

Audited Financial Statements

Move America Forward

December 31, 2017

Quigley & Miron

Move America Forward
Audited Financial Statements
Table of Contents
December 31, 2017

Page
Number

Independent Auditor’s Report 1

Audited Financial Statements

Statement of Financial Position 3

Statement of Activities 4

Statement of Functional Expenses 5

Statement of Cash Flows 6

Notes to Financial Statements..... 7

Suite 1660
3550 Wilshire Boulevard
Los Angeles, California 90010

Telephone: (213) 639-3550
Facsimile: (213) 639-3555

Suite 700
1999 South Bascom Avenue
Campbell, California 95008

Telephone: (408) 614-0100
Facsimile: (213) 639-3555

Independent Auditor's Report

Board of Directors
Move America Forward
Sacramento, California

We have audited the accompanying financial statements of Move America Forward (MAF), a nonprofit organization, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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

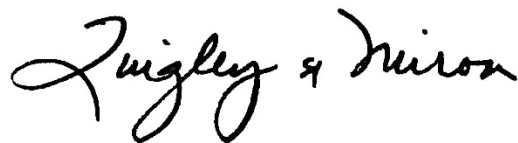
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Move America Forward as of December 31, 2017, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Ziegler & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
November 8, 2018

Move America Forward
Statement of Financial Position
December 31, 2017

Assets

Cash and cash equivalents	\$ 300,355
Investments—Note 3	8,396
Contributions receivable	16,085
Property and equipment, net—Note 4	17,786
Deposit	4,040
Other assets	2,300

Total Assets \$ 348,962

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	50,995
---------------------------------------	--------

Total Liabilities 50,995

Net Assets

Unrestricted	281,882
Temporarily restricted—Note 5	16,085

Total Net Assets 297,967

Total Liabilities and Net Assets \$ 348,962

See notes to financial statements.

Move America Forward
Statement of Activities
Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support			
Contributions	\$ 907,984	\$ 16,085	\$ 924,069
In-kind contributions—Note 6	2,042,868		2,042,868
Interest and dividends	446		446
Investment gains, net	935		935
Total revenues, gains and other support	2,952,233	16,085	2,968,318
Net assets released from restrictions	2,385	(2,385)	
Total Revenues, gains and other support	2,954,618	13,700	2,968,318
Expenses			
Program services	2,702,091		2,702,091
Supporting services			
Management and general	197,013		197,013
Fundraising	78,575		78,575
Total Expenses	2,977,679		2,977,679
Change in Net Assets	(23,061)	13,700	(9,361)
Net Assets at Beginning of Year	304,943	2,385	307,328
Net Assets at End of Year	\$ 281,882	\$ 16,085	\$ 297,967

See notes to financial statements.

Move America Forward
Statement of Functional Expenses
Year Ended December 31, 2017

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 132,595	\$ 52,500	\$	\$ 185,095
Payroll taxes	11,141	4,450		15,591
Employee benefits	13,846	4,875		18,721
Total Salaries and Payroll Taxes	157,582	61,825		219,407
Accounting	\$	\$ 7,361	\$	\$ 7,361
Advertising	168,468	16,175	78,313	262,956
Bank service charges	17,919	1,002		18,921
Conferences and meetings	170	704		874
Depreciation expense		1,059		1,059
Equipment rental and maintenance	1,267	669		1,936
Legal fees		11,558		11,558
Dues and subscriptions	1,520	7,081		8,601
Miscellaneous		30		30
Occupancy	34,276	30,971		65,247
Postage and shipping	100,836	111		100,947
Professional services	111,173	18,937		130,110
Program management	48,300	20,700		69,000
Repairs and maintenance	770	173		943
Care packages—Note 6	2,030,841			2,030,841
Supplies	8,048	3,234	262	11,544
Taxes, licenses and insurance		4,511		4,511
Telephone		5,008		5,008
Travel	17,005	263		17,268
Utilities	3,529	5,641		9,170
Volunteer Expenses	387			387
Total Expenses	\$ 2,702,091	\$ 197,013	\$ 78,575	\$ 2,977,679

See notes to financial statements.

Move America Forward
Statement of Cash Flows
December 31, 2017

Cash Flows from Operating Activities

Change in net assets	\$ (9,361)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Investment Gains, Net	(935)
Depreciation expense	1,059
Changes in operating assets and liabilities:	
Prepaid expenses	6,484
Contributions receivable	(13,700)
Deposit	(4,040)
Other assets	(1,500)
Accounts payable and accrued expenses	40,610

Net Cash Provided by Operating Activities 18,617

Cash Flows from Investing Activities

Purchases of investments	(438)
Purchases of property and equipment	(5,500)

Net Cash Used in Investing Activities (5,938)

**Increase in
Cash and Cash Equivalents** 12,679

**Cash and Cash Equivalents
at the Beginning of Year**

287,676

**Cash and Cash Equivalents
at the End of Year** \$ 300,355

Supplementary Disclosures

Income taxes paid	<u>\$</u>
Interest paid	<u>\$</u>

See notes to financial statements.

Move America Forward
Notes to Financial Statements
December 31, 2017

Note 1—Organization

Move America Forward (MAF) is a nonprofit military charity based in Sacramento, California and the nation's largest grassroots pro-troop organization dedicated to supporting the brave men and women of our Armed Forces. Our principal mission today is to provide care packages and letters from grateful Americans to the troops deployed in combat areas around the world.

While there are many admirable groups supporting our veterans, we are one of the few organizations left supporting active duty troops deployed to the front lines of Afghanistan, Iraq, and other areas around the world where our troops are in harm's way.

MAF began by providing general troop support and educating the American public on the good works of our military men and women in combat areas in the Middle East. We employed television, radio, social media and the internet to reach out to Americans, so they would support and defend our troops when they were unfairly criticized or attacked. We further engaged people in supporting troops by conducting national bus tours with public rallies throughout the country. We led delegations to Iraq and Guantanamo Bay, taking Gold Star Parents to Iraq, working with military servicemen and women, pro troop companies, service organizations, and many other supporters from across the nation to benefit our troops.

We early on recognized that our troops in harm's way needed to hear directly from American citizens affirming their support and providing some comforts from home. We began by sending special, fresh coffee that was purchased directly in coffee-growing regions in the world and shipped back to the United States where it was ground and packaged so fresh, quality coffee could be provided to our troops. We added cookies, stamped with the insignias of the military branches, to the packages that went directly to the troops.

We differed from other pro-military organizations by making sure that our care packages were individually addressed to military personnel in combat areas. Each package would include a note from the package sponsor that indicated their support and gratitude for the sacrifices being made to protect our freedom. Our mission and care packages quickly transformed into a year-round military care package operation providing the most requested items and the taste of home to our heroes.

Move America Forward has sent over 388 tons of care packages to deployed troops and that continues to this day as our major activity. We help educate Americans on the need for the care packages in multiple social media and internet ways, and in addition produce a celebrity-filled nationally televised telethon, called *Troopathon* around the 4th of July holiday when patriotic fervor is at its highest.

MAF is supported by hundreds of thousands of pro-troop activists, veterans, and military families all across the nation who share in our unwavering support of the military men and women who are on the front lines of protecting our country. We work with other non-profits, military service organizations, corporate sponsors, community networks and private citizens to support our military and demonstrate affirmatively our appreciation and admiration for their service to America.

It is our strong belief that American citizens must be enlisted in the effort to let our troops know that they are in our hearts and prayers and that we will defend their service and honor them here on the home front while they protect America on the front lines overseas.

Move America Forward
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies

Basis of Accounting—MAF uses the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Financial Statement Presentation—MAF recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions and net assets are classified on the existence or absence of donor-imposed restrictions. The net assets of MAF and changes therein are classified and reported as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of MAF.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met either by actions of MAF and/or passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Permanently restricted net assets—Net assets for which the donor has stipulated that the principal be maintained into perpetuity. MAF had no permanently restricted net assets at December 31, 2017.

Income Taxes—MAF is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, MAF has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered ‘more likely than not’ to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2017. Generally, MAF’s information returns remain open for examination for a period of three years (federal) or four years (state of California) from the date of filing.

Fair Value Measurement—In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2015-07 (ASU 2015-07), Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using net asset value per share as a practical expedient. MAF has adopted ASU 2015-07 for the year ended December 31, 2017.

Move America Forward
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Cash and Cash Equivalents—MAF considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property and Equipment—Property and equipment are recorded at cost when purchased or at estimated fair market value to the extent a fair market value could be derived at the date of donation. Depreciation of property and equipment is provided using the straight-line method over their estimated useful lives. Individual property items valued at less than \$500 are expensed when purchased or donated.

Concentration of Credit Risk—Financial instruments which potentially subject MAF to concentrations of credit risk consist of cash and cash equivalents, and receivables. MAF places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, in the normal course of business, such cash and cash equivalent balances are in excess of the FDIC insurance limits. Management regularly reviews the financial stability of its cash balances and deems the risk of loss due to these concentrations to be minimal.

Receivables consist of balances from individuals, local foundations and corporations. Management has also reviewed receivables for collectability and determined that no allowance for uncollectible receivables was necessary at December 31, 2017.

In-Kind Contributions—Contributions of donated non-cash assets are recorded at their fair values in the period received. MAF receives care package donations in the form of personal hygiene products, snacks, candy, and other items from individuals, businesses, and other organizations. MAF sorts, re-packages and boxes these items to be shipped to military personnel stationed overseas. Contributed services are recorded at fair value at the date of donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria are not recognized.

Functional Expenses—The costs of providing MAF's program and supporting services have been summarized on a functional basis. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on evaluation from management.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most sensitive estimates affecting the financial statements are the valuation of donated food, and the valuation of donated volunteer service hours.

Move America Forward
Notes to Financial Statements—Continued

Note 3—Fair Value Measurements

In determining the fair value of assets and liabilities, MAF utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. MAF determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to MAF at the measurement date.

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment.

MAF may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by MAF to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. MAF had no assets or liabilities classified at NAV as a practical expedient during the year ended December 31, 2017.

Assets measured on a recurring basis at December 31, 2017 consist of the following:

December 31, 2017:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Equity funds	\$ 6,415	\$	\$	\$ 6,415
Exchange traded funds	1,722			1,722
Equities	259			259
Totals	<u><u>\$ 8,396</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$ 8,396</u></u>

Move America Forward
Notes to Financial Statements—Continued

Note 4—Property and Equipment, Net

The major classes of property and equipment, net at December 31, 2017 are as follows:

Furniture and equipment	\$ 19,396
Leasehold improvements	21,158
	<u>40,554</u>
Less accumulated depreciation	(22,768)
	<u>(22,768)</u>
Net	<u>\$ 17,786</u>

Total depreciation expense recorded for the year ended December 31, 2017 was \$1,059.

Note 5—Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2017 represent contributions restricted for future period expenditures.

Note 6—In-Kind Contributions

In-kind contribution revenues for the year ended December 31, 2017 consist of the following:

Skin care products	\$ 764,077
Candy and snacks	582,886
Coffee	581,576
Supplies	98,154
Internet services	16,175
	<u>16,175</u>
Totals	<u>\$ 2,042,868</u>

In-kind skin care products, candy and snacks, coffee, and supplies have been included in the care packages caption in the statement of functional expenses. An additional \$4,148 of care package items were purchased by the organization. In-kind internet services are included in the advertising caption in the statement of functional expenses.

Skin care products	\$ 764,077
Candy and snacks	582,886
Coffee	581,576
Supplies	98,154
	<u>98,154</u>
Totals	<u>\$ 2,026,693</u>

Move America Forward
Notes to Financial Statements—Continued

Note 7—Facility Lease

In July 2017, MAF entered into a facility lease with an unrelated party for its headquarter office. The lease required a cash deposit of \$4,040 upon its signing. The term of the lease runs through July 2020. Future minimum payments on this lease are as follows:

<u>Year Ending December 31, 2017</u>	
2018	\$ 48,843
2019	50,182
2020	30,002
Total	<u>\$ 129,027</u>

Note 8—Recent Accounting Pronouncements

Net Assets Presentation—In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user’s ability to assess an entity’s available financial resources, along with its management of liquidity and liquidity risk. The guidance requires all not-for-profit entities to present expenses by both their natural and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. MAF is currently evaluating the impact that the adoption of ASU 2016-14 will have on its financial statements.

Leases—In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. MAF is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

Move America Forward
Notes to Financial Statements—Continued

Note 9—Subsequent Events

Management evaluated all activities of Move America Forward through November 8, 2018, which is the date the financial statements were available to be issued, and concluded that no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.