

Audited Financial Statements

Move America Forward

December 31, 2018

Quigley & Miron

Move America Forward
Audited Financial Statements
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Independent Auditor's Report

Board of Directors
Move America Forward
Sacramento, California

We have audited the accompanying financial statements of Move America Forward (MAF), a nonprofit organization, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 of 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 Move America Forward as of December 31, 2018, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Ziegler & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
August 30, 2019

Move America Forward
Statement of Financial Position
December 31, 2018

Assets

Cash and cash equivalents	\$ 392,573
Contributions receivable	16,434
Investments—Note 4	7,433
Property and equipment, net—Note 5	17,243
Deposit	4,040
Other assets	2,300

Total Assets	<u>\$ 440,023</u>
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Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	76,104
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Total Liabilities	<u>76,104</u>
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Net Assets

Without donor restrictions	347,485
With donor restrictions—Note 6	16,434

Total Net Assets	<u>363,919</u>
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Total Liabilities and Net Assets	<u>\$ 440,023</u>
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See notes to financial statements.

Move America Forward
Statement of Activities
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities			
Revenue and Other Support			
Contributions	\$ 1,043,878	\$ 16,434	\$ 1,060,312
In-kind contributions—Note 7	1,285,690		1,285,690
Interest and dividends	547		547
	<u>2,330,115</u>	<u>16,434</u>	<u>2,346,549</u>
Net assets released from restrictions	16,085	(16,085)	
	<u>2,346,200</u>	<u>349</u>	<u>2,346,549</u>
	<u>2,346,200</u>	<u>349</u>	<u>2,346,549</u>
Expenses			
Program services	2,016,824		2,016,824
Supporting services			
Management and general	208,030		208,030
Fundraising	54,453		54,453
	<u>2,279,307</u>		<u>2,279,307</u>
	<u>66,893</u>	<u>349</u>	<u>67,242</u>
Nonoperating Activities			
Investment return, net	(1,290)		(1,290)
	<u>(1,290)</u>		<u>(1,290)</u>
	<u>65,603</u>	<u>349</u>	<u>65,952</u>
Net Assets at Beginning of Year	<u>281,882</u>	<u>16,085</u>	<u>297,967</u>
Net Assets at End of Year	<u>\$ 347,485</u>	<u>\$ 16,434</u>	<u>\$ 363,919</u>

See notes to financial statements.

Move America Forward
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 132,771	\$ 64,313	\$	\$ 197,084
Payroll taxes	10,751	5,757		16,508
Employee benefits	12,948	4,539		17,487
Total Salaries and Payroll Taxes	156,470	74,609		231,079
Accounting		14,480		14,480
Advertising	176,344		54,440	230,784
Bank service charges	24,038	680		24,718
Care packages—Note 7	1,287,007			1,287,007
Conferences and meetings	306	547		853
Contributions	250			250
Depreciation expense		543		543
Dues and subscriptions	1,003	3,327		4,330
Equipment rental and maintenance	3,114	4,233		7,347
Legal fees		22,699		22,699
Miscellaneous	328			328
Occupancy	24,028	23,074		47,102
Postage and shipping	126,854		13	126,867
Professional services	133,998	20,650		154,648
Program management	50,050	21,450		71,500
Supplies	11,042	4,851		15,893
Taxes, licenses and insurance		3,881		3,881
Telephone		2,904		2,904
Travel	17,135	500		17,635
Utilities	4,520	9,602		14,122
Volunteer expenses	337			337
Total Expenses	\$ 2,016,824	\$ 208,030	\$ 54,453	\$ 2,279,307

See notes to financial statements.

Move America Forward
Statement of Cash Flows
December 31, 2018

Cash Flows from Operating Activities

Change in net assets	\$ 65,952
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Investment losses, net	1,290
Depreciation expense	543
Changes in operating assets and liabilities:	
Contributions receivable	(349)
Accounts payable and accrued expenses	25,109

Net Cash Provided by Operating Activities	92,545
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Cash Flows from Investing Activities

Purchases of investments	(327)
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Net Cash Used in Investing Activities	(327)
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Increase in Cash and Cash Equivalents	92,218
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Cash and Cash Equivalents
at the Beginning of Year

300,355

Cash and Cash Equivalents at the End of Year	\$ 392,573
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Supplementary Disclosures

Income taxes paid	\$
Interest paid	\$

See notes to financial statements.

Move America Forward
Notes to Financial Statements
December 31, 2018

Note 1—Organization

Move America Forward (MAF) is a nonprofit military charity based in Sacramento, California and the nation's largest grassroots pro-troop organization dedicated to supporting the brave men and women of our Armed Forces. Our principal mission today is to provide care packages and letters from grateful Americans to the troops deployed in combat areas around the world.

While there are many admirable groups supporting our veterans, we are one of the few organizations left supporting active duty troops deployed to the front lines of Afghanistan, Iraq, and other areas around the world where our troops are in harm's way.

MAF began by providing general troop support and educating the American public on the good works of our military men and women in combat areas in the Middle East. We employed television, radio, social media and the internet to reach out to Americans, so they would support and defend our troops when they were unfairly criticized or attacked. We further engaged people in supporting troops by conducting national bus tours with public rallies throughout the country. We led delegations to Iraq and Guantanamo Bay, taking Gold Star Parents to Iraq, working with military servicemen and women, pro troop companies, service organizations, and many other supporters from across the nation to benefit our troops.

We early on recognized that our troops in harm's way needed to hear directly from American citizens affirming their support and providing some comforts from home. We began by sending special, fresh coffee that was purchased directly in coffee-growing regions in the world and shipped back to the United States where it was ground and packaged so fresh, quality coffee could be provided to our troops. We added cookies, stamped with the insignias of the military branches, to the packages that went directly to the troops.

We differed from other pro-military organizations by making sure that our care packages were individually addressed to military personnel in combat areas. Each package would include a note from the package sponsor that indicated their support and gratitude for the sacrifices being made to protect our freedom. Our mission and care packages quickly transformed into a year-round military care package operation providing the most requested items and the taste of home to our heroes.

Move America Forward has sent over 442 tons of care packages to deployed troops and that continues to this day as our major activity. We help educate Americans on the need for the care packages in multiple social media and internet ways, and in addition produce a celebrity-filled nationally televised telethon, called Troopathon around the 4th of July holiday when patriotic fervor is at its highest.

MAF is supported by hundreds of thousands of pro-troop activists, veterans, and military families all across the nation who share in our unwavering support of the military men and women who are on the front lines of protecting our country. We work with other non-profits, military service organizations, corporate sponsors, community networks and private citizens to support our military and demonstrate affirmatively our appreciation and admiration for their service to America.

It is our strong belief that American citizens must be enlisted in the effort to let our troops know that they are in our hearts and prayers and that we will defend their service and honor them here on the home front while they protect America on the front lines overseas.

Move America Forward
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies

Basis of Accounting—MAF uses the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Financial Statement Presentation—In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. MAF has adopted ASU 2016-14 for the year ended December 31, 2018 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented:

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The MAF's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the MAF and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of MAF. These net assets may be used at the discretion of MAF's management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of MAF and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit MAF to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. It is the policy of MAF to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Measure of operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of MAF's program services; nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Move America Forward
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Income Taxes—MAF is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, MAF has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2018. Generally, MAF's information returns remain open for examination for a period of three years (federal) or four years (state of California) from the date of filing.

Cash and Cash Equivalents—MAF considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property and Equipment—Property and equipment are recorded at cost when purchased or at estimated fair market value to the extent a fair market value could be derived at the date of donation. Depreciation of property and equipment is provided using the straight-line method over their estimated useful lives. Individual property items valued at less than \$500 are expensed when purchased or donated.

Concentration of Credit Risk—Financial instruments which potentially subject MAF to concentrations of credit risk consist of cash and cash equivalents, and receivables. MAF places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, in the normal course of business, such cash and cash equivalent balances are in excess of the FDIC insurance limits. Management regularly reviews the financial stability of its cash balances and deems the risk of loss due to these concentrations to be minimal.

Receivables consist of balances from individuals, local foundations and corporations. Management has also reviewed receivables for collectability and determined that no allowance for uncollectible receivables was necessary at December 31, 2018.

Move America Forward
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

In-Kind Contributions—Contributions of donated non-cash assets are recorded at their fair values in the period received. MAF receives care package donations in the form of personal hygiene products, snacks, candy, and other items from individuals, businesses, and other organizations. MAF sorts, re-packages and boxes these items to be shipped to military personnel stationed overseas. Contributed services are recorded at fair value at the date of donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria are not recognized.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. All other functional expenses are charged directly to either the programs or management and general category.

The expenses that are allocated include the following:

<u>Allocated Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes	Time and effort
Employee benefits	Time and effort
Advertising	Time and effort
Bank service charges	Time and effort
Conferences and meetings	Time and effort
Equipment rental and maintenance	Time and effort
Dues and subscriptions	Time and effort
Occupancy	Square footage
Professional services	Time and effort
Program management	Time and effort
Supplies	Time and effort
Travel	Time and effort
Utilities	Square footage

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most sensitive estimates affecting the financial statements are the valuation of donated food, and the valuation of donated volunteer service hours.

Move America Forward
Notes to Financial Statements—Continued

Note 3—Availability and Liquidity

MAF's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$270,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

The following represents the availability and liquidity of MAF's financial assets at December 31, 2018 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	\$	392,573
Contributions receivable		16,434
Investments		7,433
		<hr/>
Current Availability of Financial Assets	\$	<u>416,440</u>

Note 4—Investments and Fair Value Measurements

In determining the fair value of assets and liabilities, MAF utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. MAF determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to MAF at the measurement date.

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment.

MAF may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by MAF to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. MAF had no assets or liabilities classified at NAV as a practical expedient during the year ended December 31, 2018.

Move America Forward
Notes to Financial Statements—Continued

Note 4—Investments and Fair Value Measurements—Continued

Assets measured on a recurring basis at December 31, 2018 consist of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Equity funds	\$ 5,561	\$	\$	\$ 5,561
Exchange traded funds	1,629			1,629
Equities	243			243
Totals	<u>\$ 7,433</u>	<u>\$</u>	<u>\$</u>	<u>\$ 7,433</u>

Investment return for the year ended December 31, 2018 consists of the following:

Unrealized losses	<u>\$ (1,290)</u>
Investment Return, Net	<u>\$ (1,290)</u>

Note 5—Property and Equipment, Net

The major classes of property and equipment, net at December 31, 2018 are as follows:

Furniture and equipment	\$ 19,396
Leasehold improvements	<u>21,158</u>
	40,554
Less accumulated depreciation	<u>(23,311)</u>
Net	<u>\$ 17,243</u>

Total depreciation expense recorded for the year ended December 31, 2018 was \$543.

Note 6—Net Assets

Net assets with donor restrictions at December 31, 2018 amounted to \$16,434 and are time-restricted for future periods.

Net assets released from donor restrictions for the year ended December 31, 2018 amounted to \$16,085 and solely relate to the satisfaction of the passage of time.

Note 7—In-Kind Contributions

In-kind contribution revenues for the year ended December 31, 2018 consist of the following:

Candy and snacks	\$ 641,326
Care package supplies	493,644
Coffee	<u>150,720</u>
Total	<u>\$ 1,285,690</u>

Move America Forward
Notes to Financial Statements—Continued

Note 7—In-Kind Contributions—Continued

In-kind candy and snacks, coffee, and supplies have been included in the care packages caption in the statement of functional expenses. MAF purchased additional care package items valued at \$1,137 during the year ended December 31, 2018.

Note 8—Facility Lease

In July 2017, MAF entered into a facility lease with an unrelated party for its headquarter office. The lease required a cash deposit of \$4,040 upon its signing. The term of the lease runs through July 2020. Future minimum payments on this lease are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 50,182
2020	30,002
Total	<u>\$ 80,184</u>

Note 9—Recent Accounting Pronouncements

Leases—In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2019, with early adoption permitted. MAF is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

Note 10—Subsequent Events

Management evaluated all activities of Move America Forward through August 30, 2019, which is the date the financial statements were available to be issued, and concluded that no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.