

No Greater Sacrifice Foundation

Financial Statements
and Independent Auditors' Report

December 31, 2020 and 2019 (As Restated)

No Greater Sacrifice Foundation

Financial Statements
December 31, 2020 and 2019 (As Restated)

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.....	9-15

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
No Greater Sacrifice Foundation

We have audited the accompanying financial statements of No Greater Sacrifice Foundation (NGS), which comprise the statements of financial position as of December 31, 2020 and 2019; 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, 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.

Emphasis of Matter

As discussed in Note 3, NGS's net assets as of January 1, 2019 have been restated to correct an error. 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
November 12, 2021

No Greater Sacrifice Foundation

Statements of Financial Position December 31, 2020 and 2019 (As Restated)

	2020	2019
Assets		
Cash and cash equivalents	\$ 286,018	\$ 1,131,484
Contributions receivable	378,013	35,662
Investments	10,049,118	7,977,421
Prepaid expenses	-	231
	<hr/>	<hr/>
Total assets	<u>\$ 10,713,149</u>	<u>\$ 9,144,798</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 6,896	\$ 3,275
Scholarships payable, net	5,663,995	5,530,559
	<hr/>	<hr/>
Total liabilities	<u>5,670,891</u>	<u>5,533,834</u>
Net Assets		
Without donor restrictions	4,968,163	3,536,869
With donor restrictions	74,095	74,095
	<hr/>	<hr/>
Total net assets	<u>5,042,258</u>	<u>3,610,964</u>
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 10,713,149</u>	<u>\$ 9,144,798</u>

No Greater Sacrifice Foundation

Statement of Activities For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Grants and contributions	\$ 1,771,773	\$ -	\$ 1,771,773
Total operating revenue and support	1,771,773	-	1,771,773
Expenses			
Program services:			
Scholarship program	1,281,747	-	1,281,747
Total program services	1,281,747	-	1,281,747
Supporting services:			
Management and general	76,005	-	76,005
Fundraising	7,934	-	7,934
Total supporting services	83,939	-	83,939
Total expenses	1,365,686	-	1,365,686
Change in Net Assets from Operations	406,087	-	406,087
Non-Operating Activities			
Investment return, net	1,158,909	-	1,158,909
Change in net present value, scholarships payable	(133,702)	-	(133,702)
Change in Net Assets	1,431,294	-	1,431,294
Net Assets, beginning of year	3,536,869	74,095	3,610,964
Net Assets, end of year	\$ 4,968,163	\$ 74,095	\$ 5,042,258

See accompanying notes.

No Greater Sacrifice Foundation

Statement of Activities For the Year Ended December 31, 2019 (As Restated)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Grants and contributions	\$ 1,658,735	\$ -	\$ 1,658,735
Total operating revenue and support	1,658,735	-	1,658,735
Expenses			
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
Change in Net Assets from Operations	(459,114)	-	(459,114)
Non-Operating Activities			
Investment return, net	1,223,987	-	1,223,987
Change in net present value, scholarships payable	50,749	-	50,749
Change in Net Assets	815,622	-	815,622
Net Assets, beginning of year, as restated	2,721,247	74,095	2,795,342
Net Assets, end of year, as restated	\$ 3,536,869	\$ 74,095	\$ 3,610,964

See accompanying notes.

No Greater Sacrifice Foundation

Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program	Supporting Services			Total
	Scholarship Program	Management and General	Fundraising	Total Supporting Services	
Scholarship program	\$ 945,171	\$ -	\$ -	\$ -	\$ 945,171
Awareness	1,098	-	-	-	1,098
Salaries	197,325	33,510	3,299	36,809	234,134
Payroll taxes	15,110	2,566	253	2,819	17,929
Contract and professional fees	88,258	14,163	258	14,421	102,679
Donated services	22,996	14,524	2,824	17,348	40,344
Insurance	195	1,594	3	1,597	1,792
Events	914	-	-	-	914
Postage and mailing service	409	381	1,213	1,594	2,003
Office and internet services	5,491	1,064	84	1,148	6,639
Printing and copying	1,335	1,335	-	1,335	2,670
Registration and filing fees	-	5,488	-	5,488	5,488
Bank fees	-	1,248	-	1,248	1,248
Travel and meetings	3,445	132	-	132	3,577
Total Expenses	\$ 1,281,747	\$ 76,005	\$ 7,934	\$ 83,939	\$ 1,365,686

No Greater Sacrifice Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program	Supporting Services			Total
	Scholarship Program	Management and General	Fundraising	Total Supporting Services	
Scholarship program	\$ 1,721,016	\$ -	\$ -	\$ -	\$ 1,721,016
Awareness	508	-	-	-	508
Salaries	198,774	33,806	3,313	37,119	235,893
Payroll taxes	15,177	2,570	253	2,823	18,000
Contract and professional fees	86,620	20,469	9,027	29,496	116,116
Donated services	203	-	-	-	203
Insurance	1,621	1,210	27	1,237	2,858
Events	4,533	-	-	-	4,533
Postage and mailing service	185	390	-	390	575
Office and internet services	4,372	744	73	817	5,189
Bad debt	150	290	-	290	440
Printing and copying	640	468	-	468	1,108
Registration and filing fees	-	4,509	-	4,509	4,509
CFC application fee	-	-	590	590	590
Bank fees	-	1,754	-	1,754	1,754
Travel and meetings	3,800	185	572	757	4,557
Total Expenses	\$ 2,037,599	\$ 66,395	\$ 13,855	\$ 80,250	\$ 2,117,849

No Greater Sacrifice Foundation

Statements of Cash Flows For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 1,431,294	\$ 815,622
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain		
on investments	(947,067)	(951,925)
Bad debt expense	-	440
Change in net present value discount – scholarships payable	133,702	(50,749)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(342,351)	256,437
Prepaid expenses	231	984
Increase (decrease) in:		
Accounts payable and accrued expenses	3,621	(14,434)
Scholarships payable	(266)	903,343
	279,164	959,718
Cash Flows from Investing Activities		
Purchases of investments	(1,424,630)	(903,369)
Sales of investments	300,000	250,000
	(1,124,630)	(653,369)
Net (Decrease) Increase in Cash and Cash Equivalents	(845,466)	306,349
Cash and Cash Equivalents, beginning of year	1,131,484	825,135
Cash and Cash Equivalents, end of year	\$ 286,018	\$ 1,131,484

See accompanying notes.

No Greater Sacrifice Foundation

Notes to Financial Statements
December 31, 2020 and 2019 (As Restated)

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 with higher education tuition, room, board, and books, 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 fourteen 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, 2020 and 2019 (As Restated)

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, 2020 and 2019, \$-0- and \$440, respectively, were written off. No discount has been calculated for 2020 and 2019, 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 represent 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, 2020 and 2019 (As Restated)

2. Summary of Significant Accounting Policies (continued)

Donated Services

During the years ended December 31, 2020 and 2019, NGS received donated legal and other specialized services in the amount of \$40,344 and \$202, 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

Net investment return (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.

Subsequent Events

In preparing the financial statements, NGS has evaluated events and transactions for potential recognition or disclosure through November 12, 2021, the date the financial statements were available to be issued.

3. Prior Period Adjustment

The net assets as of January 1, 2019 were restated to correct the net present value adjustment used in determining the fair value of long-term scholarship award liabilities. The adjustment reduced net assets as of January 1, 2019 by \$2,240,948, as well as the net assets as of December 31, 2019 by \$736,647.

No Greater Sacrifice Foundation

Notes to Financial Statements
December 31, 2020 and 2019 (As Restated)

4. 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 286,018	\$ 1,131,484
Contributions receivable	378,013	35,662
Investments appropriated for current use	10,049,118	7,977,421
Less: restricted by donors with purpose and time restrictions	<u>(74,095)</u>	<u>(74,095)</u>
Total available for general expenditures	<u>\$ 10,639,054</u>	<u>\$ 9,070,472</u>

5. 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.

6. Investments and Fair Value Measurements

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

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 218,167	\$ 277,202
Net realized and unrealized gain	947,067	951,925
Less: investment management fees	<u>(6,325)</u>	<u>(5,140)</u>
Total investment return, net	<u>\$ 1,158,909</u>	<u>\$ 1,223,987</u>

No Greater Sacrifice Foundation

Notes to Financial Statements
December 31, 2020 and 2019 (As Restated)

6. Investments and Fair Value Measurements (continued)

NGS follows Financial Accounting Standards Board 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.

The following table presents NGS's fair value hierarchy for those investments measured on a recurring basis at December 31, 2020:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 50,949	\$ -	\$ -	\$ 50,949
Exchange traded funds:				
Fixed income	2,876,740	-	-	2,876,740
U.S. equities	4,375,186	-	-	4,375,186
International equities	1,916,324	-	-	1,916,324
Mutual funds – fixed income	829,919	-	-	829,919
Total investments	\$ 10,049,118	\$ -	\$ -	\$ 10,049,118

No Greater Sacrifice Foundation

Notes to Financial Statements
December 31, 2020 and 2019 (As Restated)

6. 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	\$ 7,977,421	\$ -	\$ -	\$ 7,977,421

7. 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, 2020 and 2019, which is based on various factors including the projected rate of return, market inflation, and education inflation.

Scholarships payable are due as follows as of December 31:

	2020	2019
Payable in less than one year	\$ 4,023,500	\$ 3,573,766
Payable in one to five years	1,128,000	1,278,000
Payable in more than five years	1,330,000	1,630,000
Total scholarships payable	6,481,500	6,481,766
Less: discount to present value	(817,505)	(951,207)
Scholarships payable, net	\$ 5,663,995	\$ 5,530,559

No Greater Sacrifice Foundation

Notes to Financial Statements
December 31, 2020 and 2019 (As Restated)

8. Net Assets With Donor Restrictions

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

	<u>2020</u>	<u>2019</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>\$ 74,095</u>	<u>\$ 74,095</u>

9. 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.

10. 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).