

**No Greater Sacrifice Foundation**

Financial Statements  
and Independent Auditors' Report

December 31, 2019 and 2018

# No Greater Sacrifice Foundation

Financial Statements  
December 31, 2019 and 2018

## Contents

Independent Auditors' Report.....	1-2
<i>Financial Statements</i>	
Statements of Financial Position.....	3
Statements of Activities .....	4-5
Statements of Functional Expenses .....	6-7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9-16

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
No Greater Sacrifice Foundation

We have audited the accompanying financial statements of the No Greater Sacrifice Foundation (NGS), which comprise the statements of financial position as of December 31, 2019 and 2018; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***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 NGS as of December 31, 2019 and 2018, 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.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, NGS adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) and FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia  
December 16, 2020

## No Greater Sacrifice Foundation

### Statements of Financial Position December 31, 2019 and 2018

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 1,131,484	\$ 825,135
Contributions receivable	35,662	292,539
Investments	7,977,421	6,372,127
Prepaid expenses	231	1,215
	<hr/>	<hr/>
Total assets	<u>\$ 9,144,798</u>	<u>\$ 7,491,016</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 3,275	\$ 17,709
Scholarships payable, net	2,552,964	2,437,017
	<hr/>	<hr/>
Total liabilities	<u>2,556,239</u>	<u>2,454,726</u>
<b>Net Assets</b>		
Without donor restrictions	6,514,464	4,962,195
With donor restrictions	74,095	74,095
	<hr/>	<hr/>
Total net assets	<u>6,588,559</u>	<u>5,036,290</u>
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 9,144,798</u>	<u>\$ 7,491,016</u>

## No Greater Sacrifice Foundation

Statement of Activities  
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Support</b>			
Grants and contributions	\$ 1,658,735	\$ -	\$ 1,658,735
Total operating revenue and support	1,658,735	-	1,658,735
<b>Expenses</b>			
Program services:			
Scholarship program	2,037,599	-	2,037,599
Total program services	2,037,599	-	2,037,599
Supporting services:			
Management and general	66,395	-	66,395
Fundraising	13,855	-	13,855
Total supporting services	80,250	-	80,250
Total expenses	2,117,849	-	2,117,849
<b>Change in Net Assets from Operations</b>	(459,114)	-	(459,114)
<b>Non-Operating Activities</b>			
Investment return, net	1,223,987	-	1,223,987
Change in net present value, scholarships payable	787,396	-	787,396
<b>Change in Net Assets</b>	1,552,269	-	1,552,269
<b>Net Assets, beginning of year</b>	4,962,195	74,095	5,036,290
<b>Net Assets, end of year</b>	\$ 6,514,464	\$ 74,095	\$ 6,588,559

See accompanying notes.

## No Greater Sacrifice Foundation

Statement of Activities  
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Support</b>			
Grants and contributions	\$ 1,708,684	\$ -	\$ 1,708,684
Total operating revenue and support	1,708,684	-	1,708,684
<b>Expenses</b>			
Program services:			
Scholarship program	2,046,287	-	2,046,287
Total program services	2,046,287	-	2,046,287
Supporting services:			
Management and general	75,118	-	75,118
Fundraising	4,644	-	4,644
Total supporting services	79,762	-	79,762
Total expenses	2,126,049	-	2,126,049
<b>Change in Net Assets from Operations</b>	(417,365)	-	(417,365)
<b>Non-Operating Activities</b>			
Investment return	(338,672)	-	(338,672)
Change in net present value, scholarships payable	864,825	-	864,825
<b>Change in Net Assets</b>	108,788	-	108,788
<b>Net Assets, beginning of year</b>	4,853,407	74,095	4,927,502
<b>Net Assets, end of year</b>	\$ 4,962,195	\$ 74,095	\$ 5,036,290

See accompanying notes.

## No Greater Sacrifice Foundation

### Statement of Functional Expenses For the Year Ended December 31, 2019

	Program Services	Supporting Services		Total
	Scholarship Program	Management and General	Fundraising	
Scholarship program	\$ 1,721,016	\$ -	\$ -	\$ 1,721,016
Awareness	508	-	-	508
Salaries	198,774	33,806	3,313	235,893
Payroll taxes	15,177	2,570	253	18,000
Contract and professional fees	86,620	20,469	9,027	116,116
Donated services	203	-	-	203
Insurance	1,621	1,210	27	2,858
Events	4,533	-	-	4,533
Postage and mailing service	185	390	-	575
Office and internet services	4,372	744	73	5,189
Bad debt	150	290	-	440
Printing and copying	640	468	-	1,108
Registration and filing fees	-	4,509	-	4,509
CFC application fee	-	-	590	590
Bank fees	-	1,754	-	1,754
Travel and meetings	3,800	185	572	4,557
<b>Total Expenses</b>	<b>\$ 2,037,599</b>	<b>\$ 66,395</b>	<b>\$ 13,855</b>	<b>\$ 2,117,849</b>



## No Greater Sacrifice Foundation

### Statement of Functional Expenses For the Year Ended December 31, 2018

	Program Services		Supporting Services		Total
	Scholarship Program	Management and General	Fundraising		
Scholarship program	\$ 1,700,939	\$ -	\$ -		\$ 1,700,939
Awareness	355	-	-		355
Salaries	204,718	34,660	3,354		242,732
Payroll taxes	15,428	2,512	255		18,195
Supplies	-	18	-		18
Contract and professional fees	66,825	11,538	-		78,363
Donated services	37,295	12,588	-		49,883
Insurance	475	1,014	8		1,497
Events	7,227	-	-		7,227
Postage and mailing service	575	338	975		1,888
Office and internet services	3,191	540	52		3,783
Bad debt	-	2,900	-		2,900
Printing and copying	539	393	-		932
Registration and filing fees	-	5,480	-		5,480
CFC application fee	-	587	-		587
Bank fees	-	2,550	-		2,550
Travel and meetings	8,720	-	-		8,720
<b>Total Expenses</b>	<b>\$ 2,046,287</b>	<b>\$ 75,118</b>	<b>\$ 4,644</b>		<b>\$ 2,126,049</b>

## No Greater Sacrifice Foundation

### Statements of Cash Flows For the Years Ended December 31, 2019 and 2018

	2019	2018
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,552,269	\$ 108,788
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized loss (gain) on investments	(951,925)	510,318
Bad debt expense	440	2,900
Change in net present value discount – scholarships payable	(787,396)	(864,825)
Change in operating assets and liabilities:		
Increase in:		
Contributions receivable	256,437	(34,475)
Prepaid expenses	984	(281)
Increase (decrease) in:		
Accounts payable and accrued expenses	(14,434)	(4,220)
Scholarships payable	903,343	686,559
	959,718	404,764
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(903,369)	(1,729,418)
Sales of investments	250,000	1,454,126
	(653,369)	(275,292)
<b>Net Increase in Cash and Cash Equivalents</b>	306,349	129,472
<b>Cash and Cash Equivalents, beginning of year</b>	825,135	695,663
<b>Cash and Cash Equivalents, end of year</b>	\$ 1,131,484	\$ 825,135

*See accompanying notes.*

# No Greater Sacrifice Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

## 1. Nature of Operations

No Greater Sacrifice Foundation (NGS) is a nonprofit organization incorporated on January 7, 2008 under the laws of the District of Columbia. NGS is dedicated to the children of our nation's fallen and wounded Service members by delivering scholarships and resources to improve their quality of life through the pursuit of higher education. NGS accomplishes its mission by mentoring and funding NGS recipients as well as sister charities that are working on behalf of this noble cause. The activities are funded primarily through grants and contributions. More than thirteen million dollars has been committed to the NGS mission.

## 2. Summary of Significant Accounting Policies

### Basis of Accounting and Presentation

NGS's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### Cash Equivalents

NGS considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents. Excluded from this definition of cash equivalents are amounts held for investment.

## No Greater Sacrifice Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

### 2. Summary of Significant Accounting Policies (continued)

#### Contributions Receivable

Contributions receivable are recorded at net realizable value. NGS provides an allowance for bad debts using the allowance method, which is based on management's judgment considering historical information. Accounts are individually analyzed for collectability and will be reserved based on individual evaluation and specific circumstances. When all collection efforts have been exhausted, the accounts are written-off against the related allowance. For the years ended December 31, 2019 and 2018, \$440 and \$2,900, respectively, were written-off. No discount has been calculated for 2019 and 2018, as all amounts are due within one year.

#### Investments

Investments are recorded at fair value. All realized and unrealized gains and losses are included in the accompanying statements of activities.

#### Scholarships Payable

Scholarships payable represents NGS's commitments made to qualified recipients. Scholarships payable and the corresponding expenses are recognized at the net present value of the commitment when the commitment is formally approved by the Board of Directors as there are no barriers to entry (which would make this a conditional contribution). The net present value is based on the recipient's age and discount rate, and is adjusted annually to reflect changes in various factors, most notably the recipient's age.

#### Revenue Recognition

NGS recognizes grants and contributions when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Special events are designed to raise awareness of the NGS mission and the amount of children of fallen and wounded Service members that need support. Amounts recorded in excess of the cost of benefits provided to donors are recognized as revenue in the accompanying financial statements. All other sources of revenue are recognized when earned.

## No Greater Sacrifice Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

### 2. Summary of Significant Accounting Policies (continued)

#### Donated Services

During the years ended December 31, 2019 and 2018, NGS received donated legal and other specialized services in the amount of \$202 and \$49,882, respectively, which are included in grants and contributions in the accompanying statements of activities.

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Measure of Operations

Investment loss or income (which includes interest and dividends income, and realized and unrealized gains and losses), and the change in the present value of the scholarships payable are considered non-operating activities. NGS does not consider these items to be part of normal operating activities and, accordingly, separately identifies them in the accompanying statements of activities.

#### Change in Accounting Principles

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, supersedes or replaces nearly all revenue recognition guidance under accounting principles generally accepted in the United States of America. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

## No Greater Sacrifice Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

### 2. Summary of Significant Accounting Policies (continued)

#### Change in Accounting Principles (continued)

NGS has implemented Topic 606 and has adjusted, if applicable, the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented. The implementation had no impact on the previously reported net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. NGS has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in these financial statements under a modified prospective basis. The implementation had no impact on the previously reported net assets.

#### Subsequent Events

In preparing the financial statements, NGS has evaluated events and transactions for potential recognition or disclosure through December 16, 2020, the date the financial statements were available to be issued.

### 3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,131,484	\$ 825,135
Contributions receivable	35,662	292,539
Investments appropriated for current use	7,977,421	6,371,127
Less: restricted by donors with purpose and time restrictions	<u>(74,095)</u>	<u>(74,095)</u>
Total available for general expenditures	<u>\$ 9,070,472</u>	<u>\$ 7,414,706</u>

## No Greater Sacrifice Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

### 4. Concentration of Credit Risk

Financial instruments that potentially subject NGS to significant concentrations of credit risk consist of cash and cash equivalents, and investments. NGS maintains various cash deposit, investment, and transaction accounts with financial institutions and these values, from time to time, may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). NGS has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

### 5. Investments and Fair Value Measurements

Net investment return consists of the following for the years ended December 31:

	2019	2018
Interest and dividend income	\$ 277,202	\$ 171,646
Net realized and unrealized gain (loss)	951,925	(510,318)
Less: investment management fees	(5,140)	-
Total investment return, net	<u>\$ 1,223,987</u>	<u>\$ (338,672)</u>

NGS follows FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. NGS recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. In general, and where applicable, NGS uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

## No Greater Sacrifice Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

### 5. Investments and Fair Value Measurements (continued)

The following table presents NGS's fair value hierarchy for those investments measured on a recurring basis at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 23,755	\$ -	\$ -	\$ 23,755
Exchange traded funds:				
Fixed income	2,882,961	-	-	2,882,961
U.S. equities	2,756,664	-	-	2,756,664
International equities	1,347,540	-	-	1,347,540
Mutual funds – fixed income	966,501	-	-	966,501
Total investments	<u>\$ 7,977,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,977,421</u>

The following table presents NGS's fair value hierarchy for those investments measured on a recurring basis at December 31, 2018:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 5,031	\$ -	\$ -	\$ 5,031
Exchange traded funds:				
Fixed income	2,387,767	-	-	2,387,767
U.S. equities	2,116,505	-	-	2,116,505
International equities	1,052,153	-	-	1,052,153
Mutual funds – fixed income	810,671	-	-	810,671
Total investments	<u>\$ 6,372,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,372,127</u>

### 6. Scholarships Payable

NGS awards grants to fund scholarships for children of our nation's fallen and wounded Service members. A discount rate used on long-term grants was approximately 7% at both December 31, 2019 and 2018, which is based on various factors including the projected rate of return, market inflation, and education inflation.



## No Greater Sacrifice Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

### 6. Scholarships Payable (continued)

Scholarships payable are due as follows as of December 31:

	<u>2019</u>	<u>2018</u>
Payable in less than one year	\$ 3,573,766	\$ 2,890,423
Payable in one to five years	1,278,000	1,170,500
Payable in more than five years	<u>1,630,000</u>	<u>1,517,500</u>
Total scholarships payable	6,481,766	5,578,423
Less: discount to present value	<u>(3,928,802)</u>	<u>(3,141,406)</u>
Scholarships payable, net	<u><u>\$ 2,552,964</u></u>	<u><u>\$ 2,437,017</u></u>

### 7. Net Assets With Donor Restrictions

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

	<u>2019</u>	<u>2018</u>
Shane Childers Memorial Scholarship	\$ 71,960	\$ 71,960
Other designated scholarships	<u>2,135</u>	<u>2,135</u>
Total net assets with donor restrictions	<u><u>\$ 74,095</u></u>	<u><u>\$ 74,095</u></u>

### 8. Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries, payroll taxes, contract and professional fees, donated services, insurance, postage and mailing service, office and internet services, and printing and copying, which are allocated on the basis of estimates of time and effort.

## **No Greater Sacrifice Foundation**

Notes to Financial Statements  
December 31, 2019 and 2018

### **9. Income Taxes**

Under Section 501(c)(3) of the Internal Revenue Code (IRC), NGS is exempt from the payment of taxes on income other than net unrelated business income. No tax expense is recorded in the accompanying financial statements, as there were no unrelated business activities. Management has evaluated NGS's tax positions and concluded that the financial statements do not include any uncertain tax positions. Contributions to NGS are deductible as provided in IRC Section 170(b)(1)(A)(vi).