

BOB WOODRUFF FAMILY FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018



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**BOB WOODRUFF FAMILY FOUNDATION, INC.
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YEARS ENDED DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bob Woodruff Family Foundation, Inc.
New York, New York

We have audited the accompanying financial statements of Bob Woodruff Family Foundation, Inc. (BWF), 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Board of Directors
Bob Woodruff Family Foundation, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bob Woodruff Family Foundation, Inc. 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 14, 2020

BOB WOODRUFF FAMILY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
ASSETS		
Cash	\$ 12,610,559	\$ 6,768,699
Investments	627,984	572,348
Accounts Receivable	1,207	1,519
Contributions Receivable, Net	8,336,342	6,366,924
Inventory	8,007	9,317
Prepaid Expenses	292,655	555,719
Total Assets	21,876,754	14,274,526
PROPERTY AND EQUIPMENT, NET	141,045	156,824
Total Assets	\$ 22,017,799	\$ 14,431,350
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 210,339	\$ 220,441
Grants Payable	-	66,830
Deferred Revenue	-	13,500
Total Liabilities	210,339	300,771
DEFERRED RENT	27,528	32,355
Total Liabilities	237,867	333,126
NET ASSETS		
Without Donor Restrictions	8,226,781	7,100,723
With Donor Restrictions	13,553,151	6,997,501
Total Net Assets	21,779,932	14,098,224
Total Liabilities and Net Assets	\$ 22,017,799	\$ 14,431,350

See accompanying Notes to Financial Statements.

BOB WOODRUFF FAMILY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Special Events	\$ 5,736,800	\$ -	\$ 5,736,800	\$ 6,261,057	\$ -	\$ 6,261,057
Contributions	1,588,957	13,235,649	14,824,606	2,255,391	8,695,366	10,950,757
In-Kind Contributions	1,834,111	-	1,834,111	720,877	-	720,877
Investment Income, Net	8,227	-	8,227	3,531	-	3,531
Other Income	532	-	532	35,611	-	35,611
Net Assets Released from Restriction:						
Satisfaction of Purpose Restrictions	6,679,999	(6,679,999)	-	2,128,955	(2,128,955)	-
Total Revenue and Support	<u>15,848,626</u>	<u>6,555,650</u>	<u>22,404,276</u>	<u>11,405,422</u>	<u>6,566,411</u>	<u>17,971,833</u>
EXPENSES						
Program Services:						
Charitable Giving	6,778,701	-	6,778,701	5,929,127	-	5,929,127
Public Awareness and Education	2,177,337	-	2,177,337	2,420,506	-	2,420,506
Individual Giving	553,169	-	553,169	610,628	-	610,628
Collaborative Efforts	957,891	-	957,891	1,189,254	-	1,189,254
National Veterans Intermediary	2,220,692	-	2,220,692	1,830,075	-	1,830,075
Total Program Services	<u>12,687,790</u>	<u>-</u>	<u>12,687,790</u>	<u>11,979,590</u>	<u>-</u>	<u>11,979,590</u>
Supporting Services:						
Management and General	1,073,526	-	1,073,526	823,448	-	823,448
Fundraising	961,252	-	961,252	1,031,590	-	1,031,590
Total Supporting Services	<u>2,034,778</u>	<u>-</u>	<u>2,034,778</u>	<u>1,855,038</u>	<u>-</u>	<u>1,855,038</u>
Total Expenses	<u>14,722,568</u>	<u>-</u>	<u>14,722,568</u>	<u>13,834,628</u>	<u>-</u>	<u>13,834,628</u>
CHANGE IN NET ASSETS	1,126,058	6,555,650	7,681,708	(2,429,206)	6,566,411	4,137,205
Net Assets - Beginning of Year	<u>7,100,723</u>	<u>6,997,501</u>	<u>14,098,224</u>	<u>9,529,929</u>	<u>431,090</u>	<u>9,961,019</u>
NET ASSETS - END OF YEAR	<u>\$ 8,226,781</u>	<u>\$ 13,553,151</u>	<u>\$ 21,779,932</u>	<u>\$ 7,100,723</u>	<u>\$ 6,997,501</u>	<u>\$ 14,098,224</u>

See accompanying Notes to Financial Statements.

BOB WOODRUFF FAMILY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services						Supporting Services			Total
	Public		Individual Giving	Collaborative Efforts	National Veterans		Management and General	Fundraising	Total	
	Charitable Giving	Awareness and Education			Intermediary	Total				
Collaborative Efforts	\$ 5,631,060	\$ 10,071	\$ 134,505	\$ 205,000	\$ 352,050	\$ 6,332,686	\$ -	\$ -	\$ -	\$ 6,332,686
Contract Services	245,405	1,172,211	216,066	252,966	1,020,758	2,907,406	401,209	392,153	793,362	3,700,768
Salaries and Payroll Taxes	628,846	260,827	34,721	189,422	633,951	1,747,767	434,576	308,416	742,992	2,490,759
Employee Benefits	38,000	23,431	4,230	22,437	22,758	110,856	26,036	21,703	47,739	158,595
Travel and Meetings	89,334	88,832	22,326	51,041	80,638	332,171	26,790	40,303	67,093	399,264
Facility and Equipment	60,047	209,910	15,890	71,136	18,231	375,214	48,276	31,492	79,768	454,982
Gifts and Awards	-	2,098	788	257	209	3,352	2,661	1,299	3,960	7,312
Food Service	-	176,178	95,944	68,320	-	340,442	4,291	12,985	17,276	357,718
Audio Visual/Production	-	53,146	15,316	48,813	1,349	118,624	977	11,963	12,940	131,564
Printing and Copying	395	22,094	-	3,333	1,623	27,445	6,572	16,076	22,648	50,093
Fees	-	10,256	-	4,750	-	15,006	1,729	32,586	34,315	49,321
Dues, Books, Subscriptions, and References	44,901	26,535	541	2,900	5,309	80,186	13,941	17,637	31,578	111,764
Depreciation and Amortization	14,227	18,704	2,162	11,267	31,322	77,682	10,988	7,070	18,058	95,740
Website	157	17,537	24	2,534	24,393	44,645	112	75	187	44,832
Posting, Shipping and Courier	626	4,318	2,851	1,477	695	9,967	1,102	2,929	4,031	13,998
Telephone and Communication	17,198	13,188	2,500	13,120	5,348	51,354	12,947	8,885	21,832	73,186
Supplies	2,379	14,606	4,445	2,680	929	25,039	16,735	16,005	32,740	57,779
Insurance	3,813	25,821	587	3,083	1,173	34,477	2,846	17,155	20,001	54,478
Marketing and Promotion	794	26,313	40	220	18,139	45,506	249	13,016	13,265	58,771
Organization Expenses/ Taxes	1,519	1,261	233	3,135	1,817	7,965	61,489	9,504	70,993	78,958
Total Expense	\$ 6,778,701	\$ 2,177,337	\$ 553,169	\$ 957,891	\$ 2,220,692	\$ 12,687,790	\$ 1,073,526	\$ 961,252	\$ 2,034,778	\$ 14,722,568

See accompanying Notes to Financial Statements.

BOB WOODRUFF FAMILY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services						Supporting Services			Total
	Charitable	Public	Individual	Collaborative	National	Total	Management	Fundraising	Total	
	Giving	Awareness and Education	Giving	Efforts	Veterans Intermediary		and General			
Collaborative Efforts	\$ 5,000,000	\$ -	\$ 174,294	\$ 485,000	\$ 163,000	\$ 5,822,294	\$ -	\$ -	\$ -	\$ 5,822,294
Contract Services	170,739	1,430,828	183,422	173,605	637,428	2,596,022	230,726	430,542	661,268	3,257,290
Salaries and Payroll Taxes	518,897	160,153	55,989	221,025	749,133	1,705,197	321,048	282,820	603,868	2,309,065
Employee Benefits	44,509	19,932	7,220	31,604	32,448	135,713	19,367	21,490	40,857	176,570
Travel and Meetings	63,999	114,919	7,629	103,006	134,238	423,791	15,286	61,391	76,677	500,468
Facility and Equipment	72,614	237,409	32,769	64,291	31,002	438,085	29,583	40,568	70,151	508,236
Gifts and Awards	-	2,844	(30)	-	84	2,898	7,649	1,157	8,806	11,704
Food Service	-	178,819	123,635	37,993	1,359	341,806	-	14,232	14,232	356,038
Audio Visual/Production	-	84,750	13,360	12,929	-	111,039	2,820	25,303	28,123	139,162
Printing and Copying	-	42,548	-	21,639	857	65,044	44,907	34,472	79,379	144,423
Fees	-	8,498	-	150	-	8,648	1,921	29,681	31,602	40,250
Dues, Books, Subscriptions, and References	11,282	22,491	683	4,660	5,133	44,249	13,116	21,927	35,043	79,292
Depreciation and Amortization	17,568	16,368	3,062	14,769	23,175	74,942	6,797	8,219	15,016	89,958
Website	155	5,042	54	471	42,694	48,416	107	188	295	48,711
Posting, Shipping and Courier	1,039	4,913	4,464	1,295	425	12,136	610	3,417	4,027	16,163
Telephone and Communication	15,061	7,659	2,343	9,937	4,320	39,320	7,155	6,246	13,401	52,721
Supplies	4,366	13,785	414	2,003	2,539	23,107	12,412	10,206	22,618	45,725
Insurance	4,741	27,377	797	3,670	1,489	38,074	1,774	18,907	20,681	58,755
Marketing and Promotion	-	40,557	-	-	32	40,589	-	9,535	9,535	50,124
Organization Expenses/ Taxes	4,157	1,614	523	1,207	719	8,220	108,170	11,289	119,459	127,679
Total Expense	\$ 5,929,127	\$ 2,420,506	\$ 610,628	\$ 1,189,254	\$ 1,830,075	\$ 11,979,590	\$ 823,448	\$ 1,031,590	\$ 1,855,038	\$ 13,834,628

See accompanying Notes to Financial Statements.

BOB WOODRUFF FAMILY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 7,681,708	\$ 4,137,205
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Bad Debt	48,000	97,550
Depreciation and Amortization	95,740	89,958
Realized (Gain) Loss on Investments	(3,391)	1,113
Unrealized Gain on Investments	(6,833)	(1,821)
Noncash Contributions	(74,088)	(60,967)
Changes in Assets and Liabilities:		
Accounts Receivable	312	8,692
Contributions Receivable	(2,017,418)	(5,202,560)
Prepaid Expenses	263,064	(3,145)
Inventory	1,310	(9,317)
Accounts Payable and Accrued Expenses	(10,102)	91,840
Grants Payable	(66,830)	6,830
Deferred Revenue	(13,500)	13,500
Deferred Rent	(4,827)	4,661
Net Cash Provided (Used) by Operating Activities	5,893,145	(826,461)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	-	(568,000)
Proceeds from Sales of Investments	28,676	610,147
Purchases of Property and Equipment	(79,961)	(67,808)
Net Cash Used by Investing Activities	(51,285)	(25,661)
NET INCREASE (DECREASE) IN CASH	5,841,860	(852,122)
Cash - Beginning of Year	6,768,699	7,620,821
CASH - END OF YEAR	\$ 12,610,559	\$ 6,768,699
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Donated Securities and Property and Equipment	\$ 74,088	\$ 60,967

See accompanying Notes to Financial Statements.

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Bob Woodruff Family Foundation, Inc. (BWF) is the nonprofit dedicated to ensuring that post-9/11 injured service members, veterans, and their families thrive long after they return home. A national organization with grassroots reach, BWF complements the work of the federal government—diligently navigating the maze of more than 40,000 nonprofits providing services to veterans—to find, fund, and shape innovative programs and hold them accountable for results. To date, BWF has invested more than \$70 million in program services reaching the post-9/11 veterans, service members, their families, and caregivers whom BWF serves.

Income Taxes

BWF is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (IRC), and has been classified by the Internal Revenue Service (IRS) as other than a private foundation within the meaning of Section 509(a)(1) of the IRC.

BWF evaluated its tax positions and determined that its positions are more likely than not to be sustained on examination.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Revenue is recognized when earned and expensed when the obligation is incurred.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash

For financial statement purposes, BWF considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash.

Contributions Receivable

Management periodically reviews the status of all receivable balances for collectibility, which is assessed based on management's knowledge of the donor, BWF's relationship with the donor, and the age of the receivable balance. As a result of these reviews, receivable balances for which collection is deemed doubtful are charged to bad debt expense and an allowance is recorded. Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the promise is received. Conditional promises to give are not included as revenue and support until such time as the conditions are substantially met.

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory is valued at the lower of cost and net realizable value.

Property and Equipment

Acquisitions of property and equipment that have a useful life of more than one year and a cost greater than \$1,000 are capitalized and depreciated using the straight-line method over estimated useful lives of 2 to 5 years.

Investments

Investments are recorded at fair value. Investment income, including gains and losses on investments, is recorded as increases or decrease in net assets without donor restrictions unless its use is limited by donor-imposed restrictions or law. Donations received in the form of stocks, bonds, or other equities, will be recorded at the cash value equivalent at the time of donation. Sale of donated investments will be executed within one week of receipt, in order to reduce risk, and secure the funds. At no time will the BWF maintain donor funds in any mid to high risk financial vehicles.

Fair Value Hierarchy

BWF has categorized its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. That 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 are described as follows:

Level 1 – Inputs that reflect quoted prices for identical assets or liabilities that an entity has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at December 31, 2019 and 2018.

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

To ensure the observance of limitations and restrictions placed on the use of resources available to BWF, its net assets and revenue have been classified into net asset groups based on the existence or absence of donor-imposed restrictions. For financial statement purposes, net assets are as follows:

Without Donor Restrictions – Net assets for use in general operations and are not subject to donor-imposed restrictions.

With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

BWF had no perpetually restricted net assets at December 31, 2019 and 2018.

Grants Payable

Grants are reported as an expense and liability when approved by BWF unless conditions imposed on the grantee have not yet been fulfilled. Such conditional grants are recorded when the conditions have been satisfied. There are no conditional grants for the year ended December 31, 2019. Unconditional grants that BWF anticipates will be paid over more than one year are recorded at the estimated present value of future cash flows as of the date the grant is made. All grants are anticipated to be paid within one year.

Deferred Revenue

Deferred revenue consists of revenue received in advance of the period in which it is earned. Deferred revenue consists primarily of the estimated direct benefit to the donor portion of amounts received in advance for future special events.

Deferred Rent

BWF accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$27,528 and \$32,355 at December 31, 2019 and 2018, respectively.

Revenue Recognition

Revenue is recognized on the accrual basis and generally consists of special events income, grants, and donations. Special event revenue could contain a portion that is considered exchange revenue and a portion that is considered a contribution. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event. Contributions are recognized when unconditionally promised to, or received by, BWF. All contributions are considered to be available for general use, unless specifically restricted by the donor. Amounts received that are designated for future periods, or are restricted by the donor for specific purposes, are reported as donor restricted support, which increases the net asset with donor restriction net asset class.

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, 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.

In-Kind Contributions

Recorded Amounts

In-kind contributions of goods, services, and facilities used for operations or special events are recognized as in-kind contributions in accordance with generally accepted accounting principles.

Donated goods used for special events are included in the costs of direct benefit to donors and donated services are included in contract services expense. In particular, donated auction items are recorded at their estimated fair value as provided by a third-party charity auctioneer or subject matter expert as required. Donated auction items of value that have not been auctioned at the end of the year are capitalized at their estimated fair value. Capitalized donated goods are adjusted for the cash received at auction.

Donated services are recognized at fair value if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased by BWF. Donated services consist of legal services, information technology services, and other professional services that benefit program, fundraising, and management and general expenses. In addition, BWF receives contributions of services from celebrities related to the annual Stand Up for Heroes event. These contributions of services are reflected in the accompanying financial statements as support to BWF at the estimated fair value when received.

The following contributed goods and services were received in 2019 and 2018:

	2019	2018
Advertising Services	\$ 180,000	\$ 210,000
Legal Services	15,470	15,470
IT Services	76,450	52,525
Consulting Services	930,000	-
Event Expenses	632,191	438,432
Miscellaneous In-Kinds	-	4,450
Total	<u>\$ 1,834,111</u>	<u>\$ 720,877</u>

Unrecorded Amounts

BWF relies on contributions of both time and expertise from its pool of volunteers. In particular, volunteers work on BWF's programs and fundraising activities. BWF's volunteers donate hundreds of hours of service, the total value of which cannot be easily calculated or estimated, yet these volunteers contribute significantly to the work, impact, and success of BWF. These volunteer services have not been reflected in the accompanying financial statements because the volunteer services provided do not meet the criteria necessary for recognition.

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charitable Investments Program Services

Program services descriptions are as follows:

Charitable Giving: BWF finds, funds, and shapes innovative programs that focus on post-9/11 impacted service members, veterans, their families, and caregivers. BWF identifies, invests in, and improves evidence-based programs, both local and national, that address three core issue areas: education and employment, rehabilitation and recovery, and quality of life.

Public Awareness and Education: Public Awareness and Education investments educate and inform the public about 1) the emerging and long-term needs of post-9/11 impacted veterans, service members, their families, and caregivers, and 2) how to ensure our heroes, their families, and caregivers thrive long after service.

Individual Giving: BWF provides financial assistance to individual impacted service members, veterans, and their families. This program includes the BWF VIVA Fund, which provides financial assistance to individuals seeking IVF due to service-related fertility challenges.

Collaborative Efforts: Collaborative engagements bring together experts, and public and private partners at the federal, state, and local levels, to lead and encourage conversations addressing issues related to impacted service members, veterans, their families, and caregivers.

National Veterans Intermediary (NVI): The network of services for veterans and the families, caregivers, and survivors of military service members is complex, fragmented, and difficult to navigate, often leading to variability in life outcomes and opportunities for those who have served. NVI decreases this variability by facilitating collaboration, shared learning, and cross-sector communication among stakeholders in communities nationwide, so that veterans' needs are identified, and the ecosystem of social service and opportunity is there to serve them effectively.

Supporting Services

Supporting services descriptions are as follows:

Management and General: Management and general include activities necessary for the administrative process of BWF and managing the financial responsibilities of BWF.

Fundraising: Fundraising includes activities that encourage and secure financial support for BWF.

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various program and supporting service activities have been summarized on a functional basis in the statements of activities. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated generally on the amount of time spent by employees on each function. Accordingly, certain costs have been allocated across the program and supporting services that have benefited.

Subsequent Events

In preparing these financial statements, BWF has evaluated events and transactions for potential recognition or disclosure through April 14, 2020, the date the financial statements were available to be issued. The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies, and our communities. Specific to BWF, COVID-19 may impact various parts of its 2020 operations and financial results including the amount of contributions that BWF will receive as a result. Management believes that BWF is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2019.

Change in Accounting Principles

The financial statements of BWF reflect the adoption of the following accounting standards beginning in 2019:

ASU 2014-19 – In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The financial statements reflect the application of ASC 606 guidance beginning in 2018. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact BWF's reported historical revenue. Modified retrospective application was used to adopt the standard.

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles (Continued)

ASU 2018-08 – On January 1, 2019, the Foundation adopted FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Made*, using a prospective method of adoption. The core guidance in ASU 2018-08 provided clarification on the determination of a contribution versus an exchange transaction and if determined to be a contribution, clarification on the presence of a condition which governs when the revenue or expense is recognized. Adoption of ASU 2018-08 resulted in no presentation changes to the financial statements.

NOTE 2 CONCENTRATIONS OF RISK

Credit Risk

Financial instruments that subject BWF to a concentration of credit risk consist of demand deposits placed with financial institutions, which may, at times, exceed federally insured limits.

Concentration of Revenue

Twenty-six and thirty-five percent of BWF's revenue for the years ended December 31, 2019 and 2018, respectively, is from special event revenue from the Stand Up for Heroes event that BWF holds annually.

Total contribution revenue for the years ended December 31, 2019 and 2018, consists of 85% and 73% from two donors, respectively.

NOTE 3 INVESTMENTS

Investments consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 618,697	\$ 572,348
Equity Stocks	9,287	-
Total	<u>\$ 627,984</u>	<u>\$ 572,348</u>

Investment expenses are included with investment income on the statements of activities in the amount of approximately \$500 for the years ended December 31, 2019 and 2018.

BOB WOODRUFF FAMILY FOUNDATION, INC.
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NOTE 4 FAIR VALUE HIERARCHY

The following table presents fair value hierarchy information as of December 31, 2019 and 2018, measured at fair value on a recurring basis:

	2019			
	Level 1	Level 2	Level 3	Total
Equity Stocks	\$ 9,287	\$ -	\$ -	\$ 9,287

	2018			
	Level 1	Level 2	Level 3	Total
Equity Stocks	\$ -	\$ -	\$ -	\$ -

Cash and cash equivalents are recorded at cost and, accordingly, are excluded from the fair value hierarchy.

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at December 31:

	2019	2018
Special Events	\$ 288,500	\$ 409,817
Temporarily Restricted Contributions	8,251,000	6,010,000
Unrestricted Contributions	50,000	53,607
Subtotal	8,589,500	6,473,424
Less: Discount on Long-Term Receivables	(122,658)	-
Less: Allowance for Doubtful Receivables	(130,500)	(106,500)
Total	\$ 8,336,342	\$ 6,366,924

	2019	2018
Amounts Due in:		
Less than One Year	\$ 4,581,000	\$ 6,366,924
One to Five Years	3,755,342	-
Total	\$ 8,336,342	\$ 6,366,924

Outstanding contributions receivable were discounted at a rate of 1.62% based on imputed interest rates applicable to the year in which the promise was received.

Contributions receivable as of December 31, 2019 and 2018, consist of 94% from two and one donors, respectively.

BOB WOODRUFF FAMILY FOUNDATION, INC.
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NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2019	2018
Furniture and Fixtures	\$ 143,015	\$ 132,869
Website	116,868	103,118
Computer Software	123,487	87,337
Computer Hardware	93,375	73,459
Subtotal	476,745	396,783
Less: Accumulated Depreciation and Amortization	(335,700)	(239,959)
Total	<u>\$ 141,045</u>	<u>\$ 156,824</u>

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
Subject to Expenditure for Specific Purposes:		
Hurricane Harvey Relief for Impacted Military Veterans in the Texas Coastal Region	\$ 2,720,787	\$ 5,320,000
Healthy Lifestyles and Creating Community	5,857,763	661,093
21st Century Skills For Veterans	85,000	85,000
Rehabilitation and Recovery	25,000	5,000
Veterans on Wall Street	282,275	246,408
BWF Fellow	888,001	-
National Veterans Intermediary LPSAT	1,299,325	-
Total Subject to Expenditure for Specific Programs	<u>11,158,151</u>	<u>6,317,501</u>
Subject to Expenditure for Time Purposes:		
Operating Costs	1,060,000	680,000
Future Stand Up For Heroes Events	1,335,000	-
Total Subject to Expenditure for Time Purposes	<u>2,395,000</u>	<u>680,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 13,553,151</u>	<u>\$ 6,997,501</u>

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors for the years ended December 31:

	2019	2018
Purpose Restriction Accomplished:		
Hurricane Harvey Relief for Impacted Military Veterans in the Texas Coastal Region	\$ 2,599,213	\$ -
Healthy Lifestyles and Creating Community	2,003,329	915,407
Quality of Life	-	65,000
Education and Employment	295,000	448,500
Stand Up For Heroes	508,560	-
Veterans on Wall Street	120,224	65,418
IVF Fertility	-	24,880
Social Media	-	24,750
Rehabilitation and Recovery	5,000	-
BWF Fellow	127,998	-
National Veterans Intermediary LPSAT	500,675	-
National Veterans Intermediary	100,000	325,000
Total Purpose Restriction Accomplished	6,259,999	1,868,955
Time Restriction Accomplished:		
Operating Costs	420,000	260,000
Total Restrictions Accomplished	\$ 6,679,999	\$ 2,128,955

NOTE 8 SPECIAL EVENTS

BWF conducts special events in which a portion of the gross proceeds paid represents both a contribution and a payment for the direct benefits received by the participant at the event. The fair value of meals and entertainment provided at the special events is measured at the actual cost to BWF. The direct costs of the special events, which ultimately benefit the donor rather than BWF, are recorded as program services expense. Special events revenue relating only to the direct benefit to donors amounted to \$409,578 and \$549,386 during the years ended December 31, 2019 and 2018, respectively. This is recognized as revenue when the event occurs.

BOB WOODRUFF FAMILY FOUNDATION, INC.
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NOTE 9 ALLOCATION OF JOINT COSTS

BWF conducted special events that had both a program services component and an appeal for contributions. As a result, BWF incurred joint costs of \$658,670 and \$970,378 during the years ended December 31, 2019 and 2018, respectively.

BWF's joint costs were allocated between program services and fund raising as follows for the years then ended December 31:

	<u>2019</u>	<u>2018</u>
Program Services	\$ 395,202	\$ 582,227
Fundraising	263,468	388,151
Total	<u>\$ 658,670</u>	<u>\$ 970,378</u>

NOTE 10 PENSION PLAN

Effective January 1, 2014, BWF adopted a defined contribution pension plan which covers all of its eligible employees. Employees may contribute up to IRS limitations. Additionally, BWF may make discretionary matching contributions. Upon enrollment in the plan, employees immediately vest 100% with regard to their individual contributions and elective contributions made by BWF. Employees vest over a period of two to six years in regard to BWF's nonelective contributions. BWF recorded contribution expense of \$59,882 and \$58,496 for 2019 and 2018, respectively.

NOTE 11 COMMITMENTS

Office Lease

BWF entered into a seven-year lease agreement for office space with one month rent abated commencing November 16, 2015. Annual commitments for rent expense escalate from \$213,480 to \$227,712 after 42 months, exclusive of escalating shared operating expense.

Rent expense under the lease agreements, excluding pass through operating expenses and storage fees, amounted to \$218,141 for the years ended December 31, 2019 and 2018.

Total future minimum rental payments for the years ending December 31, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 227,712
2021	227,712
2022	227,712
Total	<u>\$ 683,136</u>

BOB WOODRUFF FAMILY FOUNDATION, INC.
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NOTE 11 COMMITMENTS (CONTINUED)

Hotel Agreement

BWF entered into an agreement with a hotel for guest rooms, meeting space, food, and beverages for the 2020 annual Stand Up For Heroes event.

The minimum fee for guest rooms, meeting rooms, food, and beverage is \$96,599. In the event the annual event is cancelled, BWF is required to pay liquidating damages for the amount of anticipated revenues lost by the hotel. The liquidating damage will be prorated based on the timing of cancellation from the first contracted room arrival as follows:

<u>Days</u>	<u>Percentage Due</u>
0 – 30	100%
31 – 90	75%
91 – 180	50%
181 or Greater	25%

NOTE 12 TRANSACTIONS WITH RELATED PARTIES

During 2019, BWF received contributions from board members totaling \$5,265,720. Amounts due from board members totaled \$3,081,000 as of December 31, 2019, and are included in contributions receivable in the accompanying statement of financial position.

NOTE 13 LIQUIDITY AND AVAILABILITY

BWF receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. BWF also receives support without donor restrictions. The Foundation considers contributions without donor restrictions and contributions with donor restrictions but can be used in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs.

The Foundation has a liquidity policy to maintain financial assets available to meet general expenditures at a level that represents 20% of prior fiscal year expenses. To achieve this objective, the Foundation forecasts its future cash flows and monitors its liquidity quarterly.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged

**BOB WOODRUFF FAMILY FOUNDATION, INC.
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NOTE 13 LIQUIDITY AND AVAILABILITY (CONTINUED)

The table below represents financial assets available for general expenditures within one year at December 31:

	<u>2019</u>	<u>2018</u>
Financial Assets at Year-End:		
Cash	\$ 12,610,559	\$ 6,768,699
Investments	627,984	572,348
Accounts Receivable	1,207	1,519
Contributions Receivable, Net	<u>8,336,342</u>	<u>6,366,924</u>
Total Financial Assets	21,576,092	13,709,490
Less: Donor Restricted Amounts Unavailable for		
General Expenditure	<u>(11,710,876)</u>	<u>(6,471,093)</u>
Total Financial Assets Available Within One Year	<u>\$ 9,865,216</u>	<u>\$ 7,238,397</u>