

**STILL SERVING VETERANS**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

## CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	8

# Mercer & Associates, PC

a CPA firm

201 Williams Avenue, Suite 280  
Huntsville, Alabama 35801  
(256) 536 – 4318  
Fax (256) 533 - 7193

Jerry Mercer, CPA, owner  
Lisa Eaton, CPA  
Misty Whiting, CPA  
Jordan Gibbs, CPA  
Amy Todd, CPA

Members  
Alabama Society of C.P.A.s  
American Institute C.P.A.s

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Still Serving Veterans  
Huntsville, Alabama

### Opinion

We have audited the accompanying financial statements of Still Serving Veterans (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years 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 Still Serving Veterans as of December 31, 2022 and 2021, and the changes in net assets and its cash flows for the years 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 Still Serving Veterans 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.

### Emphasis of Matter

As discussed in Note 12 to the financial statements, in 2022, the organization adopted FASB ASC 842, *Leases*. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Still Serving Veterans' 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 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 Still Serving Veterans' 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 Still Serving Veterans' 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.

*Mercer & Associates, PC*

July 19, 2023

**STILL SERVING VETERANS  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

<b>ASSETS</b>		<b>2022</b>	<b>Restated 2021</b>
		<u>2022</u>	<u>2021</u>
<b>Current Assets</b>			
Cash and Cash Equivalents	\$	790,368	\$ 902,767
Prepaid Expenses		21,555	5,132
<b>Total Current Assets</b>		<u>811,923</u>	<u>907,899</u>
<b>Fixed Assets</b>			
Furniture, Fixtures and Equipment		23,360	19,816
Leasehold Improvements		116,908	99,066
Leased Building, net of Accumulated Amortization		66,817	103,538
Accumulated Depreciation		<u>(62,536)</u>	<u>(54,258)</u>
<b>Total Fixed Assets</b>		<u>144,549</u>	<u>168,162</u>
<b>Intangible Assets, net of amortization</b>		<u>5,000</u>	<u>5,600</u>
<b>Other Assets</b>			
SSV Legacy Endowment Fund		172,439	87,854
Utility Deposit		<u>1,322</u>	<u>1,322</u>
<b>Total Other Assets</b>		<u>173,761</u>	<u>89,176</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<u><u>1,135,233</u></u>	<u><u>\$ 1,170,837</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$	53,465	\$ 36,421
Accrued Payroll & Vacation		45,771	52,418
Unearned Revenue		10,000	0
Payroll Liabilities		5,402	5,138
Current Lease Liability		<u>41,073</u>	<u>40,321</u>
<b>Total Current Liabilities</b>		155,711	134,298
<b>Long Term Liabilities</b>			
Long Term Lease Liability		<u>24,544</u>	<u>65,617</u>
<b>TOTAL LIABILITIES</b>		<u>180,255</u>	<u>199,915</u>
<b>Net Assets</b>			
Without Donor Restrictions			
Undesignated		611,433	585,477
Designated by Board for Endowment		172,439	87,854
With Donor Restrictions		<u>171,106</u>	<u>297,591</u>
<b>Total Net Assets</b>		<u>954,978</u>	<u>970,922</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<u><u>1,135,233</u></u>	<u><u>\$ 1,170,837</u></u>

The accompanying notes to financial statements are an integral part of these financial statements

**STILL SERVING VETERANS  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>Restated 2021</u>
<b>NET ASSETS WITOUT DONOR RESTRICTIONS</b>		
<b>Revenue and Support</b>		
Contributed support	\$ 346,422	\$ 369,454
Nonprofit organization and foundation grants	883,733	724,315
Agency/government grants	62,000	54,000
Miscellaneous income	0	2,065
<b>Total Revenue and Support</b>	<u>1,292,155</u>	<u>1,149,834</u>
<b>Special Events Revenue, Net of Expenses</b>		
Event revenue	277,737	196,384
Less: direct expenses	<u>(63,924)</u>	<u>(47,165)</u>
<b>Total Special Events Revenue, Net of Expenses</b>	<u>213,813</u>	<u>149,219</u>
<b>Net Assets Released from Restriction</b>	<u>283,285</u>	<u>565,000</u>
<b>Functional Expenses</b>		
Program services	1,361,492	1,357,604
Management and general	298,069	135,990
Fundraising	<u>6,460</u>	<u>3,345</u>
<b>Total Functional Expenses</b>	<u>1,666,021</u>	<u>1,496,939</u>
<b>Other Income (Expenses)</b>		
Interest and investment income and expenses	7,374	1,518
Unrealized gain (loss)	(19,021)	18,832
Realized gain (loss)	<u>(1,044)</u>	<u>0</u>
<b>Total Other Income (Expenses)</b>	<u>(12,691)</u>	<u>20,350</u>
<b>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>110,541</u>	<u>387,464</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
<b>Revenue and Support</b>		
Nonprofit organization grants	156,800	317,941
<b>Net Assets Released from Restriction</b>	<u>(283,285)</u>	<u>(565,000)</u>
<b>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>(126,485)</u>	<u>(247,059)</u>
<b>Increase (Decrease) in Net Assets</b>	(15,944)	140,405
<b>Net Assets, Beginning of Year</b>	<u>970,922</u>	<u>830,517</u>
<b>Net Assets, End of Year</b>	<u>\$ 954,978</u>	<u>\$ 970,922</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**STILL SERVING VETERANS  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

<b>Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities</b>	<u><b>2022</b></u>	<u><b>Restated 2021</b></u>
<b>Increase (Decrease) in Net Assets</b>	\$ (15,944)	\$ 140,405
Adjustment to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	8,278	6,395
Amortization	600	600
Amortization of Right-of-Use assets	36,721	36,023
Repayment of lease liability-operating leases	(40,321)	(33,623)
Unrealized (gain)/loss on investments	19,021	(18,832)
Realized (gain)/loss on investments	1,044	0
Investment income-dividends/interest	(4,040)	(2,215)
Investment fees	1,390	697
(Increase) decrease in:		
Prepaid expenses	(16,423)	(252)
Increase (decrease) in:		
Accounts payable	17,044	32,308
Payroll related liabilities	(6,383)	12,644
Unearned revenue	10,000	0
<b>Net Cash Provided by (Used by) Operating Activities</b>	<u>10,987</u>	<u>174,150</u>
 <b>Cash Flows from Investing Activities</b>		
Acquisition of fixed assets	(21,386)	(3,600)
Proceeds from sale of investments	12,285	0
Purchases of investments	(114,285)	0
<b>Net Cash Provided by (Used by) Investing Activities</b>	<u>(123,386)</u>	<u>(3,600)</u>
 <b>Cash Flows from Financing and Capital Activities</b>		
Line of credit proceeds	0	0
<b>Net Cash Provided by (Used by) Financing and Capital Activities</b>	<u>0</u>	<u>0</u>
 <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(112,399)	170,550
 <b>Cash and Cash Equivalents at Beginning of Year</b>	<u>902,767</u>	<u>732,217</u>
 <b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 790,368</u>	<u>\$ 902,767</u>
  <b>Cash Paid for Interest:</b>	  <u>\$ 0</u>	  <u>\$ 0</u>

The accompanying notes to financial statements are an integral part of these financial statements.

**STILL SERVING VETERANS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services	Management and General	Fundraising	Total
Salaries, taxes, employee benefits	\$ 1,042,371	\$ 244,138	\$ 4,849	\$ 1,291,358
Rent and utilities	51,600	7,800	600	60,000
Advertising	22,354	5,252	34	27,640
Travel	23,817	5,587	-	29,404
Telephone	33,434	5,054	389	38,877
Office expenses	50,737	11,901	-	62,638
Printing and copying	12,039	2,824	-	14,863
Staff development	3,809	894	-	4,703
Professional fees	14,702	3,449	-	18,151
Janitorial expense	2,811	425	33	3,269
Insurance expense	897	136	10	1,043
Depreciation and amortization	7,635	1,154	89	8,878
Membership dues, subscriptions, and books	14,801	3,562	384	18,747
Postage	1,052	247	-	1,299
Contract services	5,936	1,393	-	7,329
Program expansion	3,976	-	-	3,976
Client support	49,168	-	-	49,168
Miscellaneous	14,137	3,316	-	17,453
Bank, investment, credit card fees	6,214	939	72	7,225
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,361,492</b>	<b>\$ 298,069</b>	<b>\$ 6,460</b>	<b>\$ 1,666,021</b>

The accompanying notes to financial statements are an integral part of these financial statements.



**STILL SERVING VETERANS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services	Management and General	Fundraising	Restated Total
Salaries, taxes, employee benefits	\$ 1,043,047	\$ 132,623	\$ -	\$ 1,175,670
Rent and utilities	60,000	-	-	60,000
Advertising	17,675	-	202	17,877
Travel	22,065	216	-	22,281
Telephone	31,094	-	-	31,094
Office expenses	51,697	1,536	200	53,433
Printing and copying	12,234	-	504	12,738
Staff development	4,390	-	-	4,390
Professional fees	12,394	-	-	12,394
Janitorial expense	3,476	-	-	3,476
Insurance expense	17,725	-	-	17,725
Depreciation and amortization	6,016	909	70	6,995
Membership dues, subscriptions, and books	12,263	219	8	12,490
Postage	814	-	-	814
Relocation expense	164	-	-	164
Contract services	52	-	-	52
Facility Improvement	14,742	-	-	14,742
Grant expenses	24,642	-	-	24,642
Miscellaneous	19,668	-	2,239	21,907
Bank and investment fees	3,447	487	122	4,055
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,357,604</b>	<b>\$ 135,990</b>	<b>\$ 3,345</b>	<b>\$ 1,496,939</b>

The accompanying notes to financial statements are an integral part of these financial statements.

**STILL SERVING VETERANS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Still Serving Veterans (SSV) was founded in 2006 to empower Veterans, including wounded warriors and their families, by helping them reintegrate into the workforce and communities through counseling, coaching, mentoring, job transition training, and assistance in obtaining all Veterans Administration (VA) benefits to which they are entitled. SSV also serves as a clearinghouse for referrals to existing Federal, State, and local services. Sources of revenue for the organization include contributions, grants, governmental assistance, and special events held throughout the year.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Under the provisions of the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"), net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Accounting standards require that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. In addition, gains and losses on investments should be reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Income Tax Status

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. The Organization is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Tax years after December 31, 2018 remain subject to examination by taxing authorities.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Contributions Receivable

Unconditional promises to give are recorded as receivables and revenue when the promise is received. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. The Organization considers all contributions receivable to be fully collectible. As of December 31, 2022 and 2021 there are no contributions receivable.

#### Cash and Cash Equivalents

For the purposes of the statements of cash flows, SSV considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

#### Property and Equipment

Equipment is stated at cost or, if donated, at the fair market value on the date the equipment is contributed. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Equipment is depreciated over a period of five to seven years. When assets are retired, the assets and related accumulated depreciation are removed from the respective accounts and any profit or loss due to the disposition is credited or charged to income. Gifts of long-lived assets are reported as unrestricted support unless subject to donor stipulations.

The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Additions, improvements, and expenditures for repairs and maintenance that significantly add to the productivity or extend the useful life of the assets are capitalized. Other expenses for repairs and maintenance are charged to operations when incurred. The state and federal funding agencies may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

#### Leases

SSV determines if a contractual arrangement is or contains a lease at inception. Leases are classified as either an Operating Lease or a Finance Lease. The classification affects how rent expense is recognized. Regardless of the classification, both types of leases are included in right-of-use assets and lease liabilities on the Statement of Financial Position. Right-of-use assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. For leases classified as an Operating Lease, lease payments are recognized as rent expense on a straight-line basis over the lease term. For leases classified as a Finance Lease, lease payments are recognized as a reduction in the lease liability and interest expense. SSV does not report right-of-use assets and lease liabilities for short-term leases (leases with a term of 12 months or less and month-to-month leases). The lease payments for short-term leases are reported as rent expense. SSV has made an accounting policy election to use a risk-free rate in lieu of the incremental borrowing rate to discount future lease payments.

#### Intangible Assets

In May 2016, the Organization purchased a domain name for \$9,000. This was recorded as an intangible asset and is being amortized over 15 years. Amortization expense for the year ended December 31, 2022 and 2021 was \$600 and \$600, respectively. Accumulated amortization at December 31, 2022 and 2021 was \$4,000 and \$3,400, respectively.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Grants Receivable

The Organization has not recorded an allowance for doubtful accounts, as any grants receivable are deemed collectible.

#### Estimates

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

#### Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income is reported as an increase in net assets without donor restrictions in the reporting period in which the income is recognized. The investments are in mutual funds.

#### Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). The Organization's revenue is largely grants and contributions. The adoption of ASU 2014-09 had no impact on revenue and support or net assets.

Contributions received are recorded as support without donor restrictions and support with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in net assets with donor restrictions, 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 unrestricted net assets and reported in the statement of activities as net assets released from restriction.

The Organization has elected to report donor-restricted contributions (including contributions of long-lived assets) whose restrictions are met in the same reporting period as support without donor restrictions.

#### Donated Equipment, Facilities, and Services

Donated equipment and facilities may be reflected as contributions in the accompanying statements at the estimated value at the date of receipt. In the current year, the Organization did not receive a material amount of donated equipment or facilities, so no donated equipment or facilities were recognized. In addition, a substantial number of volunteers have donated significant amounts of their time in the organization's program services and in its fund-raising campaigns. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

#### Advertising

All advertising costs are expensed as incurred. Advertising expense for 2022 and 2021 was \$27,640 and \$17,877, respectively.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and Benefits	Time and Effort
Education and Awareness	Time and Effort
Office Expenses, Printing, Postage	Time and Effort
Travel	Time and Effort
Depreciation, Interest, Bank Fees	Square Footage
Rent, Utilities, Janitorial, Telephone, Insurance	Square Footage
All Other	Time and Effort

**NOTE 2 – CONCENTRATIONS OF RISK**

The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage up to \$250,000 for accounts held by each bank. SSV’s cash balances at one financial institution were over the FDIC coverage by \$565,880 at December 31, 2022 and \$672,507 at December 31, 2021.

**NOTE 3- NET ASSETS WITHOUT DONOR RESTRICTIONS DESIGNATED BY BOARD FOR ENDOWMENT**

The Organization’s endowment fund (“SSV Legacy Endowment Fund”) consists of assets held in an investment account at Twickenham Advisors. The organization’s endowment consists of contributions designated to support SSV in perpetuity. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The endowment agreement states there are no planned distributions or withdrawals allowed until the endowment fund balance totals one million dollars (\$1,000,000). After such threshold has been achieved, the annual distribution shall be equal to 5% of said funds, as long as the principal remains at or above \$750,000. Any withdrawals other than a planned distribution shall require the approval of 2/3 of the members of the SSV’s Board of Directors. Disbursement of planned distributions shall be made on an annual basis commencing on November 30 of each calendar year.

Net assets without donor restrictions designated by Board for Endowment as of December 31, 2022 and 2021 are as follows:

	2022	2021
SSV Legacy Endowment Fund	\$172,439	\$87,854

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement dates. A fair value measurement assumes that the transaction to see the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value in three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Foundation’s own data.)

The following table presents SSV’s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2022:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment	\$ 172,439	\$ 0	\$ 0	\$ 172,439
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ <u>172,439</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>172,439</u>

The following table presents SSV’s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2021:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment	\$ 87,854	\$ 0	\$ 0	\$ 87,854
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	\$ <u>87,854</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>87,854</u>

The Board of Directors approved investment of funds for the SSV Legacy Endowment Fund with Twickenham Advisors. All investments are invested by Twickenham Advisors in the name of SSV.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE 5 – LIQUIDITY

SSV's financial assets available within one year of the balance sheet date for general expenditure are as follows:

		2022		2021
Cash and cash equivalents	\$	790,368	\$	902,767
Prepaid expenses		21,555		5,132
	\$	811,923	\$	907,899

As part of SSV's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### NOTE 6 - FIXED ASSETS

A summary of changes in fixed assets for the year ended December 31, 2022, is as follows:

	Beginning	Additions	Disposals	Ending
Furniture and equipment	\$19,816	\$3,544	\$0	\$23,360
Leasehold improvements	99,066	17,842	0	116,908
Right-of-use asset, net of accumulated amortization	103,538	0	(36,721)	66,817
Accumulated depreciation	(54,258)	(8,278)	0	(62,536)
	\$168,162	(\$13,108)	(\$36,721)	\$144,549

A summary of changes in fixed assets for the year ended December 31, 2021, is as follows:

	Beginning	Additions	Disposals	Ending
Furniture and equipment	\$19,816	\$0	\$0	\$19,816
Leasehold improvements	95,466	3,600	0	99,066
Right-of-use asset, net of accumulated amortization	139,561	0	(36,023)	103,538
Accumulated depreciation	(47,863)	(6,395)	0	(54,258)
	\$206,980	(\$2,795)	(\$36,023)	\$168,162

Depreciation expense for the years ended December 31, 2022 and 2021 was \$8,278 and \$6,395.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**NOTE 7- NET ASSETS WITH DONOR RESTRICTIONS**

Donor restricted net assets consist for the following purposes as of December 31, 2022 and 2021:

	2022	2021
Subject to expenditure for a specified purpose:		
Community Foundation Grant	\$ 0	\$ 5,000
Giving Tuesday	14,306	14,591
VRC NavRNet-Raytheon	0	10,000
Code 2022 Funding	0	150,000
AI Signal Research	1,500	0
Intrepid	10,000	0
Koda Technologies	1,800	0
Lockheed Martin	10,000	0
Radiance Gives	5,000	0
Wells Fargo	10,000	0
Ashburn Foundation	5,000	0
Redstone Federal Credit Union	3,500	0
Torch Helps	10,000	0
Alpha Foundation	100,000	118,000
	\$ 171,106	\$ 297,591

Releases from Donor Restricted Net Assets for December 31, 2022 and 2021 are as follows:

	2022	2021
Subject to expenditure for a specified purpose:		
James Cecil Ashburn Foundation	\$ 0	\$ 10,000
Raytheon	10,000	5,000
Venturi Grant	0	5,000
Daniel Foundation Grant	0	20,000
Bob Woodruff Foundation	0	10,000
Regions	0	10,000
Iberia Bank	0	5,000
CVR Project Income	0	145,000
Garcia Family Foundation	0	200,000
Boeing Life Transition Program	0	50,000
Community Foundation Grant	5,000	0
Giving Tuesday	285	0
Code 2022 Funding	150,000	0
Alpha Foundation	118,000	105,000
	\$ 283,285	\$ 565,000



## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE 8 – SPECIAL EVENTS

The Organization coordinated several special events during 2022. The revenues and direct expenses related to these events are netted on the financial statements and are detailed as follows:

	Revenue	Expense	Net Income
Golf Tournament	\$82,218	\$25,493	\$56,725
Hockey Game	28,075	225	27,850
BBB Event	119,475	24,298	95,177
Trash Pandas Event	18,913	13,908	5,005
Third Party Events	29,056	0	29,056
Total Special Events	\$277,737	\$63,924	\$213,813

The Organization coordinated several special events during 2021. The revenues and direct expenses related to these events are netted on the financial statements and are detailed as follows:

	Revenue	Expense	Net Income
Golf Tournament	\$56,273	\$11,185	\$45,088
Hockey Game	25,005	0	25,005
BBB Event	71,823	28,288	43,535
Giving Tuesday	14,385	0	14,385
Trash Pandas Event	28,488	7,692	20,796
Miscellaneous	410	0	410
Total Special Events	\$196,384	\$47,165	\$149,219

### NOTE 9 – LEASES

FASB ASC 842, *Leases* issued in February 2016, is effective for fiscal years beginning after December 15, 2021. FASB ASC 842 requires lessees to determine if leases are classified as Operating Leases or Finance Leases. Regardless of classification, lessees must recognize an intangible right-of-use asset and lease liability. The right-of-use asset represents SSV's right to use the underlying asset for the lease term, and the lease liability represents SSV's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. The right-of-use assets are amortized over the lease term. For leases classified as an Operating Lease, lease payments are recognized as rent expense on a straight-line basis over the lease term. For leases classified as a Finance Lease, lease payments are recognized as a reduction in the lease liability and interest expense. A restatement of the year ending December 31, 2021 was required to record leases that had previously been entered into (See Note 12).

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**NOTE 9 – LEASES – CONTINUED**

SSV has one Operating Lease in effect during 2022 and 2021 that was subject to this standard. Details of the lease are as follows:

Lease for office space payable in monthly installments of \$2,750 for 24 months and \$3,500 for 36 months commencing on September 1, 2019.

The following table presents SSV’s leased asset balances as of December 31, 2022:

	<u>Gross Asset Balance</u>		<u>Accumulated Amortization</u>		<u>Net Asset Balance</u>
Leased Building	\$ 139,561	\$	72,744	\$	66,817

The following table presents SSV’s leased asset balances as of December 31, 2021:

	<u>Gross Asset Balance</u>		<u>Accumulated Amortization</u>		<u>Net Asset Balance</u>
Leased Building	\$ 139,561	\$	36,023	\$	103,538

Lease activity for the year ended December 31, 2022 was as follows:

	<u>Balance at January 1, 2022</u>		<u>Lease Financing</u>		<u>Principal Payments</u>	<u>Balance at December 31, 2022</u>
Leased Building	\$ 105,938	\$	0	\$	(40,321)	65,617
Current Lease Liability						(41,073)
Long Term Lease Liability						\$ 24,544

Lease activity for the year ended December 31, 2021 was as follows:

	<u>Balance at January 1, 2021</u>		<u>Lease Financing</u>		<u>Principal Payments</u>	<u>Balance at December 31, 2021</u>
Leased Building	\$ 139,561	\$	0	\$	(33,623)	105,938
Current Lease Liability						(40,321)
Long Term Lease Liability						\$ 65,617

Lease principal and interest payments for the lease commitments are as follows:

	<u>Building</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$41,073	\$927
2024	24,544	193

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE 9 – LEASES - CONTINUED

The lease liability commitments related to the lease are as follows:

	<u>Current</u>		<u>Long Term</u>		<u>Total</u>
2022	\$ 41,073	\$	24,544	\$	65,617
2023	24,544		0		24,544

SSV does not report right-of-use assets and lease liabilities for short-term leases (leases with a term of 12 months or less and month-to-month leases). The lease payments for short-term leases are reported as rent expense. SSV has one month-to-month lease for the East Alabama office, located in Phenix City, Alabama. This lease requires a payment of \$1,800 per month.

Rent expense for the year ended December 31, 2022 was \$60,000. Rent expense for the year ended December 31, 2021 was \$60,000.

### NOTE 10 – RISK AND UNCERTAINTY – COVID-19

The World Health Organization declared the COVID-19 outbreak a public health emergency on January 30, 2020. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. Anticipating the impact of the pandemic will make budget preparation difficult. At this time, an estimate of the financial statement effect of the event cannot be made.

### NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLE

The American Institute of Certified Public Accountants (AICPA) Auditing Standards Board issued new auditing standards – Statements on Auditing Standards (SAS) 134-140 – that impact several aspects of our audit including modifying the auditor’s report and communication to those charged with governance as well as requiring additional audit procedures over related party relationships and significant unusual transactions. These new pronouncements are effective for entities with periods ending on or after December 15, 2021. Therefore, these changes apply and have been implemented as of December 31, 2021. This implementation had no impact on net assets or ending net assets.

Statement on Auditing Standards (SAS) No. 142 takes effect for audits of financial statements for periods ending on or after December 15, 2022. SAS No. 142 explains what constitutes audit evidence in an audit of financial statements and sets out attributes of information that are taken into account by the auditor when evaluating information to be used as audit evidence. The adoption of SAS 142 had no effect on net assets or the change in net assets.

For the year ended December 31, 2022, SSV adopted FASB ASC 842, *Leases*, which requires lessees to determine if a lease is an Operating Lease or a Finance Lease. The Standard requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE 12 – RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

SSV implemented FASB ASC 842, *Leases*. This Standard was issued in February 2016 and effective for fiscal years beginning after December 15, 2021. Due to this implementation, SSV restated the financial statements for the year ending December 31, 2021. The restatement resulted in an increase in leased assets net of accumulated amortization of \$103,538, an increase in current liabilities of \$40,321 and long-term lease liability of \$65,617 for a total liability increase of \$105,938, and a corresponding change in ending net assets of a decrease of \$2,400 at December 31, 2021.

### NOTE 13 – LINE OF CREDIT

SSV has a line of credit at a local financial institution that permits SSV to borrow up to \$250,000. Advances bear interest at a variable rate. The outstanding balance totaled \$0 at December 31, 2022 and 2021. There were no draws made during 2022 or 2021. The entire \$250,000 is available at December 31, 2022 and December 31, 2021.

### NOTE 14 - SUBSEQUENT EVENTS

The date through which subsequent events have been evaluated is July 19, 2023. The financial statements were available to be issued at that time.