

Audited Financial Statements

Move America Forward

December 31, 2019

Quigley & Miron

Move America Forward
Audited Financial Statements
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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, 2019, 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

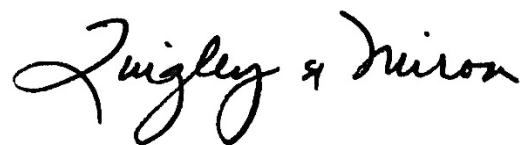
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2019, 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, which appears to be "PricewaterhouseCoopers" written in a cursive, stylized font.

Los Angeles, California
October 20, 2020

Move America Forward
Statement of Financial Position
December 31, 2019

Assets

Cash and cash equivalents	\$ 416,876
Contributions receivable	11,450
Investments—Note 4	283,271
Property and equipment, net—Note 5	16,700
Deposit	4,040
Other assets	2,300

Total Assets	<u>\$ 734,637</u>
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Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 7,516
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Total Liabilities	<u>7,516</u>
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Net Assets

Without donor restrictions	715,671
With donor restrictions—Note 6	11,450

Total Net Assets	<u>727,121</u>
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Total Liabilities and Net Assets	<u>\$ 734,637</u>
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See notes to financial statements.

Move America Forward
Statement of Activities
Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities			
Revenue and Other Support			
Contributions	\$ 1,322,624	\$ 11,450	\$ 1,334,074
In-kind contributions—Note 7	1,371,141		1,371,141
Interest and dividends	4,028		4,028
	<u>2,697,793</u>	<u>11,450</u>	<u>2,709,243</u>
Total Revenue and Other Support			
Net assets released from restrictions	16,434	(16,434)	
	<u>2,714,227</u>	<u>(4,984)</u>	<u>2,709,243</u>
Total Revenue, Other Support, and Reclassification			
Expenses			
Program services	2,116,963		2,116,963
Supporting services			
Management and general	196,668		196,668
Fundraising	57,567		57,567
	<u>2,371,198</u>		<u>2,371,198</u>
Total Expenses			
Change in Net Assets From Operations	343,029	(4,984)	338,045
Nonoperating Activities			
Investment return, net	25,157		25,157
	<u>25,157</u>		<u>25,157</u>
Total Nonoperating Activities			
Change in Net Assets	368,186	(4,984)	363,202
Net Assets at Beginning of Year	347,485	16,434	363,919
	<u>347,485</u>	<u>16,434</u>	<u>363,919</u>
Net Assets at End of Year	\$ 715,671	\$ 11,450	\$ 727,121
	<u>\$ 715,671</u>	<u>\$ 11,450</u>	<u>\$ 727,121</u>

See notes to financial statements.

Move America Forward
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services				Supporting Services			
	Care Packages	Public Education	Troopathon	Total	Management and General	Fundraising	Total	Total
Salaries	\$ 34,565	\$ 70,125	\$ 38,513	\$ 143,203	\$ 57,306	\$ 7,900	\$ 65,206	\$ 208,409
Payroll taxes	2,786	5,799	2,977	11,562	5,166	659	5,825	17,387
Employee benefits	2,290	6,354	3,558	12,202	4,395	86	4,481	16,683
Total Salaries and Payroll Taxes	39,641	82,278	45,048	166,967	66,867	8,645	75,512	242,479
Accounting					17,240		17,240	17,240
Advertising	2,991	83,241	23,746	109,978		36,417	36,417	146,395
Bank service charges	21,014			21,014	688	370	1,058	22,072
Care packages— Note 7	1,375,770			1,375,770				1,375,770
Conferences and meetings	363		475	838	596	321	917	1,755
Depreciation expense	278			278	265		265	543
Dues and subscriptions		1,299		1,299	3,317	1,786	5,103	6,402
Equipment rental and maintenance	2,168			2,168	3,000		3,000	5,168
Legal fees					10,949		10,949	10,949
Occupancy	24,078			24,078	23,023		23,023	47,101
Postage and shipping	160,814	96	2,275	163,185				163,185
Professional services	97,706	16,324	43,789	157,819	12,012	7,800	19,812	177,631
Program management	7,800	31,200	15,600	54,600	23,400		23,400	78,000
Repairs and maintenance					14		14	14
Supplies	10,906		1,179	12,085	4,139	2,228	6,367	18,452
Taxes, licenses and insurance					18,139		18,139	18,139
Telephone					2,103		2,103	2,103
Travel	296		25,213	25,509	18		18	25,527
Utilities	1,326			1,326	10,898		10,898	12,224
Volunteer expenses	49			49				49
Total Expenses	\$ 1,745,200	\$ 214,438	\$ 157,325	\$ 2,116,963	\$ 196,668	\$ 57,567	\$ 254,235	\$ 2,371,198

See notes to financial statements.

Move America Forward
Statement of Cash Flows
December 31, 2019

Cash Flows from Operating Activities

Change in net assets	\$ 363,202
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Investment gains, net	(25,157)
Donated stock	(152,089)
Depreciation expense	543
Changes in operating assets and liabilities:	
Contributions receivable	4,984
Accounts payable and accrued expenses	(68,588)

Net Cash Provided by Operating Activities 122,895

Cash Flows from Investing Activities

Purchases of investments	(98,592)
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Net Cash Used in Investing Activities (98,592)

Increase in Cash and Cash Equivalents 24,303

Cash and Cash Equivalents at the Beginning of Year

392,573

Cash and Cash Equivalents at the End of Year \$ 416,876

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, 2019

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 459 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—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. MAF's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the MAF and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of MAF. These net assets may be used at the discretion of MAF's management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of MAF and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit MAF to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. It is the policy of MAF to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Recently Adopted Accounting Principle—In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope of the accounting guidance for contributions received and contributions made. The clarifications and improved scope assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange (reciprocal) transactions, and 2) determining whether a contribution is conditional. The clarified guidance applies to all entities that receive or make contributions (grants). ASU No. 2018-08 has been adopted by MAF for the year ended December 31, 2019. MAF has determined that adopting ASU No. 2018-08 has had no material effect on the financial statements

Measure of operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of MAF's program services; nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Move America Forward
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

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, 2019. 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.

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, 2019.

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, repackages 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.

Move America Forward
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. All other functional expenses are charged directly to either the programs or management and general category.

The expenses that are allocated include the following:

<u>Allocated Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes	Time and effort
Employee benefits	Time and effort
Advertising	Time and effort
Bank service charges	Time and effort
Conferences and meetings	Time and effort
Equipment rental and maintenance	Time and effort
Dues and subscriptions	Time and effort
Occupancy	Square footage
Professional services	Time and effort
Program management	Time and effort
Supplies	Time and effort
Travel	Time and effort
Utilities	Square footage

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.

Note 3—Availability and Liquidity

MAF's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$200,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

The following represents the availability and liquidity of MAF's financial assets at December 31, 2019 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	\$ 416,876
Contributions receivable	11,450
Investments	283,271
Current Availability of Financial Assets	<u><u>\$ 711,597</u></u>

Move America Forward
Notes to Financial Statements—Continued

Note 4—Investments and 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, 2019.

Assets measured on a recurring basis at December 31, 2019 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity funds	\$ 59,680	\$ 59,680	\$	\$
Exchange traded funds	216,615	216,615		
Equities	6,976	6,976		
Totals	<u><u>\$ 283,271</u></u>	<u><u>\$ 283,271</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

Investment return for the year ended December 31, 2019 consists of the following:

Unrealized losses	\$ (56,336)
Realized gains	81,493
Investment Return, Net	<u>25,157</u>
Investment interest and dividends	4,028
Total Return on Investments	<u><u>\$ 29,185</u></u>

Move America Forward
Notes to Financial Statements—Continued

Note 5—Property and Equipment, Net

The major classes of property and equipment, net at December 31, 2019 are as follows:

Furniture and equipment	\$	19,396
Leasehold improvements		21,158
		<u>40,554</u>
Less accumulated depreciation		<u>(23,854)</u>
Net	\$	<u>16,700</u>

Total depreciation expense recorded for the year ended December 31, 2019 was \$543.

Note 6—Net Assets

Net assets with donor restrictions at December 31, 2019 amounted to \$11,450 and are time-restricted for future periods.

Net assets released from donor restrictions for the year ended December 31, 2019 amounted to \$16,434 and solely relate to the satisfaction of the passage of time.

Note 7—In-Kind Contributions

In-kind contribution revenues for the year ended December 31, 2019 consist of the following:

Candy and snacks	\$	665,085
Care package supplies		636,339
Coffee		69,717
		<u>1,371,141</u>
Total	\$	<u>1,371,141</u>

In-kind candy and snacks, coffee, and supplies have been included in the care packages caption in the statement of functional expenses. MAF purchased additional care package items valued at \$4,629 during the year ended December 31, 2019.

Note 8—Contingencies

MAF is subject to various claims that arise in the normal course of business. Management does not believe that the resolution of these claims will have a significant impact on MAF's financial position or results of operations.

Move America Forward
Notes to Financial Statements—Continued

Note 9—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 ran through July 2020. In June 2020, an extension to this lease was signed for the period of August 2020 through July 2021. Future minimum payments on these leases are as follows:

<u>Year Ending December 31,</u>		
2020	\$	51,432
2021		<u>30,002</u>
Total	\$	<u><u>81,434</u></u>

Note 10—Recent Accounting Pronouncement

Leases—In February 2016, 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 nonprofit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. MAF is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

Note 11—Subsequent Events

In early March 2020, the COVID-19 virus was declared a global pandemic. Since then, business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. MAF is continuing to conduct its activities primarily on a remote basis, and to monitor the ongoing impact of the pandemic response on its overall operations.

On May 7, 2020, MAF received \$48,657 in Paycheck Protection Program (PPP) funding from the U.S. Small Business Administration. The funding is designed to provide a direct incentive for small businesses which are struggling, or unable, to keep their workers on the payroll during the pandemic. While these funds carry loan repayment terms, it is the opinion of management that all funds received will be forgiven under the present terms of the PPP.

Since the future cumulative financial impact of the pandemic on MAF cannot be assessed at the time of this reporting, no corresponding adjustment has been made to these financial statements.

Move America Forward
Notes to Financial Statements—Continued

Note 11—Subsequent Events—Continued

Management evaluated all activities of MAF through October 20, 2020, which is the date the financial statements were available to be issued, and concluded that, other than lease extension discussed in Note 9, the operational changes made by MAF in response to the global pandemic, MAF's monitoring of the global pandemic and receipt of the PPP funding described above, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.