

Wounded Warriors Family Support, Inc.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
For the year ended December 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Wounded Warriors Family Support, Inc.

Opinion

We have audited the accompanying financial statements of Wounded Warriors Family Support, Inc. (the Organization), a nonprofit organization, which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wounded Warriors Family Support, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Hayes & Associates, LLC

Hayes & Associates, L.L.C.
Omaha, Nebraska
May 23, 2025

Wounded Warriors Family Support, Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2024

ASSETS	2024
CURRENT ASSETS	
Cash and cash equivalents	\$ 2,114,516
Investments	5,900,928
Activity related costs - Vehicle	64,855
Prepaid assets	15,557
Miscellaneous receivable	49
Total current assets	<u>8,095,905</u>
NONCURRENT ASSETS	
Capital assets	
Furniture and equipment	51,693
Software	31,855
Vehicles	55,993
Less accumulated depreciation	<u>(74,510)</u>
Total capital assets	65,031
OTHER ASSETS	
Security deposits	4,313
Operating lease right-of-use assets	198,137
Investments in land, life estate	1,240,200
Total other assets	<u>1,442,650</u>
Total noncurrent assets	<u>1,507,681</u>
Total assets	<u><u>\$ 9,603,586</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 14,226
Credit cards payable	4,383
Accrued expenses	35,396
Accrued payroll taxes	2,052
Current portion of operating lease liabilities	52,686
Life estate split interest, current portion	<u>28,246</u>
Total current liabilities	136,989
NONCURRENT LIABILITIES	
Operating leases liabilities	148,023
Life estate split interest, long-term portion	<u>282,467</u>
Total noncurrent liabilities	<u>430,490</u>
Total liabilities	567,479
NET ASSETS	
Without donor restriction	8,081,620
With donor restriction	<u>954,487</u>
Total net assets	<u>9,036,107</u>
Total liabilities and net assets	<u><u>\$ 9,603,586</u></u>

See accompanying notes and independent auditor's report.

Wounded Warriors Family Support, Inc.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2024

	Without donor restriction	With donor restriction	Total
REVENUE, SUPPORT, AND RECLASSIFICATIONS			
Contributions	\$ 6,261,950	\$ 25,000	\$ 6,286,950
Contributed nonfinancial assets	676,691	28,246	704,937
Net investment income	519,244	-	519,244
Other income	716	-	716
Net assets released from restrictions	-	-	-
Total revenue, support, and reclassifications	<u>7,458,601</u>	<u>53,246</u>	<u>7,511,847</u>
EXPENSES			
Program services	3,963,036	-	3,963,036
Management and general	276,204	-	276,204
Fundraising	292,868	-	292,868
Total expenses	<u>4,532,108</u>	<u>-</u>	<u>4,532,108</u>
CHANGE IN NET ASSETS	2,926,493	53,246	2,979,739
NET ASSETS, BEGINNING OF YEAR	<u>5,184,931</u>	<u>901,241</u>	<u>6,086,172</u>
PRIOR PERIOD ADJUSTMENT	<u>(29,804)</u>	<u>-</u>	<u>(29,804)</u>
NET ASSETS, BEGINNING, RESTATED	<u>5,155,127</u>	<u>901,241</u>	<u>6,056,368</u>
NET ASSETS, END OF YEAR	<u>\$ 8,081,620</u>	<u>\$ 954,487</u>	<u>\$ 9,036,107</u>

See accompanying notes and independent auditor's report.

Wounded Warriors Family Support, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2024

	Total Program Services	Supporting Services		Total
		Management and General	Fundraising	
Grants - Individuals	\$ 2,626,126	\$ -	\$ -	\$ 2,626,126
Grants - Organizations	481,775	-	-	481,775
Compensation - Officers and Directors	37,646	75,293	37,646	150,585
Compensation - Staff	376,278	42,425	-	418,703
Employee benefits	19,147	12,495	4,338	35,980
Payroll taxes	31,000	10,332	2,903	44,235
Conf. / Conv. / Meetings	4,197	354	1,415	5,966
Accounting fees	-	59,474	8,250	67,724
Advertising/Promotion	149,420	-	135,487	284,907
Depreciation expense	-	23,055	-	23,055
Event	-	-	17,841	17,841
Information technology	18,455	5,978	5,652	30,085
Insurance	10,681	7,195	-	17,876
Legal expenses	3,898	-	-	3,898
Licenses and permits	20,687	2,492	18,686	41,865
Office expenses	9,422	8,326	3,443	21,191
Other fees	535	3,437	16,574	20,546
Postage	3,744	-	2,514	6,258
Printing and supplies	65,169	251	16,180	81,600
Rent and overhead	20,303	20,296	20,296	60,895
Travel	84,553	4,801	1,643	90,997
Total expenses	<u>\$ 3,963,036</u>	<u>\$ 276,204</u>	<u>\$ 292,868</u>	<u>\$ 4,532,108</u>

See accompanying notes and independent auditor's report.

Wounded Warriors Family Support, Inc.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2024

	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in total net assets	\$ 2,979,739
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	23,055
Amortization of right-of-use asset	(198,137)
Unrealized loss on investments	320,092
Changes in:	
(Increase) or Decrease in assets:	
Activity related costs - Vehicle	-
Prepaid assets	(8,359)
Miscellaneous receivable	1,451
Increase or (Decrease) in liabilities:	
Accounts payable	6,408
Credit card payable	(3,558)
Accrued expenses	6,212
Accrued payroll taxes	422
Operating lease liability	200,709
Life estate split interest	(28,246)
Net cash provided by (used in) operating activities	<u>3,299,788</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(3,363,361)
Proceeds from sale of investments	173,645
Purchases of property and equipment	(21,574)
Net cash from/(used in) investing activities	<u>(3,211,290)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	88,498
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,026,018</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,114,516</u>
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest paid	-
Noncash activity	
Right-of-use asset obtained in exchange for operating lease liability:	\$ 249,893

See accompanying notes and independent auditor's report.

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2024

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Wounded Warriors Family Support, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

1. Reporting Entity and Nature of Activity

The Organization was incorporated in 2004 in the State of Nebraska and received its 501(c)(3) status on February 24, 2005. Wounded Warriors Family Support, Inc. is a family orientated organization providing support to families of all branches of U.S. Armed Forces who have been wounded, injured, or killed during combat operations. The families of these casualties suffer in many ways: some financially, some psychologically. The Organization has several programs to help mitigate their trauma allowing them to find peace and solace as a family once more.

Mobility is Freedom Program

Wounded Warriors Family Support's Mobility is Freedom program, launched in 2015, provides grants and modified vehicles to combat-wounded veterans. The goal is to enhance their quality of life by offering independence and mobility. Grants of \$30,000 are available for veterans with injuries such as limb loss, spinal cord injuries, or salvage limb injuries from combat operations.

Respite Care Program for Caregiver and Veteran

Wounded Warriors Family Support's (WWFS) Caregiver Respite Program provides respite and supplemental services nationwide to the caregivers and families of injured war veterans. WWFS assists with meals, housekeeping, medical travel grants, and In-Home Care services. Our program aims to ensure that family members thrust into the role of caregivers are provided with the support they need to keep their families intact while keeping themselves healthy. Caring for a wounded veteran can be demanding physically and psychologically. Often, caregivers are spouses or family members with many other responsibilities, such as work. Caregivers of veterans usually spend long hours caring for their loved ones, feel high levels of stress, and neglect their health.

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1. Reporting Entity and Nature of Activity – Continued

Welding Training Program

UAW-Ford and Wounded Warriors Family Support have partnered to provide a training program in welding for U.S. military veterans. UAW-Ford is offering a six-week Welding Training Program, where selected veterans will train and test for 6G through 4F welding certification. The program will prepare participants to pursue apprenticeships and entry-level positions in welding throughout our nation in industries such as automotive, shipbuilding, construction, and many others. The program will occur at UAW-Ford's Technical Training Center in Lincoln Park, Mich., near Detroit.

Family Retreats Program

Wounded Warriors Family Support provides vacation retreats to injured veterans and their families. The family retreats allow wounded veterans to heal and reconnect with their loved ones in a peaceful, non-stress environment.

Our family retreats give wounded veterans and their families a break from the pressures of everyday life to take time to become stronger as individuals and families. Wounded veterans are given the opportunity to decompress and share in positive experiences with their spouses and children, strengthening the bonds of their families and making lasting memories. Wounded Warriors Family Support understands and sees veterans and their families struggles when transitioning to the civilian workforce and as small business owners. Formal education in personal and small business finance is vital to success in life.

Financial Education

Wounded Warriors Family Support understands and sees veterans and their families struggles when transitioning to the civilian workforce and as small business owners. Formal education in personal and small business finance is vital to success in life.

The Organization has partnered with Pathway Financial Education to provide these warriors and their family members with a formal online financial education course focusing on entrepreneurship and the challenges of owning a small business. This free 8-week in-depth course meets once a week for about an hour.

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1. Reporting Entity and Nature of Activity – Continued

Other Programs

The Organization offers a unique Combat Wounded Parking Sign Program, free-of-charge, to establishments as a way of honoring and recognizing these veterans. Signs have been placed in the parking lots of businesses, churches, schools and colleges, government, and medical facilities. The response has been tremendous, stretching from coast -to-coast.

The Organization provides for veterans with unmet needs, including car repairs, gift cards, mortgage payments, food, travel, utility bills, rent, or any authorized unmet need.

Wounded Warriors Family Support, Inc. receives substantially all of its revenue as unrestricted contributions from individuals, private foundations and corporations, not limited to the regions in which it operates.

Project Development Agreement: Dunham House

The Organization has entered a project development agreement with the Dunham House for the purpose of constructing a first-of-its-kind, transformational initiative for combat-wounded veterans in need of long-term residential-centered care for their wounds. The Dunham House model puts the focus on each veteran's needs to ensure treatment, socialization, and independence. The facility will sit on an 8.5-acre parcel within a scenic and pastoral 40-acre site in north Omaha, Nebraska, and allows for multi-phase construction. The complex will include housing and amenities to accommodate 30 veterans in a neighborhood center totaling approximately 27,000 square feet. The Dunham house is a separate 501(c)(3) nonprofit organization.

There is no common management or control between the Organization and the Dunham house. They maintain separate management teams and have separate and distinct Board of Directors and there is no economic interest between the two organizations. Therefore, in accordance with FASB ASC Topics 810 and 958, the two organizations report their financial activities separately and the accompanying financial statements do not include any activity of the Dunham House.

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation and Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- a. Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- b. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

3. 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 a number of estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Contributed Nonfinancial Assets and In-Kind Expenses

Contributions of gifts in-kind that can be used or sold by the Organization are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. The value of donated services is not reflected in the accompanying financial statements due to the criteria identified above. However, volunteers have donated significant amounts of their time to the Organization's activities.

5. Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as net assets with donor restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as net assets without donor restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

6. Measure of Operations

In the statement of activities, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities.

7. Functional Allocation of Expenses

The costs of providing the various programs and activities of the Organization have been summarized on a functional basis in the statement of activities. Some costs are directly allocated to the programs and supporting services. Certain costs have been allocated on the basis of time and effort among the programs and supporting services benefitted. Costs that cannot be appropriately allocated are classified as administrative expenses.

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash on deposit, and money market accounts. The Organization considers short-term highly liquid investments with an original maturity date of three months or less that are not part of an investment pool to be cash equivalents. The Organization invests its excess cash in various types of short-term investments. The Organization has established guidelines relative to diversification and maturities that maximize safety and liquidity. These guidelines are periodically reviewed and modified to take advantage of trends in yields and interest rates.

Cash and cash equivalents are measured at amortized cost, thus included in the scope of ASC 326, however, management has not historically experienced any losses on such accounts, and is not aware of current events or scenarios that would lead management to believe an expected credit loss is likely, and also does not have any information that would provide for a reasonable or supportable forecast of expected credit loss and therefore believes these financial assets have a current expected credit loss of zero.

9. Contributions Receivable

Contributions receivables are stated at the amount management expects to collect less uncollectable receivables based on a review of all outstanding amounts on a periodic basis. Management determines uncollectible receivables by regularly evaluating the contributions receivable listing/ Contributions receivable are written off when deemed uncollectible. The Organization considers contributions to be 100% collectible; therefore, no allowance for uncollectible receivables has been established. On December 31, 2024, the Organization has no contributions receivable.

10. Investment and Investment Income

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Any unrealized gains and losses are reported in the statement of activities as part of the net investment income and are considered a change in net assets without donor restriction.

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Capital Assets

Property and equipment are recorded at cost. Expenditures for additions and betterments are capitalized if over \$500. Expenditures for maintenance and repairs are charged to expense as incurred. The cost of assets disposed, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Software	3
Vehicles	5
Furniture and equipment	5 - 7
Leasehold improvements	15

Donated capital assets are recorded as support at their estimated fair value. Such donations are reported as donor support without restrictions unless the donor has restricted the donated asset to a specific purpose. Donated capital assets are depreciated in the same manner and over the same lives as purchased capital assets.

12. Activity Related Costs - Vehicle

Include the costs of a vehicle held for sale totaling \$64,855 that will be auctioned or donated to veterans, as part of fund raising and/or program service activities.

13. Compensated Absences

Employees of the Organization are entitled to paid vacation, paid sick, and paid personal time off. The Organization's liability related to earned but unused compensated absences at December 31, 2024 was \$15,957.

14. Income Taxes

The Organization has received exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private organization. As such, no provision for income taxes is reflected in the financial statements. The Organization files Form 990, *Return of Organization Exempt from Income Tax*, in the U.S. Federal and state jurisdictions. As of December 31, 2024, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years subsequent to 2021 remain subject to examination by major tax jurisdictions.

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

15. Advertising

The Organization expenses advertising costs as incurred. Total advertising and promotion costs were \$284,907 for the year ended December 31, 2024. Prepaid advertising costs are expensed upon the first occurrence of the ad campaign.

16. Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements.

The Organization adopted Topic 842 on January 1, 2024, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2024, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2024.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2024, for existing leases upon the adoption of Topic 842).

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

16. Recently Adopted Accounting Pronouncements - Continued

The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842). Adoption of Topic 842 resulted in the recording of additional ROU asset and lease liability related to the Organization's operating lease of approximately \$249,893 at January 1, 2024. The adoption of the new lease standard did not materially impact net earnings or cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. As of December 31, 2024, the Organization had no receivables subject to this standard. Therefore, adoption of this standard had little impact on the financial statements of the Organization.

In September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new pronouncement increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. As a result, contributed nonfinancial assets has been reported separately in the statement of activities and the discloses in Note G have been enhanced.

NOTE B. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash at various financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). These accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. On December 31, 2024, the Organization's balances exceeded federally insured limited by approximately \$1,584,016.

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE C. INVESTMENTS

Investments consisted of the following at December 31, 2024:

	Cost	Fair Value
<u>Unrestricted</u>		
Cash equivalents - Money market	\$ 152,223	\$ 152,223
Equity funds	\$ 5,660,770	\$ 5,239,751
Fixed income securities	400,006	445,038
Alternative investments	259,176	216,139
Total Investments	\$ 6,319,952	\$ 5,900,928
Gross cumulative unrealized loss		<u>\$ (419,024)</u>
<u>Restricted</u>		
Minnesota Land	<u>\$ 1,240,200</u>	<u>\$ 1,240,200</u>

The following schedule summarizes the investment return and its classification in the statement of activities and changes in net assets for the year ended December 31, 2024:

Dividends	\$ 617,949
Interest	48,745
Unrealized loss	(320,092)
Realized gain	312,628
Fees	(139,986)
Net investment income	<u>\$ 519,244</u>

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE C. INVESTMENTS – CONTINUED

- Level 2 – Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024.

Equity, fixed income, and alternative investment securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Minnesota land: Valued at estimated fair market value at the date of donation. Reported at cost/carrying value rather than the current fair value in accordance with FASB ASC 958-325-35.

The previously described methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE C. INVESTMENTS – CONTINUED

The following table sets forth by level, within the fair value hierarchy, the Organization assets at fair value as of December 31, 2024:

	Fair Value	Level 1	Level 2	Level 3
Cash equivalents - Money market	\$ 152,223	\$ 152,223	\$ -	\$ -
Equity funds	\$ 5,239,751	\$ 5,239,751	\$ -	\$ -
Fixed income securities	445,038	445,038	-	-
Alternative investments	216,139	216,139	-	-
Total investments at fair value	<u>\$ 5,900,928</u>	<u>\$ 5,900,928</u>	<u>\$ -</u>	<u>\$ -</u>
Minnesota Land	<u>\$ 1,240,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,240,200</u>

NOTE D. LIQUIDITY AND AVAILABILITY

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in savings and short-term investments. To manage unanticipated liquidity needs, a balance of no less than \$250,000 is kept in the investment account which will only be drawn upon should a significant downturn in the economy be experienced; this ensures the Organization can meet all current commitments. Financial assets available for general expenditures that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following as of December 31, 2024:

Financial assets available	
Cash and cash equivalents	\$ 2,114,516
Investments	5,900,928
Miscellaneous receivable	<u>49</u>
Total financial assets available	8,015,493
Less financial assets restricted by donor	<u>(25,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,990,493</u>

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE E. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions comprised the following purpose, as of December 31, 2024:

Subject to expenditures for specified purpose:	
Dunham House	\$ 25,000
Subject to expenditures for specified time:	
Investment in land - Minnesota life estate	
unavailable for expenditures until passing of life tenant	929,487
Total net assets with donor restriction	<u>\$ 954,487</u>

No net assets were released from donor restrictions during the year ended December 31, 2024.

NOTE F. OPERATING LEASE

The Organization made an accounting policy election available under the FASB ASC Topic 842, Leases, not to recognize Right-of-Use (ROU) assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date.

The Organization has an office lease with monthly payments of \$4,902 during 2024 and an expiration date of June 30, 2028. The monthly payments increase in subsequent years and range between \$4,902 to \$5,281. Certain leases contain termination options, where the rights to terminate are held by either the Organization, the lessor or both parties. These options to extend or terminate a lease are only included in the lease terms when it is reasonably certain that the Organization will exercise that option. The Organization's operating lease generally does not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended December 31, 2024:

Operating lease expense	\$ 60,895
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Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE F. OPERATING LEASE – CONTINUED

Supplemental information related to leases is as follows for the year ended December 31, 2024:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash outflows - payments on operating lease	<u>\$ 58,098</u>
Right-of-use assets obtained for new lease obligations	
Operating leases	<u>\$ 249,893</u>
Weighted-average remaining lease term - operating	<u>3.5 years</u>
Risk free rate - operating	<u>4.00%</u>

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of December 31, 2024:

Years Ending December 31,	Operating Leases
2025	\$ 59,564
2026	61,065
2027	62,600
2028	31,688
Total lease payments	<u>214,917</u>
Less imputed interest	<u>(14,208)</u>
Total present value of lease liabilities	<u>\$ 200,709</u>

NOTE G. LIFE ESTATE

In November 2014, the Organization received a donation of 156 acres of farmland located in Steele County, Minnesota, which is encumbered with a life estate provision. The property has been valued at fair market value at the time of donation which is considered its cost. The Organization elected to carry this asset at cost rather than fair value in accordance with FASB ASC 958-325-35 due to the costs associated with having an annual appraisal performed to adjust it to its fair value. The donor's designated life tenant is responsible for the executory costs, including property taxes.

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE G. LIFE ESTATE - CONTINUED

The life interest has been valued at the fair value of its use obligation at the date of donation and is reported at its estimated present value. This life interest is considered future revenue and is being amortized over 16 years; the estimated life expectancy of the life estate's recipient as follows:

Current	Long-Term	Total
\$ 28,246	\$ 282,467	\$ 310,713

NOTE H. CONTRIBUTED NONFINANCIAL ASSETS - CONTINUED

The Organization recognized contributed nonfinancial assets within revenue, including contributed classes, stocks and securities, park admission tickets, and other donated items for general program support, and application development. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. The Organization records contributed nonfinancial assets at their estimated fair market value at the date of donation. Donated stocks and securities are sold upon receipt and those funds are invested in accordance with the Organization's investment policy.

The following table summarizes the types and amounts of contributed nonfinancial assets received by the Organization during 2024 and which programs they were utilized in:

	Programs				Total
	Mobility is Freedom	Caregiver Respite	Solider Support	Operations	
Gift cards	\$ -	\$ 10,966	\$ -	\$ -	\$ 10,966
Printing	500	8,000	-	-	8,500
Facilities usage	3,591	-	-	-	3,591
Vehicle	-	-	-	13,000	13,000
Life estate income	-	-	-	28,246	28,246
Stock securities	-	-	-	91,121	91,121
Welding classes - UAW Ford	-	-	255,000	-	255,000
Universal Studios tickets	-	258,965	-	-	258,965
Legoland tickets	-	35,548	-	-	35,548
Total	\$ 4,091	\$ 313,479	\$ 255,000	\$ 132,367	\$ 704,937

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE I. RETIREMENT PLAN

The Organization has a Simple IRA retirement plan for all eligible employees. Employees who are at least 18 years of age are eligible to participate in the plan. The Organization makes matching contributions equal to 3% of the participant's compensation. The Organization's contributions to the plan for the year ended December 31, 2024 were \$13,537.

NOTE J. RELATED PARTY TRANSACTIONS

The Organization during the year ended December 31, 2024, engaged with the following related parties:

- Colliers Securities – A board member of the Organization is employed by Colliers who provides investment management to the Organization. During 2024, the Organization paid Colliers \$138,983 in investment management fees. The Board of Directors oversees the investment management firm and their adherence to the established investment policies of the Organization. The Board of Directors does not believe this to be a risk to the Organization.
- Two daughters of the President and CEO of the Organization are employed by the Organization. During 2024, their total combined compensation was \$140,545. Appropriate measures are in place to evaluate their performance, and the Board of Directors does not believe this to be a risk to the Organization.
- Rains Family, LP. – A board member of the Organization owns this limited partnership which holds title to a ranch in Texas. As part of their Family Retreat program, the Organization from time to time rents this ranch to provide wounded veterans a scenic and tranquil location. Rent paid is market rate and approved by the Board of Directors in advance. During 2024, no payments were made to the Rains Family, LP.

NOTE K. SUBSEQUENT EVENTS

Subsequent to December 31, 2024, as part of the project development agreement with the Dunham house as described in Note A.1, the Organization entered into a funding agreement which committed a total of \$2,500,000 of their investments towards the capital construction of the Dunham House facility. During the years ending December 31, 2024, and 2023, the Organization contributed \$216,000 and \$1,250,000, respectively.

Subsequent events have been assessed through May 23, 2025, which is the date the financial statements were issued.

Wounded Warriors Family Support, Inc.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the year ended December 31, 2024

NOTE L. PRIOR PERIOD ADJUSTMENTS

During the year management corrected a misstatement identified in the 2023 financial statements as a result of prepaid assets and accrued expenses being recorded in the improper period. These corrections had the following impact on the 2024 financial statements:

	<u>Increase</u>	<u>Decrease</u>
Beginning net assets without donor restrictions		29,804
Beginning prepaid assets	7,198	
Beginning accrued expenses	29,184	