

Financial Statements and Report of  
Independent Certified Public  
Accountants

**Veterans of Foreign Wars Foundation  
(An Affiliate of the Veterans of Foreign Wars of  
the United States)**

August 31, 2020 and 2019

**Contents**

Page

Report of Independent Certified Public Accountants	3
Financial Statements	
Statements of financial position	5
Statements of activities and changes in net assets	6
Statements of cash flows	7
Notes to financial statements	8

---

**GRANT THORNTON LLP**

1201 Walnut Street, Suite 2200  
Kansas City, MO 64106-2176

D +1 816 412 2400  
F +1 816 412 2404

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Veterans of Foreign Wars Foundation

**Report on the financial statements**

We have audited the accompanying financial statements of the Veterans of Foreign Wars Foundation (an affiliate of the Veterans of Foreign Wars of the United States), which comprise the statements of financial position as of August 31, 2020 and 2019, 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.

**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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 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 Veterans of Foreign Wars Foundation as of August 31, 2020 and 2019, 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.

*Grant Thornton LLP*

Kansas City, Missouri  
November 25, 2020

**Veterans of Foreign Wars Foundation**  
**(An Affiliate of the Veterans of Foreign Wars of the United States)**

**STATEMENTS OF FINANCIAL POSITION**

**August 31,**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,615,407	\$ 722,776
Investments, at fair value	14,046,643	9,666,008
Receivables		
Accrued interest receivable	27,718	22,003
Furniture, fixtures, and equipment, net	61,622	5,547
Prepaid expenses	130,403	8,714
Total assets	\$ 16,881,793	\$ 10,425,048
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and other liabilities	\$ 352,109	\$ 403,529
Payable to affiliate	89,214	182,881
Charitable gift annuities	1,907	1,892
Total liabilities	443,230	588,302
<b>NET ASSETS</b>		
Without donor restrictions	10,375,589	8,366,563
With donor restrictions	6,062,974	1,470,183
Total net assets	16,438,563	9,836,746
Total net assets and liabilities	\$ 16,881,793	\$ 10,425,048

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

**Veterans of Foreign Wars Foundation**  
**(An Affiliate of the Veterans of Foreign Wars of the United States)**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

Years ended August 31,

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>Support and revenue</b>						
Cash contributions and gifts	\$ 3,329,769	\$ 5,901,607	\$ 9,231,376	\$ 2,874,427	\$ 1,189,544	\$ 4,063,971
Investment return, net	1,494,272	-	1,494,272	151,226	-	151,226
Net assets released from restrictions	1,308,816	(1,308,816)	-	1,326,757	(1,326,757)	-
Total support and revenue	<u>6,132,857</u>	<u>4,592,791</u>	<u>10,725,648</u>	<u>4,352,410</u>	<u>(137,213)</u>	<u>4,215,197</u>
<b>Expenses</b>						
			<b>See pg. 28 (or Schedule D, pg. 4, Part XI, Line 1) of Form 990</b>			
Program services						
Veterans service activities	2,675,808	-	2,675,808	3,329,549	-	3,329,549
Community service and public awareness	532,062	-	532,062	650,359	-	650,359
Support services						
Management and general activities	489,156		489,156	424,077	-	424,077
Fundraising activities	426,805		426,805	476,611	-	476,611
Total expenses	<u>4,123,831</u>	<u>-</u>	<u>4,123,831</u>	<u>4,880,596</u>	<u>-</u>	<u>4,880,596</u>
Change in net assets	2,009,026	4,592,791	6,601,817	(528,186)	(137,213)	(665,399)
Net assets, beginning of year	<u>8,366,563</u>	<u>1,470,183</u>	<u>9,836,746</u>	<u>8,894,749</u>	<u>1,607,396</u>	<u>10,502,145</u>
Net assets, end of year	<u>\$ 10,375,589</u>	<u>\$ 6,062,974</u>	<u>\$ 16,438,563</u>	<u>\$ 8,366,563</u>	<u>\$ 1,470,183</u>	<u>\$ 9,836,746</u>

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

**Veterans of Foreign Wars Foundation**  
**(An Affiliate of the Veterans of Foreign Wars of the United States)**

**STATEMENTS OF CASH FLOWS**

Years ended August 31,

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 6,601,817	\$ (665,399)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Net realized and unrealized (gains) losses on investments	(1,311,692)	50,479
Depreciation	14,135	3,879
Changes in		
Receivables	(5,715)	(2,195)
Prepaid expenses	(121,689)	2,631
Liabilities	(145,072)	(13,896)
	<b>5,031,784</b>	<b>(624,501)</b>
<b>Net cash provided by (used in) operating activities</b>		
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(70,210)	(1,879)
Purchases of investments	(6,902,553)	(2,935,155)
Proceeds from sales or maturities of investments	3,833,610	2,846,685
	<b>(3,139,153)</b>	<b>(90,349)</b>
<b>Net cash used in investing activities</b>		
<b>Net change in cash and cash equivalents</b>	<b>1,892,631</b>	<b>(714,850)</b>
Cash and cash equivalents, beginning of year	722,776	1,437,626
Cash and cash equivalents, end of year	<b>\$ 2,615,407</b>	<b>\$ 722,776</b>

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

**Veterans of Foreign Wars Foundation**  
**(An Affiliate of the Veterans of Foreign Wars of the United States)**

**NOTES TO FINANCIAL STATEMENTS**

**August 31, 2020 and 2019**

**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 Board of Directors of the Foundation consists of certain officers of the VFW, Veterans of Foreign Wars Auxiliary, and other independent board members.

The Foundation was formed to assist disabled veterans and their families; 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 not-for-profit groups.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The financial statements are 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 assets, liabilities and net assets of the Foundation are reported in two categories as follows:

*Without Donor Restrictions* - These are resources that are neither permanently nor temporarily restricted by donor-imposed stipulations. The only limits on net assets without donor restrictions are those resulting from the nature of the Foundation and its purposes.

*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 or can be fulfilled by actions of the Foundation.

***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.

***Investments and 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.



**Veterans of Foreign Wars Foundation**  
**(An Affiliate of the Veterans of Foreign Wars of the United States)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**August 31, 2020 and 2019**

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 Foundation determines the fair value of the charitable gift annuity liability each year based on the present value of the expected cash payments. 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.

***Furniture, Fixtures, and Equipment***

Furniture, fixtures, and equipment are valued at cost and depreciated over their estimated useful lives using the straight-line method. Useful lives range from 3 to 5 years.

***Contributions***

Contributions are recognized as revenue upon receipt and classified as either with donor restriction or without donor restriction, depending on the existence or absence of donor-imposed restrictions. A major donor is considered to be any donor from whom 10% or more of total contributions were derived. One donor made a donation that amounted to 11% and one donor made a donation that amounted to 44% of total contributions during the year ended August 31, 2020. One donor made a donation that amounted to 21% of total contributions during the year ended August 31, 2019.

Contributions that are with donor restrictions are reported as an increase in net assets without donor restrictions if the restriction is met 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 reported in the statements of activities and changes in net assets as net assets released from restrictions.

Donated goods and services are recorded at their estimated fair value at the time of the donation. There were no goods or services donated for the years ended August 31, 2020 or 2019.

***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, 2020 and 2019.

**Veterans of Foreign Wars Foundation**  
**(An Affiliate of the Veterans of Foreign Wars of the United States)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**August 31, 2020 and 2019**

***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. Actual results could differ from these estimates. Estimates in these financial statements include the valuation of charitable gift annuities and the useful lives of furniture, fixtures and equipment.

***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, 2020 or 2019. 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. The Foundation is no longer subject to income tax examinations for years prior to 2017.

***Functional Expenses***

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, the financial statements report certain categories of expenses that are attributable to more than one program or supporting activity. Therefore, these expenses require allocation on a reasonable basis. Such allocations, which are primarily allocated on the basis of estimates of time and effort, are determined by management on an equitable basis and are consistently applied. Included in management and general activities are all other unallocated costs associated with accounting and administration which are reflected as part of professional services.

***New Accounting Pronouncement***

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 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 assists 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 Foundation adopted this guidance on September 1, 2019. The impact of adopting ASU 2018-08 did not have a material impact on the financial position, change in net assets, cash flows, business processes or systems of the Foundation.

**Veterans of Foreign Wars Foundation**  
**(An Affiliate of the Veterans of Foreign Wars of the United States)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**August 31, 2020 and 2019**

**NOTE C - AVAILABILITY AND LIQUIDITY**

The following represents the Foundation's financial assets at August 31, 2020 and 2019:

Financial assets at year end:	2020	2019
Cash and cash equivalents	\$ 2,615,407	\$ 722,776
Investments	14,046,643	9,666,008
Total financial assets	16,662,050	10,388,784
Less amounts not available to be used within one year:		
Net assets with donor restrictions	6,062,974	1,470,183
Less net assets with donor restrictions with purpose restrictions to be met within one year	(2,287,252)	(1,310,544)
	3,775,722	159,639
Financial assets available to meet general expenditures within one year	\$ 12,886,328	\$ 10,229,145

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.

**NOTE D - INVESTMENTS**

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

	2020	2019
Fixed income		
Government or agency securities	\$ 2,778,045	\$ 2,027,183
Corporate bonds	2,387,309	1,686,569
Mutual funds	2,263,474	2,008,829
Equity securities	6,617,815	3,943,427
	\$ 14,046,643	\$ 9,666,008

**Veterans of Foreign Wars Foundation**  
**(An Affiliate of the Veterans of Foreign Wars of the United States)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**August 31, 2020 and 2019**

**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.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

*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.

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

**Veterans of Foreign Wars Foundation**  
**(An Affiliate of the Veterans of Foreign Wars of the United States)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**August 31, 2020 and 2019**

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, 2020			
	Level 1	Level 2	Level 3	Total
Fixed income				
Government or agency securities	\$ -	\$ 2,778,045	\$ -	\$ 2,778,045
Corporate bonds	-	2,387,309	-	2,387,309
Mutual funds	2,263,474	-	-	2,263,474
Equity securities	6,617,815	-	-	6,617,815
	<u>\$ 8,881,289</u>	<u>\$ 5,165,354</u>	<u>\$ -</u>	<u>\$ 14,046,643</u>
	August 31, 2019			
	Level 1	Level 2	Level 3	Total
Fixed income				
Government or agency securities	\$ -	\$ 2,027,183	\$ -	\$ 2,027,183
Corporate bonds	-	1,686,569	-	1,686,569
Mutual funds	2,008,829	-	-	2,008,829
Equity securities	3,943,427	-	-	3,943,427
	<u>\$ 5,952,256</u>	<u>\$ 3,713,752</u>	<u>\$ -</u>	<u>\$ 9,666,008</u>

**NOTE F - FURNITURE, FIXTURES, AND EQUIPMENT**

Components of furniture, fixtures, and equipment at August 31, 2020 and 2019 are shown below:

	2020	2019
Computers and equipment	\$ 44,425	\$ 39,677
Furniture	73,992	22,285
	<u>118,417</u>	<u>61,962</u>
Total furniture, fixtures, and equipment		
Less accumulated depreciation	(56,795)	(56,415)
	<u>\$ 61,622</u>	<u>\$ 5,547</u>
Furniture, fixtures, and equipment, net		

Total depreciation expense was \$14,135 and \$3,879 in 2020 and 2019, respectively.

**NOTE G - OPERATING LEASES**

The Foundation leases office space from the VFW under an operating lease expiring in August 2021. Rental expense under this lease amounted to \$43,212 for each of the years ended August 31, 2020 and 2019. The future minimum lease rentals under the operating lease are \$43,212 for the year ended August 31, 2021.

**Veterans of Foreign Wars Foundation**  
**(An Affiliate of the Veterans of Foreign Wars of the United States)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**August 31, 2020 and 2019**

**NOTE H - CHARITABLE GIFT ANNUITIES**

The Foundation has received contributions of cash without donor restrictions in exchange for annuities payable to the donors. Annual amounts totaling \$335 were payable quarterly for each of the years ended August 31, 2020 and 2019. The Foundation computes the present value of the annuities payable using the life expectancy of each donor and the discount rate in effect at the date of the gift. The liability related to charitable gift annuities was \$1,907 and \$1,892 at August 31, 2020 and 2019, respectively.

**NOTE I - 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 \$352,109 and \$402,109 at August 31, 2020 and 2019, respectively, and is recorded as accounts payable and other liabilities on the statements of financial position.

**NOTE J - 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 \$1,538,217 and \$1,692,969 for the years ended August 31, 2020 and 2019, 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, 2020 and 2019. 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, 2020 and 2019.

The Foundation provides certain contributions to the VFW. The total amount of contributions from the Foundation to the VFW amounted to \$2,290,248 and \$2,450,225 for the years ended August 31, 2020 and 2019, respectively. The VFW provided contributions that amounted to \$25,066 and \$0 to the Foundation for the years ended August 31, 2020 and 2019, respectively. As of August 31, 2020 and 2019, the Foundation has recorded a payable to the VFW in the amount of \$89,214 and \$182,881, respectively.

**Veterans of Foreign Wars Foundation**  
**(An Affiliate of the Veterans of Foreign Wars of the United States)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**August 31, 2020 and 2019**

**NOTE K - FUNCTIONAL EXPENSES**

The Foundation's operating expenses for the years ended August 31, 2020 and 2019 are classified functionally as follows:

	Year ended August 31, 2020				
	Program services		Support services		
	Veterans service activities	Community service and public awareness	Management and general expenses	Fundraising activities	Total
Salaries and employee benefits	\$ 98,738	\$ 107,133	\$ 306,385	\$ 317,026	\$ 829,282
Travel	12,598	3,150	-	15,747	31,495
Office expenses	1,907	2,069	20,228	44,402	68,606
Professional services	-	-	141,356	4,500	145,856
Depreciation	1,683	1,826	5,222	5,404	14,135
Occupancy	5,145	5,582	15,965	16,520	43,212
Grants and other assistance	646,489	-	-	-	646,489
Grants to affiliates	1,890,248	400,000	-	-	2,290,248
Advertising and promotion	19,000	12,302	-	23,206	54,508
	<u>\$ 2,675,808</u>	<u>\$ 532,062</u>	<u>\$ 489,156</u>	<u>\$ 426,805</u>	<u>\$ 4,123,831</u>

	Year ended August 31, 2019				
	Program services		Support services		
	Veterans service activities	Community service and public awareness	Management and general expenses	Fundraising activities	Total
Salaries and employee benefits	\$ 88,613	\$ 96,065	\$ 274,353	\$ 284,496	\$ 743,527
Travel	28,224	7,056	-	35,281	70,561
Office expenses	3,372	3,656	27,129	95,763	129,920
Professional services	-	-	105,219	4,500	109,719
Depreciation	463	501	1,431	1,484	3,879
Occupancy	5,150	5,583	15,945	16,534	43,212
Grants and other assistance	1,139,520	37,498	-	-	1,177,018
Grants to affiliates	2,050,225	400,000	-	-	2,450,225
Advertising and promotion	13,982	100,000	-	38,553	152,535
	<u>\$ 3,329,549</u>	<u>\$ 650,359</u>	<u>\$ 424,077</u>	<u>\$ 476,611</u>	<u>\$ 4,880,596</u>

**NOTE L - CONTINGENCIES**

The Foundation is 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.

**Veterans of Foreign Wars Foundation  
(An Affiliate of the Veterans of Foreign Wars of the United States)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**August 31, 2020 and 2019**

**NOTE M - NET ASSETS WITH DONOR RESTRICTIONS**

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

	2020	2019
Veteran services	\$ 4,808,111	\$ 696,256
Scholarships and other military assistance	1,254,863	773,927
	\$ 6,062,974	\$ 1,470,183

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,

	2020	2019
Veteran services	\$ 773,927	\$ 140,999
Scholarships and other military assistance	534,889	1,185,758
	\$ 1,308,816	\$ 1,326,757

**NOTE N - 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 \$48,120 and \$21,970 for the years ended August 31, 2020 and 2019, 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 \$27,077 and \$24,808 for the years ended August 31, 2020 and 2019, respectively, for the contributions the VFW made to this plan.

**NOTE O - SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events as of November 25, 2020, which is the date these financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") as a global pandemic, which continues to spread throughout the United States. The spread of COVID-19 has caused significant volatility in the U.S. and international markets. There is uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies. Although there has been no immediate impact to the operations of the Foundation, there can be no certainty as to the overall impact of the pandemic on future operations. There have been no disruptions to the Foundation's operations, but management will continue to monitor the impact.