

Caring for Military Families: The Elizabeth Dole Foundation

Financial Statements

For the Years Ended December 31, 2019 and 2018



HERTZBACH
certified public accountants • consultants

Caring for Military Families: The Elizabeth Dole Foundation

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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, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 2 of the financial statements, during the year ended December 31, 2019, Caring for Military Families: The Elizabeth Dole Foundation adopted Financial Accounting Standards Board Update (ASU) No. 2018-08 – *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Hertzbach & Company, P.A.

Potomac, Maryland
September 17, 2020

Caring for Military Families: The Elizabeth Dole Foundation

Statements of Financial Position
As of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash	\$ 2,690,768	\$ 2,375,439
Contributions receivable	1,357,575	1,802,524
Prepaid expenses	9,145	111,880
Total current assets	<u>4,057,488</u>	<u>4,289,843</u>
Property and equipment, net	117,312	84,394
Other assets		
Investments	904,107	739,366
Long-term contributions receivable, net of current portion and discounts	48,677	432,202
Deposits	-	5,000
Total other assets	<u>952,784</u>	<u>1,176,568</u>
Total assets	<u><u>\$ 5,127,584</u></u>	<u><u>\$ 5,550,805</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 81,049	\$ 351,334
Accrued expenses	58,395	29,003
Total current liabilities	<u>139,444</u>	<u>380,337</u>
Noncurrent liabilities		
Deferred rent	62,156	-
Total liabilities	<u>201,600</u>	<u>380,337</u>
Net assets		
Without donor restrictions	3,429,599	2,626,893
With donor restrictions	1,496,385	2,543,575
Total net assets	<u>4,925,984</u>	<u>5,170,468</u>
Total liabilities and net assets	<u><u>\$ 5,127,584</u></u>	<u><u>\$ 5,550,805</u></u>

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

Caring for Military Families: The Elizabeth Dole Foundation

Statement of Activities
For the Year Ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
Revenues and gains			
Grants and contributions	\$ 255,082	\$ 4,369,814	\$ 4,624,896
In-kind contributions	331,281	-	331,281
Interest and dividend income	32,006	-	32,006
Net gain on investments	145,561	-	145,561
Net assets released from restriction	5,417,004	(5,417,004)	-
Total revenues and gains	<u>6,180,934</u>	<u>(1,047,190)</u>	<u>5,133,744</u>
Expenses			
Program services:			
Campaign for inclusive care	592,401	-	592,401
Caregiver fellows	453,221	-	453,221
Hidden heroes campaign	2,403,516	-	2,403,516
Impact forum	126,941	-	126,941
Elizabeth Dole gala	514,246	-	514,246
Children's research	97,192	-	97,192
Total program services	<u>4,187,517</u>	<u>-</u>	<u>4,187,517</u>
Supporting services:			
General and administrative	959,161	-	959,161
Fundraising	231,550	-	231,550
Total supporting services	<u>1,190,711</u>	<u>-</u>	<u>1,190,711</u>
Total expenses	<u>5,378,228</u>	<u>-</u>	<u>5,378,228</u>
Change in net assets	802,706	(1,047,190)	(244,484)
Net assets, beginning of year	<u>2,626,893</u>	<u>2,543,575</u>	<u>5,170,468</u>
Net assets, end of year	<u>\$ 3,429,599</u>	<u>\$ 1,496,385</u>	<u>\$ 4,925,984</u>

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

Caring for Military Families: The Elizabeth Dole Foundation

Statement of Activities
For the Year Ended December 31, 2018

	Without donor restrictions	With donor restrictions	Total
Revenues and gains (losses)			
Grants and contributions	\$ 281,034	\$ 5,007,504	\$ 5,288,538
In-kind contributions	274,055	-	274,055
Interest and dividend income	21,205	-	21,205
Net loss on investments	(69,266)	-	(69,266)
Net assets released from restriction	4,270,549	(4,270,549)	-
Total revenues and gains (losses)	<u>4,777,577</u>	<u>736,955</u>	<u>5,514,532</u>
Expenses			
Program services:			
Awareness	606,325	-	606,325
Caregiver fellows	400,022	-	400,022
Grants and sponsorships	510,559	-	510,559
Hidden heroes campaign	1,296,283	-	1,296,283
Impact forum	63,657	-	63,657
National coalition	386,942	-	386,942
Total program services	<u>3,263,788</u>	<u>-</u>	<u>3,263,788</u>
Supporting services:			
General and administrative	604,221	-	604,221
Fundraising	199,492	-	199,492
Total supporting services	<u>803,713</u>	<u>-</u>	<u>803,713</u>
Total expenses	<u>4,067,501</u>	<u>-</u>	<u>4,067,501</u>
Change in net assets	710,076	736,955	1,447,031
Net assets, beginning of year	<u>1,916,817</u>	<u>1,806,620</u>	<u>3,723,437</u>
Net assets, end of year	<u>\$ 2,626,893</u>	<u>\$ 2,543,575</u>	<u>\$ 5,170,468</u>

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

Caring for Military Families: The Elizabeth Dole Foundation

Statement of Functional Expenses For the Year Ended December 31, 2019

	Program Services						Supporting Services				
	Campaign for Inclusive Care	Caregiver Fellows	Hidden Heroes Campaign	Impact Forum	Elizabeth Dole Gala	Children's Research	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	Total
Consulting	\$ 276,950	\$ 98,217	\$ 440,905	\$ 40,187	\$ -	\$ -	\$ 856,259	\$ 149,250	\$ 24,198	\$ 173,448	\$ 1,029,707
Salaries, benefits and taxes	98,141	74,747	206,458	81,165	-	21,857	482,368	69,712	389,060	458,772	941,140
Grants and sponsorships	5,000	11,255	633,000	-	-	75,000	724,255	-	-	-	724,255
Special events	-	-	30,000	-	514,246	-	544,246	-	-	-	544,246
Travel	9,051	116,270	179,334	-	-	-	304,655	-	104,456	104,456	409,111
Internet and website	57,021	6,447	233,649	-	-	-	297,117	3,645	3,356	7,001	304,118
Meetings and conferences	3,890	15,025	271,712	345	-	-	290,972	-	846	846	291,818
Communications	35,294	90,543	126,501	-	-	-	252,338	-	27,495	27,495	279,833
Occupancy	-	-	-	-	-	-	-	-	231,557	231,557	231,557
Professional fees	16,306	-	978	-	-	-	17,284	-	99,926	99,926	117,210
Content creation	1,925	-	102,850	5,000	-	-	109,775	-	-	-	109,775
Seminars and training	85,113	1,770	3,000	-	-	-	89,883	-	-	-	89,883
Depreciation and amortization	-	-	71,198	-	-	-	71,198	-	12,826	12,826	84,024
Advertising	1,592	7,256	59,065	-	-	-	67,913	-	-	-	67,913
Gifts	-	15,018	4,926	-	-	-	19,944	-	27,023	27,023	46,967
Printing	-	1,058	22,709	244	-	335	24,346	2,855	2,410	5,265	29,611
Supplies	55	10,361	6,610	-	-	-	17,026	-	10,558	10,558	27,584
Postage	294	5,113	4,961	-	-	-	10,368	120	794	914	11,282
Dues and subscriptions	-	140	5,058	-	-	-	5,198	-	4,536	4,536	9,734
Computer supplies	-	1	577	-	-	-	578	-	8,184	8,184	8,762
Online donation fees	-	-	-	-	-	-	-	5,968	-	5,968	5,968
License and fees	1,308	-	25	-	-	-	1,333	-	4,211	4,211	5,544
Payroll processing fees	461	-	-	-	-	-	461	-	3,745	3,745	4,206
Bank fees	-	-	-	-	-	-	-	-	3,980	3,980	3,980
	<u>\$ 592,401</u>	<u>\$ 453,221</u>	<u>\$ 2,403,516</u>	<u>\$ 126,941</u>	<u>\$ 514,246</u>	<u>\$ 97,192</u>	<u>\$ 4,187,517</u>	<u>\$ 231,550</u>	<u>\$ 959,161</u>	<u>\$ 1,190,711</u>	<u>\$ 5,378,228</u>

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

Caring for Military Families: The Elizabeth Dole Foundation

Statement of Functional Expenses For the Year Ended December 31, 2018

	Program Services						Supporting Services				
	Campaign for Inclusive Care	Caregiver Fellows	Grants and Sponsorships	Hidden Heroes Campaign	Impact Forum	Elizabeth Dole Gala	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	Total
Consulting	\$ 364,948	\$ 83,567	\$ -	\$ 190,720	\$ 3,500	\$ -	\$ 642,735	\$ 152,500	\$ 7,655	\$ 160,155	\$ 802,890
Salaries, benefits and taxes	49,000	92,815	-	117,414	40,053	-	299,282	37,000	184,090	221,090	520,372
Grants and sponsorships	-	5,483	501,686	10,250	-	-	517,419	-	-	-	517,419
Special events	-	-	-	-	-	386,942	386,942	-	-	-	386,942
Internet and website	13,200	73,019	4,950	230,234	-	-	321,403	-	45,333	45,333	366,736
Travel	71,055	39,013	-	164,640	93	-	274,801	-	88,513	88,513	363,314
Meetings and conferences	33,015	21,280	3,923	183,357	7,007	-	248,582	2,186	148	2,334	250,916
Communications	31,450	39,000	-	137,045	12,900	-	220,395	-	13,803	13,803	234,198
Occupancy	-	-	-	-	-	-	-	-	120,787	120,787	120,787
Professional fees	-	-	-	5,048	-	-	5,048	-	91,019	91,019	96,067
Depreciation and amortization	-	-	-	91,286	-	-	91,286	-	-	-	91,286
Content creation	3,922	-	-	81,770	95	-	85,787	-	-	-	85,787
Seminars and training	38,447	29,774	-	399	-	-	68,620	750	-	750	69,370
Advertising	-	4,346	-	55,625	-	-	59,971	-	-	-	59,971
Gifts	-	100	-	7,396	-	-	7,496	-	25,000	25,000	32,496
Printing	1,104	4,167	-	16,781	-	-	22,052	-	-	-	22,052
Supplies	85	1,936	-	447	9	-	2,477	-	5,885	5,885	8,362
Computer supplies	-	-	-	742	-	-	742	-	6,575	6,575	7,317
Online donation fees	-	-	-	-	-	-	-	7,056	-	7,056	7,056
Postage	-	5,109	-	1,517	-	-	6,626	-	48	48	6,674
License and fees	-	-	-	65	-	-	65	-	6,133	6,133	6,198
Bank fees	-	-	-	-	-	-	-	-	3,965	3,965	3,965
Payroll processing fees	-	-	-	-	-	-	-	-	3,475	3,475	3,475
Dues and subscriptions	99	-	-	1,547	-	-	1,646	-	1,792	1,792	3,438
Donated services	-	413	-	-	-	-	413	-	-	-	413
	<u>\$ 606,325</u>	<u>\$ 400,022</u>	<u>\$ 510,559</u>	<u>\$ 1,296,283</u>	<u>\$ 63,657</u>	<u>\$ 386,942</u>	<u>\$ 3,263,788</u>	<u>\$ 199,492</u>	<u>\$ 604,221</u>	<u>\$ 803,713</u>	<u>\$ 4,067,501</u>

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

Caring for Military Families: The Elizabeth Dole Foundation

Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (244,484)	\$ 1,447,031
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	84,024	91,286
Net unrealized (gain) loss on investments	(152,961)	70,456
Change in operating assets:		
Contributions receivable	828,474	(650,806)
Prepaid expenses	102,735	(101,843)
Deposits	5,000	-
Change in operating liabilities:		
Accounts payable	(270,285)	338,356
Accrued expenses	29,392	10,712
Deferred rent	62,156	-
Net cash and cash equivalents provided by operating activities	<u>444,051</u>	<u>1,205,192</u>
Cash flows from investing activities		
Proceeds from sale of investments	189,820	101,510
Purchases of investments	(201,600)	(130,344)
Purchases of property and equipment	<u>(116,942)</u>	<u>(2,280)</u>
Net cash and cash equivalents used in investing activities	<u>(128,722)</u>	<u>(31,114)</u>
Net change in cash and cash equivalents	315,329	1,174,078
Cash and cash equivalents, beginning of year	<u>2,375,439</u>	<u>1,201,361</u>
Cash and cash equivalents, end of year	<u>\$ 2,690,768</u>	<u>\$ 2,375,439</u>

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

Caring for Military Families: The Elizabeth Dole Foundation

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

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.

Contribution Receivables

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, 2019 and 2018.

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 4 for discussion of fair value measurements.

Realized and unrealized gains and losses, interest dividends and investment expenses are included in the change in net assets. Investment income, gains and losses restricted by a donor are reported as increases in net assets without donor restrictions 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.

See independent auditor's report.

Caring for Military Families: The Elizabeth Dole Foundation

Notes to Financial Statements (Continued)
For the Years Ended December 31, 2019 and 2018

1) Nature of Organization and Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified in the following two classes:

Net assets without donor restrictions represents funds that are available for support of the operations of the Foundation, and that are not subject to donor restrictions.

Net assets with donor restrictions consist of contributions that have been restricted by the donor for specific purposes or are time restricted, including contributions that have been restricted by the donor that stipulate the resources be maintained in perpetuity, but permit the Foundation to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets. Donor-imposed restrictions are initially reported in the net assets with donor restrictions class, even if it is anticipated such restrictions will be met in the current reporting period.

Revenue Recognition

Grants and contributions are recognized as revenues when they are received or unconditionally promised (pledged). Conditional promises to give are only recognized when the conditions on which they depend are substantially met. The Foundation reports gifts of cash and other assets as donor 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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.

In-Kind Contributions

Contributed goods and services are recorded at their fair value at the date of receipt. For the year ended December 31, 2019, in-kind contributions including consulting services, lodging and travel totaled \$331,281. For the year ended December 31, 2018, in-kind contributions including legal services, advertising and lodging totaled \$274,055.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of time records and other support, or by estimates made by management. The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Foundation. Those expenses include salaries, internet and website, communications, depreciation and amortization, supplies, and payroll processing fees. As such costs are allocated based on estimates of time and specific utilization.

See independent auditor's report.

Caring for Military Families: The Elizabeth Dole Foundation

Notes to Financial Statements (Continued)
For the Years Ended December 31, 2019 and 2018

1) Nature of Organization and Summary of Significant Accounting Policies (Continued)

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, 2019 and 2018, as the Foundation had no significant net unrelated business income.

Reclassifications

Certain amounts from 2018 have been reclassified to conform to the 2019 presentation. There was no effect on 2018 change in net assets as a result of these reclassifications.

2) Accounting Pronouncements Adopted

In 2019, the Foundation adopted ASU No. 2018-08 – *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The core guidance in ASU 2018-08 is to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Adoption of ASU 2018-08 resulted in no changes in presentation of financial statements.

3) Contributions Receivable

Contributions receivable at December 31, 2019 and 2018 are as follows:

	2019	2018
Receivable in less than one year	\$ 1,357,575	\$ 1,802,524
Receivable in one to five years	50,000	450,000
Total contributions receivable	1,407,575	2,252,524
Less: discounts to net present value	1,323	17,798
Net contributions receivable	<u>\$ 1,406,252</u>	<u>\$ 2,234,726</u>

Contributions due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1.41% as of December 31, 2019 and 2018.

See independent auditor's report.

Caring for Military Families: The Elizabeth Dole Foundation

Notes to Financial Statements (Continued)
For the Years Ended December 31, 2019 and 2018

4) Fair Value Measurements

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 three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to 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 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.

A description of the valuation methodology used for assets measured at fair value is noted below. There have been no changes in the methodology used at December 31, 2019 and 2018.

Mutual Funds / Exchange Traded Funds

Valued at quoted market prices in an exchange and active market.

Common Stock

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

See independent auditor's report.

Caring for Military Families: The Elizabeth Dole Foundation

Notes to Financial Statements (Continued)
For the Years Ended December 31, 2019 and 2018

4) Fair Value Measurements (Continued)

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, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 337,701	\$ -	\$ -	\$ 337,701
Exchange traded funds	235,207	-	-	235,207
Common stocks	84,678	-	-	84,678
Bonds	246,521	-	-	246,521
Total investments, at fair value	<u>\$ 904,107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 904,107</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 278,833	\$ -	\$ -	\$ 278,833
Exchange traded funds	182,390	-	-	182,390
Common stocks	64,390	-	-	64,390
Bonds	213,753	-	-	213,753
Total investments, at fair value	<u>\$ 739,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 739,366</u>

See independent auditor's report.

Caring for Military Families: The Elizabeth Dole Foundation

Notes to Financial Statements (Continued)
For the Years Ended December 31, 2019 and 2018

5) Property and Equipment

The Foundation held the following property and equipment as of December 31, 2019 and 2018:

	2019	2018
Office equipment	\$ 16,575	\$ 8,975
Furniture & fixtures	109,342	-
Website	313,602	313,602
	439,519	322,577
Less: accumulated depreciation and amortization	(322,207)	(238,183)
Property and equipment, net	<u>\$ 117,312</u>	<u>\$ 84,394</u>

During the years ended December 31, 2019 and 2018, the Foundation recorded depreciation and amortization related to property and equipment of \$84,024 and \$91,286, respectively.

6) Concentration of Credit Risk

Financial Institutions

The Foundation maintains its cash and investment balances at a financial institution and at times these balances may exceed the federal insured limits. Non-interest- and interest-bearing accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019, cash and cash equivalents exceeded federally insured limits by \$2,294,249.

Major Contributors

During the years ended December 31, 2019 and 2018, the Foundation received \$1,020,000 and \$1,796,000, respectively, of support from one contributor. These contributors represented approximately 20% and 33% 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.

Market Risk

The Foundation maintains investment balances at a financial institution. The Foundation is exposed to equity securities price risk in quoted shares classified at fair value. The Foundation diversifies its portfolio for the purposes of minimizing exposure in this area and management believes the significant decline in value of the investments subsequent to the year-end is temporary.

See independent auditor's report.

Caring for Military Families: The Elizabeth Dole Foundation

Notes to Financial Statements (Continued)
For the Years Ended December 31, 2019 and 2018

7) Commitments and Contingencies

Operating Lease

On May 1, 2015, the Foundation entered into an agreement to rent office space in Washington, DC. The lease agreement calls for monthly rent payments of \$5,000. The initial lease expired on April 30, 2016 and then became a month-to-month agreement through May 31, 2017. On June 1, 2017, the lease was amended to extend the lease term until December 31, 2018 with monthly rent payments of \$8,700. On July 1, 2018, the lease was amended to increase the monthly rent payment to \$10,000.

On December 19, 2018, the Foundation entered into an agreement to rent office space in Washington, DC. The lease commenced on January 1, 2019 and expired on March 31, 2019. The lease agreement calls for monthly rent payments of \$10,000.

On October 12, 2018, the Foundation entered into an agreement to rent office space in Washington, DC. The lease commenced on April 1, 2019 and expires on August 31, 2024. The lease agreement calls for monthly rent payments of \$17,543. The lease provides for annual rent escalations.

During the years ended December 31, 2019 and 2018 rent expense totaled \$214,959 and \$112,200, respectively.

Future minimum lease payments under lease agreements are as follows:

<u>For the years ending December 31,</u>	<u>Amount</u>
2020	214,466
2021	219,828
2022	225,324
2023	230,957
2024	137,488
Total future minimum lease payments	<u>\$ 1,028,063</u>

8) Program Services

Campaign for Inclusive Care

The Foundation partnered with the Department of Veteran Affairs to create the Campaign for Inclusive Care program, a national initiative to integrate military and veteran caregivers into their veteran's care team from day one of the care process.

Caregiver Fellows Program

The Caregiver Fellows Program was created to engage active military and veteran caregivers directly in the Foundation's initiatives, to provide input to a study performed by RAND Corporation, a global policy think tank, allowing them an opportunity to advise other Foundation programs and play a leading role in raising awareness.

See independent auditor's report.

Caring for Military Families: The Elizabeth Dole Foundation

Notes to Financial Statements (Continued)
For the Years Ended December 31, 2019 and 2018

8) Program Services (Continued)

Hidden Heroes Campaign

With the leadership of Hidden Heroes Chair, Tom Hanks, and the support of our National Coalition Partners and donors, the Foundation launched the Hidden Heroes Campaign in the fall of 2016 to drive awareness to the contributions, challenges, and needs of military caregivers and their families. Launch of the Hidden Heroes Campaign included the creation of HiddenHeroes.org, a first-of-its-kind online destination for military caregivers to access a directory of vetted resources, connect with a community of their peers, and find and share caregiver stories.

Impact Forum

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 Forums to engage key leaders across its National Coalition. The Impact Forums 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.

Children's Research

The subject of military children – and the impact of caregiving on their development and growth – has revealed itself to be a pressing issue on the minds of support organizations, military leaders, policy makers, and military families themselves. A 2017 research blueprint, commissioned by the Foundation, and conducted by the RAND Corporation, revealed that no published studies exist exploring the impact of caregiving on the children of caregivers. The RAND blueprint ranked research on the impact of caregiving on children as one of the highest priorities for improving military caregiver support going forward. The Foundation is working to fill this gap through research on (1) how military children are affected by a family member with a combat injury or illness, (2) how military children are affected by taking on caregiving duties themselves, and (3) what interventions or programs can best support the children of caregivers.

See independent auditor's report.

Caring for Military Families: The Elizabeth Dole Foundation

Notes to Financial Statements (Continued)
For the Years Ended December 31, 2019 and 2018

9) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31, 2019:

	Beginning balance	Additions	Released from restriction	Ending balance
Hidden heroes campaign	\$ 71,696	\$ 2,187,863	\$ (2,197,058)	\$ 62,501
Campaign for inclusive care	1,689,677	27,326	(617,784)	1,099,219
2019 Elizabeth Dole gala	300,000	289,246	(589,246)	-
2020 Elizabeth Dole gala	50,000	10,000	-	60,000
Caregiver fellow professional development training program	-	208,275	(108,275)	100,000
Children's research	-	200,000	(75,335)	124,665
Time restricted	432,202	1,447,104	(1,829,306)	50,000
Total	<u>\$ 2,543,575</u>	<u>\$ 4,369,814</u>	<u>\$ (5,417,004)</u>	<u>\$ 1,496,385</u>

Net assets with donor restrictions consist of the following at December 31, 2018:

	Beginning balance	Additions	Released from restriction	Ending balance
Hidden heroes campaign	\$ -	\$ 1,410,412	\$ (1,338,716)	\$ 71,696
Campaign for inclusive care	750,000	1,546,000	(606,323)	1,689,677
2018 Elizabeth Dole gala	250,000	136,942	(386,942)	-
2019 Elizabeth Dole gala	-	300,000	-	300,000
2020 Elizabeth Dole gala	-	50,000	-	50,000
Caregiver fellow professional development training program	250,000	10,000	(260,000)	-
Impact forum	-	50,000	(50,000)	-
Hidden heroes cities / caregiver journey	75,740	-	(75,740)	-
Time restricted	480,880	1,504,149	(1,552,827)	432,202
Total	<u>\$ 1,806,620</u>	<u>\$ 5,007,503</u>	<u>\$ (4,270,548)</u>	<u>\$ 2,543,575</u>

10) Business Risk Factor

The Foundation could potentially be affected by natural disasters, public health crises, such as pandemics and epidemics, or other events outside of their control, which would cause their business and operating results to suffer.

See independent auditor's report.

Caring for Military Families: The Elizabeth Dole Foundation

Notes to Financial Statements (Continued)
For the Years Ended December 31, 2019 and 2018

11) Liquidity Analysis

The following reflects the Foundation's financial assets as of December 31, 2019:

Financial assets as of December 31, 2019:

Cash	\$ 2,690,768
Contributions receivable	1,357,575
Investments	<u>904,107</u>
Total financial assets	4,952,450
Less those unavailable for general expenditure within one year due to:	
Donor-imposed restrictions	<u>(1,496,385)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,456,065</u>

As part of the Foundation's liquidity management, the Foundation has a policy to structure its financial assets to be available and liquid as its obligations become due. The Foundation has no debt on the statement of financial position as of December 31, 2019 and typically pays its obligations using cash. As of December 31, 2019, the Foundation has financial assets equal to approximately 7 months of operating expenses.

12) Subsequent Events

Management has evaluated events and transactions subsequent to the statement of financial position date for potential recognition or disclosure through September 17, 2020, the date the financial statements were available to be issued. There were no events that required recognition or disclosure in the financial statements, except as noted below.

Covid-19 Outbreak

Beginning in late January 2020, the Foundation began to suffer a disruption in business as a result of the outbreak of COVID-19. Given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time.

Paycheck Protection Program

The passage of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) created the Paycheck Protection Program (PPP), a new loan package designed to provide funding to small businesses for use in paying employee wages and other critical expenses during the COVID-19 pandemic. Under the terms of the PPP loans, once a borrower receives the funds, the amount spent over the covered period on payroll, mortgage interest, rent and utilities are eligible to be completely forgiven tax free. Any portion of a PPP loan that is not forgiven must be repaid over two or five years; however, payments are deferred until the earlier of ten months following the covered period or the date the amount of forgiveness is determined an interest rate of 1%. Subsequent to December 31, 2019, the Foundation applied for a PPP loan in the amount of \$174,825. The funds were received on April 14, 2020.

See independent auditor's report.