	4,110	-	4,110
Grants And Sponsorships	-	-	-	-	-	486,000	100,000	-	-	-	586,000
Bank Fees	-	-	-	-	-	-	-	-	310	311	621
	\$ 387,905	\$ 199,152	\$ 7,214	\$ 143,584	\$ 31,865	\$ 510,759	\$ 100,000	\$ 602	\$ 101,095	\$ 284,708	\$ 1,766,884