

BOB WOODRUFF FAMILY FOUNDATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

**BOB WOODRUFF FAMILY FOUNDATION, INC.
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YEARS ENDED DECEMBER 31, 2018 AND 2017**

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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, 2018 and 2017, 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, 2018 and 2017, 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

Arlington, Virginia

June 6, 2019

BOB WOODRUFF FAMILY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 6,768,699	\$ 7,620,821
Investments	572,348	576,820
Accounts Receivable	1,519	10,211
Contributions Receivable, Net	6,366,924	1,261,914
Inventory	9,317	-
Prepaid Expenses	555,719	552,574
Total Current Assets	14,274,526	10,022,340
PROPERTY AND EQUIPMENT, NET	156,824	154,974
Total Assets	\$ 14,431,350	\$ 10,177,314
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 220,441	\$ 128,601
Grants Payable	66,830	60,000
Deferred Revenue	13,500	-
Total Current Liabilities	300,771	188,601
DEFERRED RENT	32,355	27,694
Total Liabilities	333,126	216,295
NET ASSETS		
Without Donor Restrictions	7,100,723	9,529,929
With Donor Restrictions	6,997,501	431,090
Total Net Assets	14,098,224	9,961,019
Total Liabilities and Net Assets	\$ 14,431,350	\$ 10,177,314

See accompanying Notes to Financial Statements.

BOB WOODRUFF FAMILY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Special Events	\$ 6,261,057	\$ -	\$ 6,261,057	\$ 5,227,971	\$ -	\$ 5,227,971
Contributions	2,255,391	8,695,366	10,950,757	3,060,754	1,191,800	4,252,554
In-Kind Contributions	720,877	-	720,877	1,673,543	-	1,673,543
Investment Income, Net	3,531	-	3,531	6,826	-	6,826
Other Income	35,611	-	35,611	16,666	-	16,666
Net Assets Released from Restriction:						
Satisfaction of Purpose Restrictions	2,128,955	(2,128,955)	-	870,710	(870,710)	-
Total Revenue and Support	<u>11,405,422</u>	<u>6,566,411</u>	<u>17,971,833</u>	<u>10,856,470</u>	<u>321,090</u>	<u>11,177,560</u>
EXPENSES						
Program Services:						
Charitable Giving	5,929,127	-	5,929,127	5,477,970	-	5,477,970
Public Awareness and Education	2,420,506	-	2,420,506	2,560,021	-	2,560,021
Individual Giving	610,628	-	610,628	630,966	-	630,966
Collaborative Efforts	1,189,254	-	1,189,254	602,122	-	602,122
National Veterans Intermediary	1,830,075	-	1,830,075	1,340,171	-	1,340,171
Total Program Services	<u>11,979,590</u>	<u>-</u>	<u>11,979,590</u>	<u>10,611,250</u>	<u>-</u>	<u>10,611,250</u>
Supporting Services:						
Management and General	823,448	-	823,448	429,266	-	429,266
Fundraising	1,031,590	-	1,031,590	1,275,316	-	1,275,316
Total Supporting Services	<u>1,855,038</u>	<u>-</u>	<u>1,855,038</u>	<u>1,704,582</u>	<u>-</u>	<u>1,704,582</u>
Total Expenses	<u>13,834,628</u>	<u>-</u>	<u>13,834,628</u>	<u>12,315,832</u>	<u>-</u>	<u>12,315,832</u>
CHANGE IN NET ASSETS	(2,429,206)	6,566,411	4,137,205	(1,459,362)	321,090	(1,138,272)
Net Assets - Beginning of Year	<u>9,529,929</u>	<u>431,090</u>	<u>9,961,019</u>	<u>10,989,291</u>	<u>110,000</u>	<u>11,099,291</u>
NET ASSETS - END 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>

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 Giving	Public Awareness and Education	Individual Giving	Collaborative Efforts	National Veterans Intermediary	Total	Management and General	Fundraising		Total
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.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services						Supporting Services			Total
	Charitable Giving	Public Awareness and Education	Individual Giving	Collaborative Efforts	National Veterans Intermediary	Total	Management and General	Fundraising	Total	
Collaborative Efforts	\$ 4,800,587	\$ -	\$ 191,874	\$ 285,000	\$ 361,000	\$ 5,638,461	\$ -	\$ -	\$ -	\$ 5,638,461
Contract Services	51,381	1,483,548	203,774	66,284	258,634	2,063,621	94,260	585,259	679,519	2,743,140
Salaries and Payroll Taxes	403,984	264,774	72,989	102,516	528,288	1,372,551	204,814	358,719	563,533	1,936,084
Employee Benefits	38,457	22,290	6,959	14,450	28,386	110,542	16,814	29,494	46,308	156,850
Travel and Meetings	49,814	47,782	7,131	59,953	86,060	250,740	13,314	24,901	38,215	288,955
Facility and Equipment	73,327	213,797	32,081	28,695	35,538	383,438	29,322	50,674	79,996	463,434
Gifts and Awards	-	6,541	2,906	109	-	9,556	2,715	5,550	8,265	17,821
Food Service	761	239,348	88,127	13,149	3,512	344,897	1,238	11,195	12,433	357,330
Audio Visual/Production	-	83,878	9,172	6,332	-	99,382	59	7,531	7,590	106,972
Printing and Copying	3,983	52,902	253	3,557	2,001	62,696	11,429	38,791	50,220	112,916
Fees	-	3,234	-	-	-	3,234	3,317	34,781	38,098	41,332
Dues, Books, Subscriptions, and References	13,613	19,147	1,376	7,076	9,155	50,367	15,141	22,410	37,551	87,918
Depreciation and Amortization	19,308	10,317	3,414	8,249	10,092	51,380	7,580	12,915	20,495	71,875
Website	1,842	443	182	375	6,022	8,864	532	910	1,442	10,306
Posting, Shipping and Courier	1,481	4,747	1,749	348	444	8,769	604	2,942	3,546	12,315
Telephone and Communication	11,781	7,395	2,228	4,076	4,313	29,793	4,480	7,803	12,283	42,076
Supplies	1,901	12,914	5,689	822	1,173	22,499	7,961	18,355	26,316	48,815
Insurance	4,544	26,512	740	701	1,311	33,808	5,248	18,513	23,761	57,569
Marketing and Promotion	-	59,392	-	-	3,600	62,992	-	33,882	33,882	96,874
Organization Expenses/ Taxes	1,206	1,060	322	430	642	3,660	10,438	10,691	21,129	24,789
Total Expense	\$ 5,477,970	\$ 2,560,021	\$ 630,966	\$ 602,122	\$ 1,340,171	\$ 10,611,250	\$ 429,266	\$ 1,275,316	\$ 1,704,582	\$ 12,315,832

See accompanying Notes to Financial Statements.

BOB WOODRUFF FAMILY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,137,205	\$ (1,138,272)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Bad Debt	97,550	-
Depreciation and Amortization	89,958	71,875
Realized Loss on Investments	1,113	73
Unrealized (Gain) Loss on Investments	(1,821)	166
Noncash Contributions	(60,967)	(41,186)
Changes in Assets and Liabilities:		
Accounts Receivable	8,692	14,288
Contributions Receivable	(5,202,560)	(913,464)
Prepaid Expenses	(3,145)	(345,874)
Inventory	(9,317)	-
Accounts Payable and Accrued Expenses	91,840	(26,966)
Grants Payable	6,830	60,000
Deferred Revenue	13,500	(150,000)
Deferred Rent	4,661	4,661
Net Cash Used by Operating Activities	(826,461)	(2,464,699)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(568,000)	(568,382)
Proceeds from Sales of Investments	610,147	600,750
Purchases of Property and Equipment	(67,808)	(47,432)
Net Cash Used by Investing Activities	(25,661)	(15,064)
NET DECREASE IN CASH	(852,122)	(2,479,763)
Cash - Beginning of Year	7,620,821	10,100,584
CASH - END OF YEAR	\$ 6,768,699	\$ 7,620,821
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Donated Securities and Property and Equipment	\$ 60,967	\$ 41,186

See accompanying Notes to Financial Statements.

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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 \$65 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 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 collectability, 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.

Inventory

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

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2018 and 2017.

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:

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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, 2018 and 2017.

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, 2018. Nonconditional 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 \$32,355 and \$27,694 at December 31, 2018 and 2017, respectively.

Revenue Recognition

Revenue is recognized on the accrual basis and generally consists of special events income, grants, and donations. 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.

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.

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. In 2018, BWF changed the policy to recognize contributed services for celebrity entertainment as noted above. This has been retrospectively applied to all years presented.

The following contributed goods and services were received in 2018 and 2017:

	2018	2017
Advertising Services	\$ 210,000	\$ 903,000
Legal Services	15,470	14,400
IT Services	52,525	36,400
Event Expenses	438,432	706,898
Miscellaneous Inkind	4,450	12,845
Total	<u>\$ 720,877</u>	<u>\$ 1,673,543</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, 2018 AND 2017

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. In 2017, NVI identified 100 communities with a collaborative organization supporting the local veteran population. To date, 86 of those communities have signed a commitment agreement and received funding, technical assistance, and opportunities to engage as members of a connected network, as they learn from each other, and share practices. See NVI.org for more insights about these communities.

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, 2018 AND 2017

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 June 6, 2019, the date the financial statements were available to be issued.

Change In Accounting Principle

BWF adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in 2018. These changes were applied retrospectively to ensure comparability with the prior year presented herein with the exception of the liquidity footnote which has only been presented for 2018. The adoption did not impact BWF's financial position as of December 31, 2018 and 2017 or the changes in its net assets or cash flows for the years then ended.

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

Thirty-five and fifty-five percent of BWF's revenue for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, consists of 73% and 47% from two and three donors, respectively.

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 INVESTMENTS

Investments consist of the following at December 31:

	2018	2017
Certificates of Deposit	\$ -	\$ 568,280
Cash and Cash Equivalents	572,348	2,693
Equity Stocks	-	5,847
Total	\$ 572,348	\$ 576,820

Investment expenses are included with investment income on the statements of activities in the amount of approximately \$500 for the years ended December 31, 2018 and 2017.

NOTE 4 FAIR VALUE HIERARCHY

The following table presents fair value hierarchy information as of December 31, 2018 and 2017, measured at fair value on a recurring basis:

	2018			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ -	\$ -	\$ -
Equity Stocks	-	-	-	-
	2017			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 568,280	\$ -	\$ 568,280
Equity Stocks	5,847	-	-	5,847

*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:

	2018	2017
Special Events	\$ 409,817	\$ 905,864
Temporarily Restricted Contributions	6,010,000	250,000
Unrestricted Contributions	53,607	140,000
Subtotal	6,473,424	1,295,864
Less: Allowance for Doubtful Receivables	(106,500)	(33,950)
Total	\$ 6,366,924	\$ 1,261,914

BOB WOODRUFF FAMILY FOUNDATION, INC.
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NOTE 5 CONTRIBUTIONS RECEIVABLE (CONTINUED)

	2018	2017
Amounts Due in:		
Less: than One Year	\$ 6,366,924	\$ 1,261,914

Contributions receivable as of December 31, 2018 and 2017, consist of 94% and 58% from one and two donors, respectively.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2018	2017
Furniture and Fixtures	\$ 132,869	\$ 124,510
Website	103,118	57,186
Computer Software	87,337	75,937
Computer Hardware	73,459	57,391
Subtotal	396,783	315,024
Less: Accumulated Depreciation and Amortization	(239,959)	(160,050)
Total	\$ 156,824	\$ 154,974

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	2018	2017
Subject to Expenditure for Specific Purposes:		
Hurricane Harvey Relief for Impacted Military Veterans in the Texas Coastal Region	\$ 5,320,000	\$ -
Healthy Lifestyles and Creating Community	661,093	-
21st Century Skills For Veterans	85,000	-
Rehabilitation and Recovery	5,000	-
Veterans on Wall Street	246,408	131,460
IVF Fertility	-	24,880
Social Media	-	24,750
National Veterans Intermediary	-	250,000
Total Subject to Expenditure for Specific Programs	6,317,501	431,090
Subject to Expenditure for Time Purposes:		
Operating Costs	680,000	-
Total Net Assets With Donor Restrictions	\$ 6,997,501	\$ 431,090

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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:

	2018	2017
Purpose Restriction Accomplished:		
Healthy Lifestyles and Creating Community	\$ 915,407	\$ -
Quality of Life	65,000	-
Education and Employment	448,500	-
Stand Up For Heroes	-	350,000
Veterans on Wall Street	65,418	45,340
IVF Fertility	24,880	85,120
Social Media	24,750	140,250
National Veterans Intermediary	325,000	250,000
Total Purpose Restriction Accomplished	1,868,955	870,710
Time Restriction Accomplished:		
Operating Costs	260,000	-
Total Restrictions Accomplished	\$ 2,128,955	\$ 870,710

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 \$549,386 and \$403,236 during the years ended December 31, 2018 and 2017, respectively.

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 \$970,378 and \$556,057 during the years ended December 31, 2018 and 2017, respectively.

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

	2018	2017
Program Services	\$ 582,227	\$ 333,634
Fundraising	388,151	222,423
Total	\$ 970,378	\$ 556,057

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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 \$58,496 and \$44,368 for 2018 and 2017, 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, 2018 and 2017.

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 221,782
2020	227,712
2021	227,712
2022	227,712
Total	<u>\$ 904,918</u>

Hotel Agreement

BWF entered into an agreement with a hotel for guest rooms, meeting space, food, and beverages for the 2019 and 2020 annual Stand Up For Heroes event.

The minimum fee for guest rooms, meeting rooms, food, and beverage is \$96,599 each year for 2019 and 2020. 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%

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NOTE 12 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

The table below represents financial assets available for general expenditures within one year at December 31, 2018:

Financial Assets at Year-End:	
Cash	\$ 6,768,699
Investments	572,348
Accounts Receivable	1,519
Contributions Receivable, Net	<u>6,366,924</u>
Total Financial Assets	13,709,490
Less: Donor Restricted Amounts Unavailable for	
General Expenditure	<u>(6,471,093)</u>
Total Financial Assets Available Within One Year	<u><u>\$ 7,238,397</u></u>