

**MILITARY FAMILY ADVISORY NETWORK  
(a nonprofit organization)**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2021  
with Summarized Comparative Information as of  
December 31, 2020**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Military Family Advisory Network  
Arlington, VA

### **Opinion**

We have audited the accompanying financial statements of Military Family Advisory Network (MFAN), which comprise the statement of financial position as of December 31, 2021, 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 MFAN as of December 31, 2021, 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.

### **Emphasis of Matter - Contingencies**

As discussed in Note 8 to the financial statements, economic uncertainties have arisen as a result of the spread of the novel coronavirus that are likely to impact MFAN's operations. Our opinion is not modified with respect to this matter, and no pandemic implications are accounted for in these financial statements.

### **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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MFAN 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; and for 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 MFAN's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' 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 MFAN'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 MFAN'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.

## Report on Summarized Comparative Information

We have previously audited MFAN's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Renner and Company, CPA, P.C.*

Alexandria, Virginia  
September 23, 2022

**MILITARY FAMILY ADVISORY NETWORK**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2021 (with Comparative Information as of December 31, 2020)**

**ASSETS**

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and restricted cash	\$ 1,160,477	\$ 271,496
Accounts receivable	444,351	115,126
Prepaid expenses	47,697	43,679
<b>TOTAL CURRENT ASSETS</b>	<u>\$ 1,652,525</u>	<u>\$ 430,301</u>
<b>TOTAL PROPERTY AND EQUIPMENT, at cost, net</b>	<u>6,409</u>	<u>4,379</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,658,934</u></u>	<u><u>\$ 434,680</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 51,267	\$ 37,756
Credit card payable	39,572	741
Deferred revenue	175,000	-
Accrued wages	-	8,495
<b>TOTAL CURRENT LIABILITIES</b>	<u>265,839</u>	<u>46,992</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,276,255	362,688
With donor restrictions	116,840	25,000
<b>TOTAL NET ASSETS</b>	<u>1,393,095</u>	<u>387,688</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,658,934</u></u>	<u><u>\$ 434,680</u></u>

See Independent Auditors' Report.

**MILITARY FAMILY ADVISORY NETWORK****STATEMENT OF ACTIVITIES****Year Ended December 31, 2021 (with Comparative Summarized Information for the year ended December 31, 2020)**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>SUPPORT AND REVENUE</b>				
Contributions and sponsorships	\$ 2,233,668	\$ 350,856	\$ 2,584,524	\$ 1,108,449
Donated goods and services	2,429,500	-	2,429,500	519,965
Other income from loan forgiveness	93,507	-	93,507	62,493
Other income	4,541	-	4,541	1,333
Investment income	400	-	400	-
Net assets with donor restrictions released from restrictions	259,016	(259,016)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>5,020,632</b>	<b>91,840</b>	<b>5,112,472</b>	<b>1,692,240</b>
<b>EXPENSES</b>				
Program	3,806,951	-	3,806,951	1,351,380
Management and general	200,900	-	200,900	106,770
Fundraising	99,214	-	99,214	40,235
<b>TOTAL EXPENSES</b>	<b>4,107,065</b>	<b>-</b>	<b>4,107,065</b>	<b>1,498,385</b>
<b>CHANGE IN NET ASSETS</b>	<b>913,567</b>	<b>91,840</b>	<b>1,005,407</b>	<b>193,855</b>
<b>NET ASSETS, beginning of year</b>	<b>362,688</b>	<b>25,000</b>	<b>387,688</b>	<b>193,833</b>
<b>NET ASSETS, end of year</b>	<b>\$ 1,276,255</b>	<b>\$ 116,840</b>	<b>\$ 1,393,095</b>	<b>\$ 387,688</b>

See Independent Auditors' Report.

**MILITARY FAMILY ADVISORY NETWORK**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2021 (with Summarized Comparative Information for the year ended December 31, 2020)**

	2021				2020
	Program	Management and General	Fundraising	Total	
Salaries	\$ 803,504	\$ 99,939	\$ 64,075	\$ 967,518	\$ 458,081
Payroll taxes	68,528	6,557	4,027	79,112	33,591
Employee benefits	41,154	20,746	3,847	65,747	13,070
Donated goods	1,482,204	-	-	1,482,204	23,895
Donated services	947,296	-	-	947,296	496,070
Technology	96,521	5,412	10,993	112,926	53,554
Consulting	101,670	3,151	1,225	106,046	326,951
Event	101,709	1,950	-	103,659	-
Marketing	67,041	1,926	1,328	70,295	16,736
Travel	56,149	3,519	5,964	65,632	19,562
Fundraising fees	51	23,898	36	23,985	278
Accounting fees	-	18,812	-	18,812	20,563
Postage and printing	8,413	2,820	846	12,079	1,571
Meals	10,263	-	-	10,263	2,135
Research incentives	9,785	-	-	9,785	-
Human resources	5,776	2,912	540	9,228	2,748
Registration and licensing	167	1,675	4,596	6,438	3,422
Insurance	953	2,831	-	3,784	3,269
Meetings	2,076	-	897	2,973	7,653
Office supplies	2,323	276	55	2,654	538
Depreciation	-	2,585	-	2,585	854
Dues and subscriptions	1,287	-	-	1,287	1,027
Professional fees	-	236	785	1,021	9,452
Telecommunication	-	954	-	954	2,770
Bank charges	17	701	-	718	595
Storage unit	64	-	-	64	-
<b>TOTAL EXPENSES</b>	<b>\$ 3,806,951</b>	<b>\$ 200,900</b>	<b>\$ 99,214</b>	<b>\$ 4,107,065</b>	<b>\$ 1,498,385</b>

See Independent Auditors' Report.



**MILITARY FAMILY ADVISORY NETWORK**

**STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2021 (with Comparative Information for the year ended December 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operations		
Support and revenue	\$ 2,434,840	\$ 1,030,656
Investment income	400	-
	<u>2,435,240</u>	<u>\$ 1,030,656</u>
Cash used in operations		
Payments to employees and suppliers	<u>1,635,151</u>	<u>976,289</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>800,089</u>	<u>54,367</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property	<u>(4,615)</u>	<u>(5,233)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program loan	<u>93,507</u>	<u>62,493</u>
<b>NET INCREASE IN CASH AND RESTRICTED CASH</b>	888,981	111,627
<b>CASH AND RESTRICTED CASH, beginning of year</b>	<u>271,496</u>	<u>159,869</u>
<b>CASH AND RESTRICTED CASH, end of year</b>	<u><u>\$ 1,160,477</u></u>	<u><u>\$ 271,496</u></u>
<b>NON-CASH FINANCING ACTIVITIES</b>		
Forgiveness on Paycheck Protection Program loan	\$ (93,507)	\$ (62,493)
Gain on extinguishment of debt	<u>93,507</u>	<u>62,493</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Independent Auditors' Report.

**MILITARY FAMILY ADVISORY NETWORK**

**STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2021 (with Comparative Information for the year ended December 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CHANGE IN NET ASSETS</b>	<u>\$ 1,005,407</u>	<u>\$ 193,855</u>
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Depreciation	2,585	854
Forgiveness of Paycheck Protection Program loan	<u>(93,507)</u>	<u>(62,493)</u>
<b>NET ADJUSTMENTS</b>	<u>(90,922)</u>	<u>(61,639)</u>
<b>CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS PROVIDING (USING) CASH</b>		
<b>ASSETS</b>		
Accounts receivable	(329,225)	(79,126)
Prepaid expense	<u>(4,018)</u>	<u>(21,504)</u>
	<u>(333,243)</u>	<u>(100,630)</u>
<b>LIABILITIES</b>		
Accounts payable	13,511	22,987
Deferred revenue	175,000	-
Accrued wages	(8,495)	7,117
Credit card payable	<u>38,831</u>	<u>(7,323)</u>
	<u>218,847</u>	<u>22,781</u>
<b>NET CHANGES IN ASSETS AND LIABILITIES</b>	<u>(114,396)</u>	<u>(77,849)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 800,089</u></u>	<u><u>\$ 54,367</u></u>

See Independent Auditors Report.

## **MILITARY FAMILY ADVISORY NETWORK**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE**

##### **Nature of Activities**

The Military Family Advisory Network (MFAN), a 501(c)(3) organization, was founded in 2013 to develop a community of military and veteran families, at home and abroad, who are well informed about important resources designed to serve them, equipped with tools for success, connected to leaders who serve the military family community and embraced by the general public.

MFAN's mission is to be the authentic voice of the modern military family and the bridge that connects military families to the resources, people, and information they depend on to successfully navigate all phases of military life.

A brief description of major programs include:

##### **Advisory Board Peer-to-Peer Network**

Since 2013, MFAN has convened a group of military and veteran spouses, who are also leaders in their communities, in order to form a fuller understanding of what military families need and value. The MFAN advisory board is a diverse group of military and veteran spouse leaders, changemakers, and champions for military families. They bring together years of military life experience and are dispersed throughout the country near military installations of all branches of service. These dedicated volunteers serve as ambassadors - representing their active duty, guard, reserve, and veteran communities. In 2021, MFAN welcomed our fifth cohort, consisting of 13 members who will serve a two-year term. Through monthly convenings, the advisory board shares what they are hearing in their communities, giving MFAN a better understanding of the challenges facing military families and how to best serve them. This relay of information is crucial to fueling MFAN's research and paves the path forward for data-driven organizational programming and partnerships.

##### **Research and Program Evaluation**

In order to effectively develop programs that drive meaningful impact and better inform lawmakers, leaders, decision-makers and communities, we must first understand military families' current needs. MFAN leverages its internal capability to listen to families' stories and experiences in their own words through rigorous mixed-methods research. This scientific information gathering supplements the largely quantitative research conducted by the Department of Defense and other research organizations in a meaningful way, by providing insight into the lived experiences of military and veteran families in their own words. MFAN's rich qualitative data provides a fuller picture of the realities faced by military and veteran families.

## **MILITARY FAMILY ADVISORY NETWORK**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (CONTINUED)**

##### **Nature of Activities (Continued)**

MFAN's in-house research team, comprised of doctorate-level researchers, design relevant survey instruments that help us understand the programs and services military families value, need and where gaps exist. Our research team analyzes the data and then shares our findings through a comprehensive report. MFAN's use of cutting-edge data analysis software allows the team to evaluate patterns and trends in its qualitative data, providing unique insights into military family life. This reporting is supplemented by outreach efforts and meetings with key influencers to discuss what we have learned through this scientific research.

Military families trust MFAN as a partner throughout their military career which has led to an overwhelming survey response. The research team's agility allows MFAN to conduct both large-scale surveys and smaller, topical surveys when needs arise. A national survey, fielded biannually, explores military families' current support programming needs. The results are used to guide decision-making within MFAN, including the advisory board, when collaborating with others, adding to existing programs or developing new programs. MFAN's work is critical in supporting all military and veteran families today and those who will follow tomorrow.

The MFAN research team also leads our impact assessment across programs. To do this, we engage in a continual program evaluation process, from inception and throughout implementation, and beyond. Before launching a program, we evaluate the landscape for support through research and work with our advisory board. As we implement programs, we engage participants and stakeholders to ensure that we have effective outcomes.

##### **Military Family Financial Readiness Coalition**

MFFRC convenes both public and private organizations committed to the financial wellness and stability of military families. This coalition provides an opportunity for organizations with a vested interest in the financial well-being of military families to share ideas, lessons learned, best practices, challenges, and opportunities to more effectively serve our families and respond to their evolving needs. In addition to informing the work of its participants in their financial education efforts and initiatives, the MFFRC yields actionable information that educates and informs policymakers.

##### **Military Family Food Insecurity Coalition**

Created in 2018, the Military Family Food Insecurity Coalition (MFFIC) shares research and resources, raises awareness, and develops solutions that alleviate hunger among our military and veteran communities. The coalition is comprised of military-connected nonprofits, advocacy and education organizations, policymakers, subject matter experts, industry leaders, food banks, and more.

## **MILITARY FAMILY ADVISORY NETWORK**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (CONTINUED)**

##### **Nature of Activities (Continued)**

###### **Military Family Housing Roundtable**

The Military Housing Roundtable (MHR) is a network of trusted, best-in-class stakeholders from organizations across the public and private sectors working to ensure that military and veteran families have access to healthy, safe, and affordable housing regardless of where the military sends them. The MHR convenes housing leaders and advocates and builds on best practices to develop and recommend policy and programmatic solutions.

###### **1 Million Meals Challenge: Combat Military Hunger**

To create a launchpad for food-related support for military families, in April 2021, MFAN designed and implemented the 1 Million Meals Challenge, a nationwide campaign to combat the upsetting rise of hunger in the military community. The campaign promised to bring together key players – corporate sponsors, military families, food bank partners, elected officials, military leaders, and subject matter experts – to identify both immediate and long-term solutions to food insecurity. MFAN announced a three-pronged approach; hosting local food distributions in areas of the country where food support is needed most, connecting families to ongoing support and resources, and conducting research to understand and ultimately address underlying factors that lead to food insecurity among military families.

MFAN officially distributed over one million meals to over 6,700 military families, each of whom received an average of 50 pounds of nutritious food at every distribution at no cost. As part of this work, MFAN launched the Combat Military Hunger Task Force to identify long-term, scalable, and sustainable programs to support military families experiencing food insecurity.

##### **Basis of Accounting**

MFAN prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted within the United States (U.S. GAAP). Revenues are recognized in the period in which they are earned; expenses are recognized in the period in which they are incurred.

##### **Cash and Cash Equivalents**

As of December 31, 2021, cash consists of a checking and savings account. MFAN considers all highly liquid investments with initial maturities of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2021 and 2020.

## **MILITARY FAMILY ADVISORY NETWORK**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (CONTINUED)**

##### **Accounts Receivable**

Receivables are stated at net realizable value. MFAN provides an allowance for bad debts using the allowance method, which is based on the judgment of management considering historical information. Receivables are considered past due after 30 days and charged off based on individual credit evaluations and specific circumstances of the parties involved. Management records an allowance based on the history of collectability and its efforts to collect outstanding allowance. When all collection efforts have been exhausted, the accounts are written off against the related allowance. MFAN has deemed all receivables to be collectible and no allowance for doubtful accounts has been established for the years ended December 31, 2021 and 2020.

##### **Fixed Assets and Depreciation**

Fixed asset purchases in excess of \$1,000 are capitalized and are stated at cost, less accumulated depreciation. Depreciation of equipment is recorded on a straight-line basis over the estimated useful lives of the assets that are three to seven years. Donated assets are capitalized at fair market value on the date of donation.

##### **Basis of Presentation**

In accordance with U.S. GAAP, MFAN's net assets are classified into two categories: net assets without donor restrictions and net assets with donor restrictions.

##### **Net Assets Without Donor Restrictions**

MFAN includes operating net assets that are available for the general operations of the organization as net assets without donor restriction.

##### **Net Assets With Donor Restrictions**

MFAN reports gifts of cash and other restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

## **MILITARY FAMILY ADVISORY NETWORK**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (CONTINUED)**

##### **Revenue Recognition**

MFAN reports contributions with donor-imposed restrictions as net assets with donor restrictions; however, donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

##### **Disaggregation of Revenue**

MFAN is dependent on the strength of its ability to solicit donations, grants and sponsorships from outside sources. MFAN recognizes revenue as it is received for financial reporting purposes. MFAN disaggregates revenue between grants, sponsorships and donations, and these categories are used to depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

##### **Performance Obligations**

MFAN recognizes revenue received from grants in exchange for services rendered over time for financial reporting purposes. Revenue is recognized in the amount invoiced as that amount corresponds directly to the value of MFAN's performance to date. If factors create uncertainty about the amount to which MFAN expects to be entitled, MFAN would limit its estimated recognized amount to an amount that would not result in a significant reversal of revenue when the uncertainty is resolved.

##### **Significant Judgments**

MFAN would generally be entitled to payment for performance to date if a grant agreement is cancelled for any reason other than nonperformance. As a result, MFAN's revenue for awards in exchange for services rendered is recognized over time. Revenue is recognized in the amount invoiced as that amount corresponds directly to the value of MFAN's performance to date.

##### **Gifts-in-kind**

Donated goods and services are recorded at their estimated fair value on the date of receipt. Donated services are recognized in the financial statements at their fair value if the services require specialized skills and the services would typically need to be purchased if not donated. In-kind contributions are reported in the statement of activities as both revenue and expense.

## **MILITARY FAMILY ADVISORY NETWORK**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (CONTINUED)**

##### **Adoption of a New Accounting Standard**

MFAN has adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* modifying ASC section 958. The change has been applied as of December 31, 2021, with no effect on beginning net asset balances.

##### **Income Taxes**

MFAN is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. In addition, MFAN qualifies for the charitable contributions deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). MFAN had no taxable unrelated business income for the years ended December 31, 2021 and 2020.

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated MFAN's tax positions and concluded there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

##### **Allocated Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as salaries, payroll taxes, employee benefits, technology, consulting, marketing, travel, fundraising fees, postage and printing, human resources, registration and licensing, and office supplies have been allocated among the program and management and general, and fundraising benefits based on level of effort. Professional fees has been allocated to general and administrative and fundraising, while accounting fees, depreciation and telecommunication are allocated solely to general and administrative. Donated goods and services, meals, research incentives, dues and subscriptions, and storage unit have been allocated solely to programs.



## MILITARY FAMILY ADVISORY NETWORK

### NOTES TO FINANCIAL STATEMENTS

December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)

#### 1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (CONTINUED)

##### Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with U.S. GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

The significant estimates affecting the financial statements include the estimated fair value of the donated goods and services are discussed in Note 7.

##### Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with MFAN's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

##### Reclassification

Certain account balances within the prior year financial statements have been reclassified to conform to the current year financial statement presentation.

##### Liquidity and Availability of Assets

MFAN maintains a liquid cash balance in the checking account in an amount necessary to meet its anticipated expenditures for the next 30 days.

MFAN's financial assets available within one year to meet cash needs for general expenditures through December 31, 2022, are as follows:

Financial Assets	
Cash	\$ 1,160,477
Accounts receivable	444,351
Total financial assets	<u>1,604,828</u>
Less amounts not available within one year	
Purpose restricted net assets	<u>(116,840)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 1,487,988</u>

## MILITARY FAMILY ADVISORY NETWORK

### NOTES TO FINANCIAL STATEMENTS

December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)

#### 2. CASH AND RESTRICTED CASH

Cash and restricted cash as of December 31, 2021 and 2020, consists of the following:

	2021	2020
Held for restricted purposes	\$ 116,840	\$ 25,000
Unrestricted cash	1,043,637	246,496
Total cash and restricted cash	<u>\$ 1,160,477</u>	<u>\$ 271,496</u>

The balances in a financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. The bank balances as of December 31, 2021 and December 31, 2020, not covered by FDIC deposit insurance were \$923,140 and \$25,218, respectively.

#### 3. ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2021 and 2020, consisted of the following:

	2021	2020
Sponsorship revenue receivable	\$ 175,000	\$ 100,000
Contribution pledges receivable, due in less than one year	269,351	15,126
Total	<u>\$ 444,351</u>	<u>\$ 115,126</u>

#### 4. PAYCHECK PROTECTION PROGRAM LOAN

MFAN received loan proceeds in the amount of \$93,507 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Prior to the fiscal year end, the loan was forgiven by the Small Business Administration for the amount in full.

**MILITARY FAMILY ADVISORY NETWORK**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

**5. PROPERTY AND EQUIPMENT**

Property and equipment and accumulated depreciation and depreciation and amortization expense for the year then ended December 31, 2021 and 2020 are as follows:

	2021		
	Cost	Depreciation and Amortization Expense	Accumulated Depreciation
Furniture and equipment	\$ 9,848	\$ 2,585	\$ 3,439

  

	2020		
	Cost	Depreciation and Amortization Expense	Accumulated Depreciation
Furniture and equipment	\$ 5,233	\$ 854	\$ 854

**6. NET ASSETS WITH DONOR RESTRICTIONS**

A summary of activity in net assets with donor restriction for funds maintained within MFAN for the years ended December 31, 2021 and 2020, are as follows:

	2021			
	Balance at December 31, 2020	Revenue and Support	Released from Restriction	Balance at December 31, 2021
Purpose restricted:				
Research	\$ -	\$ 325,856	\$ (209,016)	\$ 116,840
Colorado Regional	25,000	25,000	(50,000)	-
	<u>\$ 25,000</u>	<u>\$ 350,856</u>	<u>\$ (259,016)</u>	<u>\$ 116,840</u>

## MILITARY FAMILY ADVISORY NETWORK

### NOTES TO FINANCIAL STATEMENTS

December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)

#### 6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	2020			
	Balance at December 31, 2019	Revenue and Support	Released from Restriction	Balance at December 31, 2020
Purpose restricted:				
Research	\$ 70,000	\$ -	\$ (70,000)	\$ -
Financial Education	-	25,000	(25,000)	-
Texas Regional	-	108,823	(108,823)	-
Colorado Regional	-	25,000	-	25,000
Communications	-	8,000	(8,000)	-
Entrepreneurship	-	10,000	(10,000)	-
MilMap	-	10,000	(10,000)	-
MFAN Connects	-	12,500	(12,500)	-
	<u>\$ 70,000</u>	<u>\$ 199,323</u>	<u>\$ (244,323)</u>	<u>\$ 25,000</u>

#### 7. DONATED GOODS AND SERVICES

Gifts-in-kind consist of donated services from Reingold, Inc. providing media, web design, project management and other support services. Inputs used to measure the initial recognition of donated services consist of a valued blended rate of \$135 per hour based on actual hours spent by Reingold, Inc.'s employees for each project. Due to the nature of these nonfinancial assets, the services were all utilized in the period they were received and there were no donor restrictions imposed on them.

In addition, MFAN also received donated goods in support of their 1 Million Meals Challenge campaign that started in April 2021. MFAN estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States. These goods were all utilized in the period they were received and there were no donor restrictions imposed on them. For the years ended December 31, 2021 and 2020, donated services and goods consisted of the following:

	2021	2020
Donated food items	\$ 1,482,204	\$ 23,895
Donated professional services	947,296	496,070
	<u>\$ 2,429,500</u>	<u>\$ 519,965</u>

## **MILITARY FAMILY ADVISORY NETWORK**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

#### **8. CONTINGENCIES - NOVEL COVID-19 CORONAVIRUS**

Citizens and economies of the United States and other countries have been significantly impacted by the coronavirus (COVID-19) pandemic. While it is premature to accurately predict how the coronavirus will ultimately affect MFAN's operations because the disease's severity and duration are uncertain, we expect 2022 financial results may be significantly impacted. No pandemic implications are accounted for in these financial statements.

#### **9. SUBSEQUENT EVENTS**

In preparing these financial statements, MFAN has evaluated events and transactions for potential recognition or disclosure through September 23, 2022, the date the financial statements were available to be issued.