

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION**

AUDITED FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020



CARING FOR MILITARY FAMILIES: THE ELIZABETH DOLE FOUNDATION

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Caring for Military Families: The Elizabeth Dole Foundation
Washington, D.C.

Opinion

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, 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 Caring for Military Families: The Elizabeth Dole Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Caring for Military Families: The Elizabeth Dole Foundation (the Foundation) 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.

Prior Period Adjustment

As discussed in Note 14 of the financial statements, the Foundation determined that donor restricted contributions of \$681,081 received in 2020 for an endowment were classified as net assets without donor restrictions. The financial statements for 2020 have been restated to reflect the reclassification of this amount to contributions revenue with donor restrictions and net assets with donor restrictions. Our opinion is not modified with respect to this matter.

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 Foundation'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.

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 Foundation'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 Foundation'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.

UHY LLP

Columbia, Maryland
June 21, 2022

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020 (Restated)</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,178,293	\$ 5,194,516
Contributions and grants receivable	1,607,700	380,500
Due from related party	102,889	-
Prepaid expenses	63,618	64,846
Prepaid contractual services	538,434	-
	<u>5,490,934</u>	<u>5,639,862</u>
Total current assets		
	<u>5,490,934</u>	<u>5,639,862</u>
PROPERTY AND EQUIPMENT, NET	<u>84,558</u>	<u>94,053</u>
OTHER ASSETS		
Long-term contributions and grants receivable, net	293,256	-
Investments	1,545,957	1,152,652
Deposits	57,114	9,883
Cash held for long-term use	1,076,182	681,081
	<u>2,972,509</u>	<u>1,843,616</u>
Total other assets		
	<u>2,972,509</u>	<u>1,843,616</u>
Total assets	<u>\$ 8,548,001</u>	<u>\$ 7,577,531</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 368,011	\$ 75,090
Accrued expenses	232,041	134,140
Paycheck Protection Program loan	-	176,080
	<u>600,052</u>	<u>385,310</u>
Total current liabilities		
	<u>600,052</u>	<u>385,310</u>
NONCURRENT LIABILITIES		
Deferred rent	<u>63,376</u>	<u>69,599</u>
Total liabilities	<u>663,428</u>	<u>454,909</u>
NET ASSETS		
Without donor restrictions	3,337,840	5,253,286
With donor restrictions	4,546,733	1,869,336
	<u>7,884,573</u>	<u>7,122,622</u>
Total net assets		
	<u>7,884,573</u>	<u>7,122,622</u>
Total liabilities and net assets	<u>\$ 8,548,001</u>	<u>\$ 7,577,531</u>

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION
STATEMENT OF ACTIVITIES
For the year ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, Gains and Losses			
Contributions and grants	\$ 1,106,208	\$ 6,121,030	\$ 7,227,238
In-kind contributions	25,000	-	25,000
Interest and dividend income	41,160	-	41,160
Net gains on investments	136,627	-	136,627
Losses from receivables uncollected	(66,000)	-	(66,000)
Gain on extinguishment of debt - Paycheck Protection Program loan	177,095	-	177,095
Net assets released from restrictions	3,443,633	(3,443,633)	-
	<u>4,863,723</u>	<u>2,677,397</u>	<u>7,541,120</u>
Expenses			
Program services:			
Campaign for Inclusive Care	738,596	-	738,596
Caregiver Fellows	331,846	-	331,846
Hidden Heroes Campaign and Respite	3,443,735	-	3,443,735
Heroes and History Makers gala	355,215	-	355,215
Research and innovation	305,312	-	305,312
Financial Wellness	38,503	-	38,503
	<u>5,213,207</u>	<u>-</u>	<u>5,213,207</u>
Supporting services:			
General and administrative	987,690	-	987,690
Fundraising	578,272	-	578,272
	<u>1,565,962</u>	<u>-</u>	<u>1,565,962</u>
Total expenses	<u>6,779,169</u>	<u>-</u>	<u>6,779,169</u>
Change in Net Assets	(1,915,446)	2,677,397	761,951
Net assets, beginning of year	<u>5,253,286</u>	<u>1,869,336</u>	<u>7,122,622</u>
Net assets, end of year	<u>\$ 3,337,840</u>	<u>\$ 4,546,733</u>	<u>\$ 7,884,573</u>

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION
STATEMENT OF ACTIVITIES**

For the year ended December 31, 2020

(Restated)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Support, Gains and Losses			
Contributions and grants	\$ 2,865,478	\$ 5,155,393	\$ 8,020,871
In-kind contributions	128,000	-	128,000
Interest and dividend income	21,007	-	21,007
Net gain on investments	112,418	-	112,418
Losses from receivables uncollected	(50,000)	-	(50,000)
Net assets released from restrictions	4,782,442	(4,782,442)	-
	<u>7,859,345</u>	<u>372,951</u>	<u>8,232,296</u>
Total revenue, support, gains and losses			
Expenses			
Program services:			
Campaign for Inclusive Care	876,589	-	876,589
Caregiver Fellows	189,375	-	189,375
Hidden Heroes Campaign and Respite	2,996,875	-	2,996,875
Heroes and History Makers gala	414,475	-	414,475
Children's research	195,000	-	195,000
	<u>4,672,314</u>	<u>-</u>	<u>4,672,314</u>
Total program services			
Supporting services:			
General and administrative	1,012,319	-	1,012,319
Fundraising	351,025	-	351,025
	<u>1,363,344</u>	<u>-</u>	<u>1,363,344</u>
Total supporting services			
Total expenses	<u>6,035,658</u>	<u>-</u>	<u>6,035,658</u>
Change in net assets	1,823,687	372,951	2,196,638
Net assets, beginning of year	<u>3,429,599</u>	<u>1,496,385</u>	<u>4,925,984</u>
Net assets, end of year	<u>\$ 5,253,286</u>	<u>\$ 1,869,336</u>	<u>\$ 7,122,622</u>

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021**

	Program Services						Supporting Services			Total	
	Campaign for Inclusive Care	Caregiver Fellows	Hidden Heroes and Respite	Heroes and History Makers Gala	Research and Innovation	Financial Wellness	Total Program Services	General and Administrative	Fundraising		Total Supporting Services
	Salaries, benefits and taxes	\$ 411,639	\$ 171,754	\$ 1,194,020	\$ -	\$ 212,600	\$ 2,461	\$ 1,992,474	\$ 200,668		\$ 247,532
Advertising	11,681	9,388	211,155	318	-	-	232,542	17,863	65,375	83,238	315,780
Bank fees	1,461	-	-	-	-	-	1,461	6,383	-	6,383	7,844
Communications	163,514	-	269,672	-	-	-	433,186	77,663	7,752	85,415	518,601
Computer supplies	-	-	90	-	-	-	90	14,035	-	14,035	14,125
Consulting	-	-	1,002,659	105,000	91,566	-	1,199,225	45,744	225,345	271,089	1,470,314
Content creation	-	-	130,179	249,427	-	-	379,606	22,000	80	22,080	401,686
Depreciation and amortization	-	-	63	-	-	-	63	20,496	-	20,496	20,559
Dues and subscriptions	46,725	259	20,495	-	-	-	67,479	16,979	6,726	23,705	91,184
Gifts	360	59,754	36,373	-	1,146	-	97,633	7,426	85	7,511	105,144
Grants	-	9,930	318,786	-	-	30,000	358,716	10,350	-	10,350	369,066
Interest expense	-	-	-	-	-	-	-	1,015	-	1,015	1,015
Internet and website	-	11,967	141,917	-	-	6,042	159,926	2,709	-	2,709	162,635
Meetings and conferences	1,902	5,904	26,006	241	-	-	34,053	13,590	99	13,689	47,742
Occupancy	47,999	-	27,077	-	-	-	75,076	218,661	-	218,661	293,737
Online donation fees	-	-	-	-	-	-	-	-	10,263	10,263	10,263
Payroll processing fees	3,167	-	-	-	-	-	3,167	16,089	-	16,089	19,256
Postage	1,149	10,444	14,653	-	-	-	26,246	5,972	7,675	13,647	39,893
Printing	-	-	13,537	-	-	-	13,537	2,864	5,802	8,666	22,203
Professional fees	40,789	-	50	-	-	-	40,839	164,494	-	164,494	205,333
Seminars and training	8,000	-	2,622	-	-	-	10,622	87,866	-	87,866	98,488
Special events	-	-	729	-	-	-	729	-	-	-	729
Supplies	-	13,431	7,493	125	-	-	21,049	10,850	1,344	12,194	33,243
Travel	210	39,015	26,159	104	-	-	65,488	23,973	194	24,167	89,655
	<u>\$ 738,596</u>	<u>\$ 331,846</u>	<u>\$ 3,443,735</u>	<u>\$ 355,215</u>	<u>\$ 305,312</u>	<u>\$ 38,503</u>	<u>\$ 5,213,207</u>	<u>\$ 987,690</u>	<u>\$ 578,272</u>	<u>\$ 1,565,962</u>	<u>\$ 6,779,169</u>

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020**

	Program Services					Supporting Services				Total
	Campaign for Inclusive Care	Caregiver Fellows	Hidden Heroes and Respite	Heroes and History Makers Gala	Research and Innovation	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries, benefits and taxes	\$ 204,190	\$ 78,649	\$ 873,687	\$ -	\$ -	\$ 1,156,526	\$ 313,342	\$ 104,684	\$ 418,026	\$ 1,574,552
Advertising	16,869	1,290	34,340	2,649	-	55,148	5,768	164	5,932	61,080
Bank fees	-	-	-	-	-	-	5,402	-	5,402	5,402
Communications	117,715	5,400	284,182	26,185	-	433,482	40,785	8,461	49,246	482,728
Computer supplies	-	-	-	-	-	-	2,559	-	2,559	2,559
Consulting	329,167	33,750	659,447	346,850	195,000	1,564,214	48,054	197,462	245,516	1,809,730
Content creation	35,275	-	111,705	9,485	-	156,465	-	561	561	157,026
Depreciation and amortization	-	-	13,133	-	-	13,133	17,597	-	17,597	30,730
Dues and subscriptions	49,828	1,867	44,423	7,516	-	103,634	18,504	5,368	23,872	127,506
Gifts	-	35,443	233,895	-	-	269,338	13,386	445	13,831	283,169
Grants	-	9,144	306,115	-	-	315,259	-	-	-	315,259
Interest expense	-	-	-	-	-	-	1,255	-	1,255	1,255
Internet and website	7,549	2,700	346,978	-	-	357,227	322	-	322	357,549
Meetings and conferences	20,604	3,148	34,834	-	-	58,586	3,235	120	3,355	61,941
Occupancy	50,524	-	-	-	-	50,524	232,780	-	232,780	283,304
Online donation fees	-	-	-	-	-	-	131	15,140	15,271	15,271
Payroll processing fees	1,663	-	-	-	-	1,663	8,193	-	8,193	9,856
Postage	171	5,703	13,923	-	-	19,797	3,464	14,972	18,436	38,233
Printing	792	301	15,737	-	-	16,830	1,346	3,172	4,518	21,348
Professional fees	37,225	-	6,208	1,790	-	45,223	149,075	-	149,075	194,298
Seminars and training	-	-	-	-	-	-	1,953	-	1,953	1,953
Special events	-	6,114	-	20,000	-	26,114	-	-	-	26,114
Supplies	130	1,726	5,325	-	-	7,181	16,355	476	16,831	24,012
Travel	4,887	4,140	12,943	-	-	21,970	128,813	-	128,813	150,783
	<u>\$ 876,589</u>	<u>\$ 189,375</u>	<u>\$ 2,996,875</u>	<u>\$ 414,475</u>	<u>\$ 195,000</u>	<u>\$ 4,672,314</u>	<u>\$ 1,012,319</u>	<u>\$ 351,025</u>	<u>\$ 1,363,344</u>	<u>\$ 6,035,658</u>

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION**
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020 (Restated)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 761,951	\$ 2,196,638
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Non-cash activities:		
Depreciation and amortization	20,559	30,730
Bad debt	61,000	50,000
Extinguishment of debt (PPP loan)	(176,080)	-
Non-cash contributions received	(120,967)	(120,998)
Realized and unrealized gains on investments	(136,627)	(112,418)
Loss on disposal of property and equipment	-	2,613
Change in discount on contributions receivable	6,744	-
Contributions restricted for long-term use	(395,101)	(681,081)
Decrease (increase) in assets:		
Contributions and grants receivable, net	(1,588,200)	975,752
Due from related party	(102,889)	-
Prepaid expenses	1,228	(55,701)
Prepaid contractual services	(538,434)	-
Deposits	(47,231)	(9,883)
Increase (decrease) in liabilities:		
Accounts payable	292,921	(5,959)
Accrued expenses	97,901	75,745
Deferred rent	(6,223)	7,443
	<u>(1,869,448)</u>	<u>2,352,881</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Proceeds from sale of investments	723,506	245,789
Purchases of investments	(859,217)	(260,918)
Purchases of property and equipment	(11,064)	(10,084)
	<u>(146,775)</u>	<u>(25,213)</u>
Net cash used in investing activities		
Cash Flows from financing activities		
Proceeds from Paycheck Protection Program (PPP) loan	-	176,080
Contributions restricted for long-term use	395,101	681,081
	<u>395,101</u>	<u>857,161</u>
Net cash provided by financing activities		
Net increase (decrease) in cash and cash equivalents	(1,621,122)	3,184,829
Cash and cash equivalents, beginning of year	<u>5,875,597</u>	<u>2,690,768</u>
Cash and cash equivalents, end of year	<u>\$ 4,254,475</u>	<u>\$ 5,875,597</u>
Supplemental Information		
Cash and cash equivalents	\$ 3,178,293	\$ 5,194,516
Cash held for long-term use	<u>1,076,182</u>	<u>681,081</u>
	<u>\$ 4,254,475</u>	<u>\$ 5,875,597</u>

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020**

NOTE 1 - NATURE OF ORGANIZATION AND PROGRAMS

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.

The Foundation provides the following programs:

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

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

Hidden Heroes and Respite

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. The 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.

The Foundation offers family caregivers of veterans or service members access to free, short-term relief with the help of in-home care professionals. Thanks to generous contributions from multiple partners, the Respite Relief Program is available nationwide.

Heroes and History Makers Gala

The Foundation's annual Gala, titled Heroes and History Makers, focuses on the stories of our nation's military and veteran caregivers. This national event also features successes from the broad scope of the Foundation's annual programming and creates opportunities for caregivers to build connections with one another.

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020**

NOTE 1 - NATURE OF ORGANIZATION AND PROGRAMS (Continued)

Research and Innovation

The Foundation has developed the first comprehensive, evidence-based national study of military and veteran caregivers. A 2017 research blueprint, commissioned by the Foundation, and conducted by the RAND Corporation, revealed a societal crisis requiring a national response. 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 has recently released a follow-up study to provide a military caregiver research blueprint. This blueprint serves as a guide for the military caregiver support community to use in prioritizing and facilitating future research for America's hidden heroes.

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. The Foundation is working to fill this gap through research and programming 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.

Financial Wellness

The Hope Fund for Critical Financial Assistance provides financial relief to all areas of military and veteran caregivers through grants that aim to put military families on the path to financial wellness. These grants provide high-impact financial assistance to prevent or address a significant crisis or to improve the quality of life of the caregiver family. This financial relief fills the gaps that other programs may not cover, such as medical bills, natural disaster assistance, emergency transportation for appointments, or loss of income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and be affected by the severity and duration of the COVID-19 pandemic, the extent of actions to contain or treat COVID-19, how quickly and to what extent normal economic and operating activity can resume, and the severity and duration of the global economic downturn that results from the pandemic.

Cash and Cash Equivalents

The Foundation considers all bank accounts and highly liquid investments with original maturities of three months or less at acquisition to be cash equivalents.

Contributions and Grants Receivables

Contributions and grants receivables are reported at the amount management expects to collect from outstanding principal balances. In reviewing the receivables, management considers the knowledge of the accounts and historical activity in establishing an allowance for doubtful accounts. No allowance for doubtful accounts is provided as of December 31, 2021 and 2020.

Contributions and grants receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The discount will be recognized as contribution revenue in future fiscal years as the discount is amortized over the duration of the contributions.

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 - 7 years for the office equipment, furniture and fixtures, and the website. 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 statements of activities.

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Realized and unrealized gains and losses, interest and dividends, and investment expenses are included in the change in net assets. Investment income, gains, and losses, which are restricted by a donor, are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period in which the income, gains, or losses are recognized.

Basis of Presentation

Net assets, revenue, 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 to support the operations of the Foundation and 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 a portion or all of the income derived from the donated assets for either specified or unspecified purposes.

Revenue is 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.

See Note 9 and 10 for more information on the composition of net assets with donor restrictions.

Revenue Recognition

Contributions and grants are recognized as revenue when they are received or unconditionally promised (pledged). 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.

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Conditional promises to give, that is, those contributions with a measurable performance barrier and right of return, are only recognized when the conditions on which they depend are substantially met. As of December 31, 2021, there were conditional promises to give of \$100,000. There were no conditional promises to give at December 31, 2020.

Conditional contributions, for which the conditions have been substantially met or explicitly waived by the donor, are recorded as contribution revenue. Contributions that are restricted by the donor are reported as a refundable advance until all conditions are substantially met to remove the restriction.

Stock contributions are recognized as revenue when they are received or unconditionally promised.

In-Kind Contributions

Contributed goods and services are recorded at their fair value at the date of receipt. For the years ended December 31, 2021 and 2020, in-kind contributions, including consulting services and donated travel expenses, totaled \$25,000 and \$128,000, respectively. All donated services were utilized by the Foundation's programs and supporting services.

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 programs 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.

Advertising

The Foundation expenses advertising and promotional costs as they are incurred. Advertising expense for the years ended December 31, 2021 and 2020 totaled \$315,780 and \$61,080, respectively.

Reclassifications

Certain amounts from 2020 financial statements have been reclassified to conform to the 2021 presentation. There was no effect on the 2020 change in net assets as a result of these reclassifications.

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation is a nonprofit 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. The Foundation has been determined by the Internal Revenue Service (IRS) not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code and is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. No provision for income taxes is required for the years ended December 31, 2021 and 2020, as the Foundation had no net unrelated business income.

Accounting for Uncertain Tax Positions

The Foundation has evaluated its current tax positions and has concluded that as of December 31, 2021 and 2020, the Foundation does not have any significant uncertain tax positions for which a reserve would be necessary.

Accounting Pronouncements Not Yet Adopted

The Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*. This ASU changes the accounting treatment for operating leases by recognizing both a lease asset and a lease liability, at the present value of the lease payments, in the statement of financial position. Additional disclosures regarding key information about the leasing arrangements will also be required. The FASB also issued ASU 2020-05, which deferred the effective date until the year ended December 31, 2022 when the Foundation plans to adopt Topic 842. Management is currently assessing the impact of the requirement to record a right-to-use asset and right-to-use liability for operating leases on the Foundation's financial statements.

NOTE 3 - CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 1,607,700	\$ 380,500
Receivable in one to five years	<u>300,000</u>	<u>-</u>
Total contributions and grants receivable	1,907,700	380,500
Less: discounts to net present value	<u>(6,744)</u>	<u>-</u>
Net contributions and grants receivable	<u>\$ 1,900,956</u>	<u>\$ 380,500</u>

**CARING FOR MILITARY FAMILIES:
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NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020**

NOTE 3 - CONTRIBUTIONS AND GRANTS RECEIVABLE (Continued)

Contributions and grants due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 2.25% as of December 31, 2021.

NOTE 4 - DUE FROM RELATED PARTY

During the year ended December 31, 2021, the Foundation made payments on behalf of a party who is related to one of the Board of Directors for memorial costs. As of December 31, 2021, the Foundation recorded a receivable of \$102,889 due from that party. The Foundation expects the amounts due will be reimbursed within one year, and no allowance has been recorded.

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value for assets subject to fair value measurement. The framework provides a fair value hierarchy that prioritizes 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 | Quoted prices in markets that are not considered to be active for identical or similar assets or liabilities, quoted prices in active markets of similar assets or liabilities, and inputs other than quoted prices that are observable or can be corroborated by observable market data. |
| Level 3 | Inputs to valuation methodology are unobservable and significant to the fair value measurement. |

The asset'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 input 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 as of December 31, 2021 and 2020.

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

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION
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NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Common Stocks - 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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 639,858	\$ -	\$ -	\$ 639,858
Exchange traded funds	393,511	-	-	393,511
Common stocks	19,856	-	-	19,856
Bonds	<u>492,732</u>	<u>-</u>	<u>-</u>	<u>492,732</u>
Total investments, at fair value	<u>\$ 1,545,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,545,957</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 319,120	\$ -	\$ -	\$ 319,120
Exchange traded funds	264,256	-	-	264,256
Common stocks	280,466	-	-	280,466
Bonds	<u>288,810</u>	<u>-</u>	<u>-</u>	<u>288,810</u>
Total investments, at fair value	<u>\$ 1,152,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,152,652</u>

For the years ended December 31, 2021 and 2020, unrealized gains (losses) on investments totaled \$(12,373) and \$94,288, respectively. For the years ended December 31, 2021 and 2020, realized gains on investments totaled \$149,000 and \$18,130, respectively.

**CARING FOR MILITARY FAMILIES:
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NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020**

NOTE 6 - PROPERTY AND EQUIPMENT

The Foundation held the following property and equipment as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Office equipment	\$ 27,638	\$ 16,575
Furniture and fixtures	116,813	116,813
Website	<u>313,602</u>	<u>313,602</u>
	458,053	446,990
Less: accumulated depreciation and amortization	<u>(373,495)</u>	<u>(352,937)</u>
Property and equipment, net	<u>\$ 84,558</u>	<u>\$ 94,053</u>

For the years ended December 31, 2021 and 2020, depreciation and amortization related to property and equipment totaled \$20,559 and \$30,730, respectively.

NOTE 7 - PAYCHECK PROTECTION PROGRAM (PPP) LOAN

On April 8, 2020, the Foundation entered into a U.S. Small Business Administration (SBA) PPP Loan in the principal amount of \$174,825 evidencing a PPP Loan from the JPMorgan Chase Bank. The PPP Loan will bear interest at a rate of 1.0% per annum. No payments will be due on the PPP Loan until either (1) the date that the SBA remits the loan forgiveness amount to the lender or (2) if the Foundation does not apply for loan forgiveness, 10 months after the end of the Foundation's loan forgiveness covered period. The Foundation incurred interest cost expense totaling \$1,015 and \$1,255 for the years ended December 31, 2021 and 2020, respectively, which is also available for forgiveness.

On August 6, 2021, the loan was fully forgiven by the SBA and the bank. The Foundation recognized extinguishment of debt, Paycheck Protection Program Loan revenue for \$174,825, and the associated interest expenses of \$2,270, during the year ended December 31, 2021.

According to the rules of the SBA, the Foundation is required to retain PPP Loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Foundation's judgments pertaining to satisfying PPP Loan eligibility or forgiveness conditions, the Foundation may be required to adjust previously reported amounts and disclosures in the financial statements.

**CARING FOR MILITARY FAMILIES:
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NOTE 8 - CONCENTRATION RISKS

Financial Institutions and Market Risk

The Foundation maintains its cash and investment balances at financial institutions and at times, these balances may exceed federally insured limits. Non-interest and interest-bearing accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk.

Investments are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. 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. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near-term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Major Contributors

During the years ended December 31, 2021 and 2020, the Foundation received 26% of its total revenue from two contributors and 22% of its total revenue from one contributor, respectively. The Foundation relies on the support of contributors to ensure the continuing programs and operations of the Foundation. Any significant reduction in funding from contributors may impact the Foundation's ability to carry out its programs and other activities.

**CARING FOR MILITARY FAMILIES:
THE ELIZABETH DOLE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020**

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Released from restrictions</u>	<u>Ending balance</u>
Temporarily restricted:				
Purpose restrictions:				
Hidden Heroes and Respite	\$ 50,000	\$ 767,201	\$ (697,904)	\$ 119,297
Campaign for Inclusive Care	972,630	750,000	(738,596)	984,034
Annual gala	-	1,331,472	(1,331,472)	-
Caregiver Fellows professional development training program	165,625	250,000	(331,846)	83,779
Research and innovation	-	1,500,000	(305,312)	1,194,688
Financial Wellness	-	534,000	(38,503)	495,497
Time restricted	<u>-</u>	<u>593,256</u>	<u>-</u>	<u>593,256</u>
Total temporarily restricted	1,188,255	5,725,929	(3,443,633)	3,470,551
Endowments to be invested in perpetuity	<u>681,081</u>	<u>395,101</u>	<u>-</u>	<u>1,076,182</u>
Total	<u>\$ 1,869,336</u>	<u>\$ 6,121,030</u>	<u>\$ (3,443,633)</u>	<u>\$ 4,546,733</u>

**CARING FOR MILITARY FAMILIES:
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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions consist of the following at December 31, 2020:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Released from restrictions</u>	<u>Ending balance</u>
Temporarily restricted:				
Purpose restrictions:				
Hidden Heroes and Respite Campaign for Inclusive Care	\$ 62,501	\$ 2,442,699	\$ (2,455,200)	\$ 50,000
Annual gala	1,099,219	750,000	(876,589)	972,630
Caregiver Fellows professional development training program	60,000	1,026,613	(1,086,613)	-
Research and innovation	100,000	255,000	(189,375)	165,625
Time restricted	124,665	-	(124,665)	-
	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>
Total temporarily restricted	1,496,385	4,474,312	(4,782,442)	1,188,255
Endowments to be invested in perpetuity	<u>-</u>	<u>681,081</u>	<u>-</u>	<u>681,081</u>
Total	<u>\$ 1,496,385</u>	<u>\$ 5,155,393</u>	<u>\$ (4,782,442)</u>	<u>\$ 1,869,336</u>

NOTE 10 - ENDOWMENT

The Foundation's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

**CARING FOR MILITARY FAMILIES:
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NOTES TO FINANCIAL STATEMENTS
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NOTE 10 - ENDOWMENT (Continued)

The Foundation's endowment fund was donor-created to provide income to support the Foundation's mission and purposes. The board chairperson and board treasurer are endowment trustees responsible for the management of the funds and for regular reporting to the board. The trustees evaluate any potential investments based on return, risk, liquidity and the Foundation's mission. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Foundation and the donor-restricted endowment fund;
- General economic conditions and the possible effect on inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the Foundation.

The use of income generated from such funds is subject to board approval through the normal budgeting process. The Foundation has adopted investment and spending policies that seek to maintain the purchasing power of the endowment assets. As of December 31, 2021 and 2020, the donor-restricted endowment net asset balance was \$1,076,182 and \$681,081, respectively, and reported as cash for long-term use. The interest earned was immaterial and was classified as net assets without donor restrictions. There were no distributions or releases from restriction during the years ended December 31, 2021 and 2020. In accordance with the Foundation's objective to maintain the purchasing power of the endowment assets and/or unless agreed by the donor, spending from donor-restricted funds is suspended when the fair market value of the endowment is less than the original gift until the asset market value exceeds the value of the original gift.

NOTE 11 - OPERATING LEASE COMMITMENTS

On October 12, 2018, the Foundation entered into an agreement to rent office space in Washington, D.C. The lease commenced on April 1, 2019 and the lease agreement calls for monthly rent payments of \$17,543. The lease provides for annual rent escalations. On October 21, 2021, the lease agreement was amended for additional office space adjacent to the existing premises, starting June 1, 2022 through May 31, 2025. The amended lease includes additional monthly rent payments of \$16,401. The amendment also provides for annual rent escalations.

During the years ended December 31, 2021 and 2020, rent expense totaled \$254,722 and \$251,138, respectively.

**CARING FOR MILITARY FAMILIES:
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NOTE 11 - OPERATING LEASE COMMITMENTS (Continued)

Future minimum payments are as follows for the years ending December 31:

	<u>Amount</u>
2022	\$ 346,018
2023	469,886
2024	481,649
2025	<u>202,450</u>
Total future minimum lease payments	<u>\$ 1,500,003</u>

NOTE 12 - RETIREMENT PLAN

The Foundation sponsors a 401(k) plan for eligible employees who completed one month of service. Employees are fully vested in salary deferrals and employer nonelective contributions. The Foundation's contributions for the year ended December 31, 2021 totaled \$115,503. There was no contribution in 2020.

NOTE 13 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets available within one year for general operations from December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,254,475	\$ 5,875,597
Contributions and grants receivable	1,607,700	380,500
Due from related party	102,889	-
Investments	<u>1,545,957</u>	<u>1,152,652</u>
Total financial assets	7,511,021	7,408,749
Less those unavailable for general expenditure within one year due to:		
Donor-imposed restrictions	(2,877,295)	(1,188,255)
Permanent endowments	<u>(1,076,182)</u>	<u>(681,081)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,557,544</u>	<u>\$ 5,539,413</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 typically pays its obligations using cash.

**CARING FOR MILITARY FAMILIES:
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NOTES TO FINANCIAL STATEMENTS
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NOTE 14 - PRIOR PERIOD ADJUSTMENT

During 2021, the Foundation discovered a misclassification of contributions received during 2020 totaling \$681,081 as net assets without donor restrictions. The 2020 financial statements have been restated to report the contributions with donor restrictions as a perpetual endowment. The earnings on the endowment are available for operations with the exception of certain payroll expenses.

At December 31, 2020, the restatement resulted in contributions and net assets with donor restrictions to be increased by \$681,081 and the net assets without donor restrictions to be decreased by the same amount. Total net assets and changes in net assets are unchanged due to these reclassifications.

NOTE 15 - COVID-19 FINANCIAL STATEMENT IMPACTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Foundation is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines.

The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Foundation's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Foundation's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

The Foundation hosted its annual gala online during 2021 and 2020. The Foundation plans to host the 2022 annual gala in person.

NOTE 16 - SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the statement of financial position date for potential recognition or disclosure through June 21, 2022, which is the date the financial statements were available to be issued. Except for the lease amendment as disclosed in Note 11, there were no events that required recognition or disclosure in the financial statements.