

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, 2021 and 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Veterans of Foreign Wars Foundations

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, 2021 and 2020, 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. 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 the Veterans of Foreign Wars Foundation (an Affiliate of the Veterans of Foreign Wars of the United States) as of August 31, 2021 and 2020, 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

Chicago, Illinois
December 7, 2021

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

STATEMENTS OF FINANCIAL POSITION

August 31,

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,629,820	\$ 2,615,407
Investments, at fair value	16,729,535	14,046,643
Receivables		
Pledges receivable	1,390,000	-
Accrued interest receivable	28,369	27,718
Total receivables	1,418,369	27,718
Furniture, fixtures, and equipment, net	46,525	61,622
Prepaid expenses	179,641	130,403
Total assets	\$ 20,003,890	\$ 16,881,793
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other liabilities	\$ 318,252	\$ 354,016
Payable to affiliate	59,330	89,214
Total liabilities	377,582	443,230
Net assets		
Without donor restrictions	14,122,029	10,375,589
With donor restrictions	5,504,279	6,062,974
Total net assets	19,626,308	16,438,563
Total net assets and liabilities	\$ 20,003,890	\$ 16,881,793

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)

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended August 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions and gifts	\$ 3,329,769	\$ 5,901,607	\$ 9,231,376
Investment return, net	1,494,272	-	1,494,272
Net assets released from restrictions	1,308,816	(1,308,816)	-
	6,132,857	4,592,791	10,725,648
Expenses			
Program services			
Veterans service activities	2,675,808	-	2,675,808
Community service and public awareness	532,062	-	532,062
Support services			
Management and general activities	489,156	-	489,156
Fundraising activities	426,805	-	426,805
	4,123,831	-	4,123,831
	CHANGE IN NET ASSETS	4,592,791	6,601,817
Net assets, beginning of year	8,366,563	1,470,183	9,836,746
Net assets, end of year	\$ 10,375,589	\$ 6,062,974	\$ 16,438,563

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

Veterans of Foreign Wars Foundation
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STATEMENTS OF CASH FLOWS

Years ended August 31,

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 3,187,745	\$ 6,601,817
Adjustments to reconcile change in net assets to net cash used in by operating activities:		
Net realized and unrealized gains on investments	(2,513,789)	(1,311,692)
Depreciation	16,532	14,135
Changes in:		
Receivables	(1,390,651)	(5,715)
Prepaid expenses	(49,238)	(121,689)
Liabilities	(65,648)	(145,072)
Net cash used in by operating activities	(815,049)	5,031,784
Cash flows from investing activities:		
Purchases of property and equipment	(1,435)	(70,210)
Purchases of investments	(4,456,571)	(6,902,553)
Proceeds from sales or maturities of investments	4,287,468	3,833,610
Net cash used in investing activities	(170,538)	(3,139,153)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(985,587)	1,892,631
Cash and cash equivalents, beginning of year	2,615,407	722,776
Cash and cash equivalents, end of year	\$ 1,629,820	\$ 2,615,407

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, 2021 and 2020

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; 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 with realized and unrealized gains and losses included in the statements of activities and changes in net assets (see Note D). 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
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2021 and 2020

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 substantially met.

Furniture, Fixtures, and Equipment

Furniture, fixtures, and equipment 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 substantially 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
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2021 and 2020

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 30% of total contributions during the year ended August 31, 2021. One donor made a donation that amounted to 11% and another donor made a donation that amounted to 44% of total contributions during the year ended August 31, 2020.

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 \$17,570 and \$0 of goods or services donated for the years ended August 31, 2021 and 2020, 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, 2021 and 2020.

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, 2021 or 2020. 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 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
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2021 and 2020

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.

New Accounting Pronouncement

In May 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which superseded the current revenue recognition requirements in Topic 605, *Revenue Recognition*. ASU No. 2014-09 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The Foundation adopted ASU No. 2014-09 on September 1, 2020 using the modified retrospective method. There was no material impact on the financial statements.

NOTE C - AVAILABILITY AND LIQUIDITY

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

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,629,820	\$ 2,615,407
Investments	16,729,535	14,046,643
Total financial assets	18,359,355	16,662,050
Less amounts not available to be used within one year:		
Net assets with donor restrictions	5,504,279	6,062,974
Less net assets with donor restrictions with purpose restrictions to be met within one year	(2,104,195)	(2,287,252)
Total financial assets not available within one year	3,400,084	3,775,722
Financial assets available to meet general expenditures within one year	\$ 14,959,271	\$ 12,886,328

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
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2021 and 2020

NOTE D - INVESTMENTS

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

	2021	2020
Equity securities	\$ 7,974,026	\$ 6,617,815
Mutual funds	2,722,200	2,263,474
Fixed income		
Government or agency securities	3,676,672	2,778,045
Corporate bonds	2,356,637	2,387,309
	\$ 16,729,535	\$ 14,046,643

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, 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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2021 and 2020

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
Equity securities	\$ 6,617,815	\$ -	\$ -	\$ 6,617,815
Mutual funds	2,263,474	-	-	2,263,474
Fixed income				
Government or agency securities	-	2,778,045	-	2,778,045
Corporate bonds	-	2,387,309	-	2,387,309
	<u>\$ 8,881,289</u>	<u>\$ 5,165,354</u>	<u>\$ -</u>	<u>\$ 14,046,643</u>

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:

	2021	2020
Computers and equipment	\$ 45,860	\$ 44,425
Furniture	62,612	73,992
Total furniture, fixtures, and equipment	108,472	118,417
Less accumulated depreciation	(61,947)	(56,795)
Furniture, fixtures, and equipment, net	<u>\$ 46,525</u>	<u>\$ 61,622</u>

Total depreciation expense was \$16,532 and \$14,135 for the years ended August 31, 2021 and 2020, respectively.

Veterans of Foreign Wars Foundation
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2021 and 2020

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, 2021 and 2020. The future minimum lease rentals under the operating lease are \$43,212 for the years ended August 31, 2022, 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 \$302,109 and \$352,109 at August 31, 2021 and 2020, 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 \$1,278,425 and \$1,538,217 for the years ended August 31, 2021 and 2020, 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, 2021 and 2020. 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, 2021 and 2020.

The Foundation provides certain contributions to the VFW. The total amount of contributions from the Foundation to the VFW amounted to \$2,970,200 and \$2,290,248 for the years ended August 31, 2021 and 2020, respectively. The VFW provided contributions that amounted to \$89,575 and \$25,066 to the Foundation for the years ended August 31, 2021 and 2020, respectively. As of August 31, 2021 and 2020, the Foundation has recorded a payable to VFW in the amount of \$59,330 and \$89,214, respectively.

Veterans of Foreign Wars Foundation
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2021 and 2020

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Veteran services activities	\$ 1,557,395	\$ 1,952,891
Community service and public awareness	3,946,884	4,110,083
	\$ 5,504,279	\$ 6,062,974

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:

	2021	2020
Veteran services	\$ 1,876,275	\$ 1,308,816
Community service and public awareness	163,200	-
	\$ 2,039,475	\$ 1,308,816

NOTE K - FUNCTIONAL EXPENSES

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

	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
	\$ 2,572,693	\$ 1,273,138	\$ 481,649	\$ 477,578	\$ 4,805,058

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2021 and 2020

	2020				Total
	Program Services		Support Services		
	Veterans Service Activities	Community Service and Public Awareness	Management and General Activities	Fundraising Activities	
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>

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 \$34,356 and \$48,120 for the years ended August 31, 2021 and 2020, 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 \$29,024 and \$27,077 for the years ended August 31, 2021 and 2020, 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 7, 2021, 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.