

Financial Statements and Report of
Independent Certified Public
Accountants

Veterans of Foreign Wars Foundation

August 31, 2022 and 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Veterans of Foreign Wars Foundations

Opinion

We have audited the financial statements of the Veterans of Foreign Wars Foundation (a nonprofit organization) (the "Entity"), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Entity as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Chicago, Illinois
December 22, 2022

Veterans of Foreign Wars Foundation
STATEMENTS OF FINANCIAL POSITION

Year ended August 31,

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 2,583,460	\$ 1,629,820
Investments, at fair value	14,675,252	16,729,535
Receivables		
Accounts receivable	6,806	-
Pledges receivable	350,000	1,390,000
Accrued interest receivable	32,599	28,369
Total receivables	389,405	1,418,369
Furniture, fixtures, and equipment, net	40,789	46,525
Prepaid expenses	177,418	179,641
Total assets	\$ 17,866,324	\$ 20,003,890
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other liabilities	\$ 348,431	\$ 377,582
Net assets		
Without donor restrictions	12,073,161	14,122,029
With donor restrictions	5,444,732	5,504,279
Total net assets	17,517,893	19,626,308
Total net assets and liabilities	\$ 17,866,324	\$ 20,003,890

The accompanying notes are an integral part of these financial statements.

Veterans of Foreign Wars Foundation

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions and gifts	\$ 2,818,689	\$ 1,682,030	\$ 4,500,719
Investment return, net	(1,829,002)	-	(1,829,002)
Net assets released from restrictions	1,741,577	(1,741,577)	-
Total support and revenue	2,731,264	(59,547)	2,671,717
Expenses			
Program services			
Veterans service activities	2,562,038	-	2,562,038
Community service and public awareness	1,034,683	-	1,034,683
Support services			
Management and general activities	585,165	-	585,165
Fundraising activities	598,246	-	598,246
Total expenses	4,780,132	-	4,780,132
CHANGE IN NET ASSETS	(2,048,868)	(59,547)	(2,108,415)
Net assets, beginning of year	14,122,029	5,504,279	19,626,308
Net assets, end of year	\$ 12,073,161	\$ 5,444,732	\$ 17,517,893

The accompanying notes are an integral part of this financial statement.

Veterans of Foreign Wars Foundation

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions and gifts	\$ 3,780,581	\$ 1,480,780	\$ 5,261,361
Investment return, net	2,731,442	-	2,731,442
Net assets released from restrictions	2,039,475	(2,039,475)	-
Total support and revenue	8,551,498	(558,695)	7,992,803
Expenses			
Program services			
Veterans service activities	2,572,693	-	2,572,693
Community service and public awareness	1,273,138	-	1,273,138
Support services			
Management and general activities	481,649	-	481,649
Fundraising activities	477,578	-	477,578
Total expenses	4,805,058	-	4,805,058
CHANGE IN NET ASSETS	3,746,440	(558,695)	3,187,745
Net assets, beginning of year	10,375,589	6,062,974	16,438,563
Net assets, end of year	\$ 14,122,029	\$ 5,504,279	\$ 19,626,308

The accompanying notes are an integral part of this financial statement.

Veterans of Foreign Wars Foundation

STATEMENTS OF CASH FLOWS

Years ended August 31,

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (2,108,415)	\$ 3,187,745
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized losses (gains) on investments	2,057,109	(2,513,789)
Depreciation	16,975	16,532
Changes in:		
Receivables	1,028,964	(1,390,651)
Prepaid expenses	2,223	(49,238)
Accounts payable and other liabilities	(29,151)	(65,648)
	967,705	(815,049)
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(11,239)	(1,435)
Purchases of investments	(3,651,309)	(4,456,571)
Proceeds from sales or maturities of investments	3,648,483	4,287,468
	(14,065)	(170,538)
Net cash used in investing activities		
NET CHANGE IN CASH AND CASH EQUIVALENTS	953,640	(985,587)
Cash and cash equivalents, beginning of year	1,629,820	2,615,407
Cash and cash equivalents, end of year	\$ 2,583,460	\$ 1,629,820

The accompanying notes are an integral part of these financial statements.

Veterans of Foreign Wars Foundation

NOTES TO FINANCIAL STATEMENTS

August 31, 2022 and 2021

NOTE A - NATURE OF ORGANIZATION

The Veterans of Foreign Wars Foundation (the Foundation), an affiliate of the Veterans of Foreign Wars of the United States (the VFW), was formed in 1996 as a public benefit corporation under the Missouri Benefit Corporation Act and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) as a charitable foundation.

The Foundation was formed to assist disabled veterans and their families; assist veterans with respect to employment; promote public attention to the sacrifices and needs of veterans and active and reserve military personnel and their families; and promote and assist in funding programs sponsored by the VFW, its affiliates, and other nonprofit groups.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") using the accrual basis of accounting.

Basis of Presentation

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, resources are classified for accounting and financial reporting purposes into categories established according to their nature and purposes. The net assets of the Foundation are reported in two categories as follows:

- *Without Donor Restrictions* - These are resources that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation.
- *With Donor Restrictions* - These are resources whose use by the Foundation is limited by donor imposed restrictions that either expire by the passage of time, can be fulfilled by actions of the Foundation or include a stipulation that assets be retained and invested in perpetuity while permitting the Foundation to use all or part of the investment return on these assets for specified or unspecified purposes. The Foundation has no perpetually restricted net assets.

Cash and Cash Equivalents

The Foundation considers all unrestricted, highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash and money market accounts. The Foundation places its temporary cash investments with high-credit-quality financial institutions. At times, such investments may be in excess of the federal deposit insurance limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. Management evaluates the financial stability of these financial institutions and considers this risk to be minimal.

Investments

Investments are carried at fair value. Investment return, which includes interest and dividends and realized and unrealized gains and losses, is included in the statements of activities and changes in net assets (see Note D). Investment expenses, such as custodial fees, investment advisory fees and direct internal investment expenses are netted against investment return. Fair values are based on quoted market prices, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Veterans of Foreign Wars Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2022 and 2021

The Foundation invests primarily in securities and mutual funds which hold various securities, including U.S. government securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Fair Value Measurements

The Foundation applies the provisions of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures* (ASC 820), with respect to financial and non-financial assets and liabilities. This standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of ASC 820 apply to all financial instruments that are being measured and reported on a fair-value basis and items disclosed at fair value in the notes to the financial statements.

The carrying amounts of cash and cash equivalents are a reasonable estimate of their fair values because of their highly liquid status and short maturities. The carrying amounts of receivables and accounts payable are a reasonable estimate of their fair values because of their short-term nature. The carrying amounts of investments are a reasonable estimate of fair value, which is generally determined based on quoted prices in active markets for identical assets (see Note E). In measuring fair value, the Foundation may make adjustments for risks and uncertainties if a market participant would include such an adjustment in its pricing.

Receivables

Accrued interest receivable is related to the investment income the Foundation has earned on its portfolio but not yet received. Unconditional pledges receivable are recorded at net realizable value. Conditional pledges receivable are not recognized until they become unconditional, that is, when the conditions on which they depend are met.

Furniture, Fixtures, and Equipment

Furniture, fixtures, and equipment (with a purchase price of \$1,000 or more) are valued at cost, net of estimated salvage value, and depreciated over their estimated useful lives of the assets using the straight-line method. Useful lives range from three to five years.

Contributions

Unconditional contributions are recognized as revenue upon receipt and classified as either contributions with donor restriction or contributions without donor restriction, depending on the existence and/or nature of donor restrictions, if any. Conditional promises to give and intentions to give are not recognized until they become unconditional, that is, when the conditions on which they depend are met.

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction is met or expires in the reporting period in which the contribution is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restrictions.

Veterans of Foreign Wars Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2022 and 2021

A major donor is considered to be any donor from whom 10% or more of total contributions were derived. No donor made a donation that amounted to 10% or more of total contributions during the year ended August 31, 2022. One donor made a donation that amounted to 30% of total contributions during the year ended August 31, 2021.

All pledge receivables are expected to be collected within one year.

Donated goods and services are recorded at their estimated fair value at the time of the donation. There were \$0 and \$17,570 of goods or services donated for the years ended August 31, 2022 and 2021, respectively.

Long-Lived Assets

Management periodically reviews long-lived assets for impairment relating to events or changes in circumstances that would indicate that the carrying amount of an asset may not be recoverable. In the event a long-lived asset was determined to be impaired, such asset would be required to be written down to its fair value, with the loss recognized in the statements of activities and changes in net assets. There has been no indication of impairment of long-lived assets at August 31, 2022 and 2021.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the IRC and a similar provision of state law. The Foundation would be subject to federal income taxes on the net income from certain operations if such operations generated unrelated business income. No such unrelated business income tax, or interest and penalties related to unrelated business income, was incurred during the years ended August 31, 2022 or 2021. Accordingly, no provision for income taxes has been reflected in the Foundation's financial statements.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets. The Foundation incurs expenses that directly relate to, and can be assigned to, specific program or supporting activity. The Foundation also conducts activities attributable to more than one functional category. These costs which are not specifically attributable to a specific activity. For example, salaries and employee benefits, depreciation, and office expenses are allocated by management on a consistent basis among the activities impacted, based on either financial or nonfinancial data, such as estimates of time and effort incurred by personnel.

Management Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue, and expenses during the reporting period. Estimates in these financial statements include useful lives of furniture, fixtures, and equipment. Actual results could differ from these estimates.

Veterans of Foreign Wars Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2022 and 2021

Reclassification

Certain reclassifications have been made to present last year's financial statements on a basis comparable to the current year's financial statements. These reclassifications had no effect on the change in net assets or total net assets.

NOTE C - AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets available to meet general expenditures within one year at August 31:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,583,460	\$ 1,629,820
Investments	14,675,252	16,729,535
Total financial assets	17,258,712	18,359,355
Less amounts not available to be used within one year:		
Net assets with donor restrictions	5,444,732	5,504,279
Less net assets with donor restrictions with purpose restrictions to be met within one year	(2,039,648)	(2,104,195)
Total financial assets not available within one year	3,405,084	3,400,084
Financial assets available to meet general expenditures within one year	\$ 13,853,628	\$ 14,959,271

The Foundation regularly monitors the availability of resources required to meet its operating needs, while also striving to maximize the investment of its available funds. As part of its liquidity plan, excess cash is invested in marketable debt and equity securities or mutual funds that are highly liquid and can be converted to cash in a short period of time. The Foundation manages cash flows on a weekly basis and has the ability to access the funds in investments as needed.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Foundation does receive significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

Veterans of Foreign Wars Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2022 and 2021

NOTE D - INVESTMENTS

Investments at fair value were as follows as of August 31:

	2022	2021
Equity securities	\$ 7,099,815	\$ 7,974,026
Mutual funds	2,195,340	2,722,200
Fixed income		
Government or agency securities	3,484,719	3,676,672
Corporate bonds	1,895,378	2,356,637
	\$ 14,675,252	\$ 16,729,535

NOTE E - FAIR VALUE MEASUREMENTS

ASC 820 establishes a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and management's assumptions (unobservable inputs). Where an asset or a liability falls within that hierarchy depends on the lowest-level input which is significant to the fair value measurements as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of three broad levels as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable; and

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The determination of where an asset or a liability falls in the hierarchy requires significant judgment. The Foundation evaluates its hierarchy disclosures for each reporting period. Based on various factors, it is possible that an asset or a liability may be classified differently from one reporting period to another. However, the Foundation expects that changes in classifications between different levels will be rare.

The Foundation's financial assets measured at fair value on a recurring basis, subject to the disclosure requirements of ASC 820, were as follows at August 31, 2022:

	Level 1	Level 2	Level 3	Total
Equity securities	\$ 7,099,815	\$ -	\$ -	\$ 7,099,815
Mutual funds	2,195,340	-	-	2,195,340
Fixed income				
Government or agency securities	-	3,484,719	-	3,484,719
Corporate bonds	-	1,895,378	-	1,895,378
	\$ 9,295,155	\$ 5,380,097	\$ -	\$ 14,675,252

Veterans of Foreign Wars Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2022 and 2021

The Foundation's financial assets measured at fair value on a recurring basis, subject to the disclosure requirements of ASC 820, were as follows at August 31, 2021:

	Level 1	Level 2	Level 3	Total
Equity securities	\$ 7,974,026	\$ -	\$ -	\$ 7,974,026
Mutual funds	2,722,200	-	-	2,722,200
Fixed income				
Government or agency securities	-	3,676,672	-	3,676,672
Corporate bonds	-	2,356,637	-	2,356,637
	\$ 10,696,226	\$ 6,033,309	\$ -	\$ 16,729,535

The following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds and equity securities - Valued based on quoted market prices of the underlying assets.

Government or agency securities - Valued using recent trade information for identical or similar securities using feeds from a number of live data sources including active market makers and inter-dealer brokers.

Corporate bonds - Determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads, and estimated prepayment rates, where applicable, are used for valuation purposes provided by third-party pricing services where quoted market values are not available.

NOTE F - FURNITURE, FIXTURES, AND EQUIPMENT

Components of furniture, fixtures, and equipment were as follows at August 31:

	2022	2021
Computers and equipment	\$ 20,622	\$ 45,860
Furniture	65,462	62,612
Total furniture, fixtures, and equipment	86,084	108,472
Less accumulated depreciation	(45,295)	(61,947)
Furniture, fixtures, and equipment, net	\$ 40,789	\$ 46,525

Total depreciation expense was \$16,975 and \$16,532 for the years ended August 31, 2022 and 2021, respectively.

Veterans of Foreign Wars Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2022 and 2021

NOTE G - OPERATING LEASES

The Foundation leases office space from the VFW under an operating lease expiring in August 2024. Rental expense under this lease amounted to \$43,212 for each of the years ended August 31, 2022 and 2021. The future minimum lease rentals under the operating lease are \$43,212 for the years ended August 31, 2023 and 2024.

NOTE H - AGENCY TRANSACTION

In 2011, the Foundation was named as a beneficiary of an estate in which a partial distribution was received in 2011, and the final distribution was received in 2013. The estate specifically stated that these funds were intended to be used for the benefit of the Veterans of Foreign Wars Department of North Carolina to assist in obtaining compensation and/or government benefits. The total distribution of the estate that was designated for the Veterans of Foreign Wars Department of North Carolina was \$832,109. On an annual basis, the Foundation makes a disbursement to the Veterans of Foreign Wars Department of North Carolina to support their veterans service program, which works to help veterans dealing with the Veterans Administration claims process. Because of the nature of this agency transaction, the Foundation recorded the receipt of the estate as a liability on its financial statements. The remaining liability related to the agency transaction was \$252,109 and \$302,109 at August 31, 2022 and 2021, respectively, and is recorded as accounts payable and other liabilities on the statements of financial position.

NOTE I - RELATED PARTIES

The Foundation reimburses the VFW for certain expenses incurred on its behalf. The total amount charged to the Foundation by the VFW for these reimbursable expenses amounted to \$953,506 and \$1,278,425 for the years ended August 31, 2022 and 2021, respectively. In addition, the Foundation leases office space from the VFW and incurred rental expense under the lease of \$43,212 for each of the years ended August 31, 2022 and 2021. The Foundation also pays the VFW for certain accounting, human resource and legal services provided by VFW employees. The Foundation paid the VFW \$60,000 for these services for each of the years ended August 31, 2022 and 2021.

The Foundation provides certain contributions to the VFW. The total amount of contributions from the Foundation to the VFW amounted to \$2,695,138 and \$2,970,200 for the years ended August 31, 2022 and 2021, respectively. The VFW provided contributions that amounted to \$54,487 and \$89,575 to the Foundation for the years ended August 31, 2022 and 2021, respectively. As of August 31, 2022 and 2021, the Foundation has recorded a payable to VFW in the amount of \$67,031 and \$59,330, respectively.

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes or periods as of August 31:

	2022	2021
Veteran services activities		
Scholarships and direct financial support	\$ 1,537,605	\$ 1,262,564
VFW service officer support	250,508	251,613
Other VFW veteran service support	3,656,619	3,943,302
Community service and public awareness		
Community service support grants	-	46,800
	\$ 5,444,732	\$ 5,504,279

Veterans of Foreign Wars Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2022 and 2021

Net assets released from restrictions by satisfying the restricted purposes as stipulated by the donors were released as follows for the years ended August 31:

	2022	2021
Veteran services activities		
Scholarships and direct financial support	\$ 1,154,945	\$ 1,219,275
VFW service officer support	251,613	537,000
Other VFW veteran service support	288,219	280,000
Community service and public awareness		
Community service support grants	46,800	3,200
	\$ 1,741,577	\$ 2,039,475

NOTE K - FUNCTIONAL EXPENSES

The Foundation's operating expenses are classified functionally as follows for the years ended August 31:

	2022				
	Program Services		Support Services		
	Veterans Service Activities	Community Service and Public Awareness	Management and General Activities	Fundraising Activities	
Salaries and employee benefits	\$ 91,168	\$ 100,257	\$ 283,310	\$ 272,502	\$ 747,237
Travel	26,522	6,631	-	33,153	66,306
Office expenses	10,339	14,668	51,062	60,925	136,994
Professional services	23,000	10,500	227,973	49,549	311,022
Depreciation	2,071	2,278	6,436	6,190	16,975
Occupancy	5,271	5,798	16,384	15,759	43,212
Grants and other assistance	483,529	-	-	-	483,529
Grants to affiliates	1,920,138	775,000	-	-	2,695,138
Advertising and promotion	-	119,551	-	160,168	279,719
	\$ 2,562,038	\$ 1,034,683	\$ 585,165	\$ 598,246	\$ 4,780,132

Veterans of Foreign Wars Foundation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2022 and 2021

	2021				
	Program Services		Support Services		
	Veterans Service Activities	Community Service and Public Awareness	Management and General Activities	Fundraising Activities	Total
Salaries and employee benefits	\$ 97,685	\$ 105,992	\$ 303,121	\$ 313,649	\$ 820,447
Travel	10,480	2,620	-	13,099	26,199
Office expenses	3,726	4,043	31,651	41,613	81,033
Professional services	-	-	124,804	796	125,600
Depreciation	1,968	2,136	6,108	6,320	16,532
Occupancy	5,145	5,582	15,965	16,520	43,212
Grants and other assistance	476,689	17,463	-	-	494,152
Grants to affiliates	1,977,000	993,200	-	-	2,970,200
Advertising and promotion	-	142,102	-	85,581	227,683
	<u>\$ 2,572,693</u>	<u>\$ 1,273,138</u>	<u>\$ 481,649</u>	<u>\$ 477,578</u>	<u>\$ 4,805,058</u>

NOTE L - CONTINGENCIES

The Foundation may be a party to various legal actions arising in the ordinary course of its operations. In management's opinion, the Foundation has adequate legal defenses and/or insurance coverage respecting each of these actions and does not believe that they will materially affect the Foundation's financial position, changes in net assets, or cash flows.

NOTE M - EMPLOYEE BENEFIT PLANS

The employees of the Foundation participate in the benefit plans offered by the VFW. The VFW has a defined benefit pension plan and a plan that provides medical and dental benefits for certain retired employees and their spouses. The Foundation reimbursed the VFW \$34,040 and \$34,356 for the years ended August 31, 2022 and 2021, respectively, for the amount that was allocated to the Foundation for these plans. The VFW also has a 401(k) plan available to employees in which they defer a percentage of their salary. The VFW makes contributions to the plan based upon guidelines set forth in the plan. The Foundation reimbursed the VFW \$25,415 and \$29,024 for the years ended August 31, 2022 and 2021, respectively, for the contributions the VFW made to this plan.

NOTE N - SUBSEQUENT EVENTS

The Foundation has evaluated its financial statements for subsequent events through December 22, 2022, the date these financial statements were available to be issued.

The Foundation is not aware of any subsequent events that would require recognition or disclosure in the financial statements.