

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Iraq and Afghanistan Veterans of America, Inc.

Opinion

We have audited the financial statements of Iraq and Afghanistan Veterans of America, Inc., which comprise the statement of financial position as of December 31, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of Iraq and Afghanistan Veterans of America, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Iraq and Afghanistan Veterans of America, Inc. 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.

Prior Year Financial Statements

The financial statements of Iraq and Afghanistan Veterans of America, Inc. as of and for the year ended December 31, 2021, were audited by Friedman LLP whose practice was combined with Marcum LLP as of September 1, 2022, and whose report dated July 20, 2022, expressed an unmodified opinion on those statements.

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 Iraq and Afghanistan Veterans of America, Inc.'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 GAAS 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 GAAS, 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 Iraq and Afghanistan Veterans of America, Inc.'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 Iraq and Afghanistan Veterans of America, Inc.'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.

Marcum LLP

New York, NY
August 24, 2023

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022	2021
Assets		
Cash	\$ 3,614,423	\$ 4,165,524
Pledges and grants receivable	108,369	425,991
Prepaid expenses and other assets	133,706	197,795
Property and equipment, net	73,516	104,652
Security deposits	<u>9,705</u>	<u>9,705</u>
Total Assets	<u>\$ 3,939,719</u>	<u>\$ 4,903,667</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	<u>\$ 88,585</u>	<u>\$ 148,901</u>
Total Liabilities	<u>88,585</u>	<u>148,901</u>
Commitments		
Net Assets		
Without donor restrictions	3,711,134	4,474,766
With donor restrictions	<u>140,000</u>	<u>280,000</u>
Total Net Assets	<u>3,851,134</u>	<u>4,754,766</u>
Total Liabilities and Net Assets	<u>\$ 3,939,719</u>	<u>\$ 4,903,667</u>

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

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	December 31, 2022			December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Supports						
Contributions	\$ 1,482,534	908,620	\$ 2,391,154	\$ 2,026,269	\$ 490,665	\$ 2,516,934
Special events	76,935	--	76,935	167,584	--	167,584
PPP loan forgiveness and employee retention credit income	--	--	--	798,680	--	798,680
Donated goods and services	--	--	--	20,000	--	20,000
Investment income	36,911	--	36,911	3,941	--	3,941
Other income	74,025	--	74,025	8,983	--	8,983
Net assets released from restrictions	<u>1,048,620</u>	<u>(1,048,620)</u>	<u>--</u>	<u>465,665</u>	<u>(465,665)</u>	<u>--</u>
Total Revenues and Supports	<u>2,719,025</u>	<u>(140,000)</u>	<u>2,579,025</u>	<u>3,491,122</u>	<u>25,000</u>	<u>3,516,122</u>
Expenses						
Program	2,964,532	--	2,964,532	2,288,024	--	2,288,024
Management and general	387,667	--	387,667	469,620	--	469,620
Fundraising	<u>130,458</u>	<u>--</u>	<u>130,458</u>	<u>256,368</u>	<u>--</u>	<u>256,368</u>
Total Expenses	<u>3,482,657</u>	<u>--</u>	<u>3,482,657</u>	<u>3,014,012</u>	<u>--</u>	<u>3,014,012</u>
Change in Net Assets	(763,632)	(140,000)	(903,632)	477,110	25,000	502,110
Net Assets						
Beginning of Year	<u>4,474,766</u>	<u>280,000</u>	<u>4,754,766</u>	<u>3,997,656</u>	<u>255,000</u>	<u>4,252,656</u>
Net Assets, End of Year	<u>\$ 3,711,134</u>	<u>\$ 140,000</u>	<u>\$ 3,851,134</u>	<u>\$ 4,474,766</u>	<u>\$ 280,000</u>	<u>\$ 4,754,766</u>

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

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program	Management and General	Fundraising	Total
Salaries	\$ 1,186,034	\$ 177,125	\$ 64,525	\$ 1,427,684
Employee benefits and payroll taxes	149,963	22,395	8,158	180,516
Dues and subscriptions	34,086	2,956	1,217	38,259
Professional fees	846,590	163,836	25,273	1,035,699
Office expense	15,392	1,335	550	17,277
Insurance	20,289	1,760	725	22,774
Other taxes and fees	1,204	95	13,008	14,307
Travel	57,353	4,975	2,048	64,376
Software and online tools	69,170	5,999	2,470	77,639
Donation fees	--	--	9,523	9,523
Grants	400,000	--	--	400,000
Donations	75,000	--	--	75,000
Outreach events	26,538	--	--	26,538
Depreciation and amortization	27,739	2,406	991	31,136
Rent and utilities	<u>55,174</u>	<u>4,785</u>	<u>1,970</u>	<u>61,929</u>
Total Expenses	<u>\$ 2,964,532</u>	<u>\$ 387,667</u>	<u>\$ 130,458</u>	<u>\$ 3,482,657</u>

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

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program	Management and General	Fundraising	Total
Salaries	\$ 1,099,974	\$ 232,917	\$ 165,013	\$ 1,497,904
Employee benefits and payroll taxes	147,184	31,130	22,076	200,390
Staff development	4,093	691	449	5,233
Dues and subscriptions	36,961	6,245	4,051	47,257
Professional fees	770,370	163,254	16,121	949,745
Office expense	814	137	89	1,040
Insurance	15,264	2,579	1,673	19,516
Other taxes and fees	5,616	948	15,226	21,790
Travel	12,366	2,089	1,355	15,810
Rental/purchases	8,259	1,395	905	10,559
Telecommunications	7,527	1,272	825	9,624
Software and online tools	22,560	3,812	2,472	28,844
Information and promotion materials	4,300	726	471	5,497
Donated goods and services	20,000	--	--	20,000
Donor and community cultivation events	493	83	54	630
Donation fees	--	--	11,097	11,097
Depreciation and amortization	24,354	4,114	2,668	31,136
Rent and utilities	107,889	18,228	11,823	137,940
Total Expenses	\$ 2,288,024	\$ 469,620	\$ 256,368	\$ 3,014,012

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

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ (903,632)	\$ 502,110
Adjustment to reconcile change in net assets to net cash used in operating activities		
Forgiveness of PPP loan payable and accrued interest	--	(714,680)
Depreciation and amortization	31,136	31,136
Changes in assets and liabilities		
Pledges and grants receivable	317,622	19,646
Prepaid expenses and other assets	64,089	(229,948)
Security deposits	--	24,645
Accounts payable	(60,316)	20,353
Net Cash Used in Operating Activities	<u>(551,101)</u>	<u>(346,738)</u>
Cash Flows From Financing Activity		
Proceeds from PPP loan payable	<u>--</u>	<u>353,597</u>
Net Increase (Decrease) in Cash	(551,101)	6,859
Cash, Beginning of Year	<u>4,165,524</u>	<u>4,158,665</u>
Cash, End of Year	<u>\$ 3,614,423</u>	<u>\$ 4,165,524</u>

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

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - ORGANIZATION AND TAX STATUS

Iraq and Afghanistan Veterans of America, Inc. (“IAVA”), is a non-profit corporation which was organized in Washington, D.C. in 2004.

IAVA strives to build an empowered generation of veterans who provide sustainable leadership for the United States of America and its local communities. IAVA works toward this vision through programs in four key impact areas: supporting new veterans in health, education, employment, and building a lasting community for veterans and their families. IAVA creates impact in these critical areas through assistance to veterans and their families, raising awareness about veterans' issues and advocacy for supportive policy from the federal to the local level.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND PRESENTATION

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The financial statements presentation is in accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 958, Not-for-Profit Entities. Under FASB ASC 958, IAVA is required to report information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions. Net assets without donor restrictions are those net assets that are not subject to donor-imposed restrictions. Net assets with donor restrictions are subject to donor stipulations that limit the use of their contributions, which either expires by the passage of time or when used for specified purposes.

USE OF ESTIMATES

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

CASH

Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PLEDGES AND GRANTS RECEIVABLE

Unconditional pledges that are expected to be collected within one year are recorded at their net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Conditional pledges are not included as support until such time as the conditions are substantially met.

An allowance for doubtful accounts is established for amounts where doubt exists as to whether an amount will be fully collectible. The determination of this allowance is an estimate based on IAVA's historical experience, review of balances and expectations relative to collections. In the opinion of management, all receivables for which collectability is doubtful have been written off and the remaining receivables are collectible, and accordingly, no provision for doubtful collection is deemed necessary.

PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost, if purchased, or fair value, if donated. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. IAVA capitalizes all expenditures for property and equipment in excess of \$2,500. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which range from 5-10 years.

Software development costs related to the initial research to create the software development strategy plan are expensed as incurred. Costs incurred during the software design and development phase are capitalized and amortized from the implementation date using the straight-line method over an estimated useful life of five years.

CONTRIBUTIONS

Contributions are recognized as revenue when they are received or unconditionally pledged. IAVA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions are considered conditional when the underlying agreement includes a performance barrier and a right of return or a right to release promised assets exists. Conditional promises to give are not recognized until the performance barrier and the right of return or release have been overcome.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SPECIAL EVENTS

Special event income is recognized when the event is held. A portion of the special event gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Any special event income collected in advance but not yet earned is recorded as deferred revenue in the statement of financial position.

DONATED GOODS AND SERVICES

Contributions of noncash assets are recorded at their fair values in the period received. Donated contributions of services that create or enhance nonfinancial assets or that require specialized skills, provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

LEASES

IAVA determines if an arrangement is or contains a lease at inception. IAVA determined that its leasing arrangements were for a term of 12 months or less and made the short-term lease election to not record these leases as a right of use asset or lease liability in the statement of financial position. Operating lease expense is recognized as rent and utilities on the statement of functional expenses.

GRANTS

Grants are made to various veteran related organizations pursuant to authorization by the Board of Directors of IAVA and are recorded when awarded.

FUNCTIONAL EXPENSE ALLOCATIONS

IAVA allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure; these expenses include certain salaries, professional fees, and travel. Costs that are common to several functions are allocated among the program and supporting services based on time and effort records or square footage made by IAVA's management; these include salaries, employee benefits and payroll taxes, professional fees, and rent and utilities.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

IAVA is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code.

IAVA performed an evaluation of uncertainty in income taxes for the year ended December 31, 2022 and determined that there are no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. U.S. federal jurisdiction and/or the various states and local jurisdictions in which IAVA files tax returns are open for examination; however, there are currently no examinations pending or in progress. It is IAVA's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in interest expense and income tax expense, respectively. As of December 31, 2022, IAVA had no accruals for interest and/or penalties.

RECLASSIFICATIONS

Certain reclassifications have been made to the prior-year financial statements to confirm to the current-year presentation. These reclassifications have no effect on the change in net assets as presented in the statements of activities.

ADOPTION OF FASB ASC 842

In 2022, IAVA adopted Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. IAVA elected to use the practical expedient to not record assets and liabilities for leases with terms of one year or less. As a result, there was no impact on IAVA's statement of financial position or statement of activities related to the adoption.

EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events for inclusion or disclosure in the financial statements through August 24, 2023, which is the date the financial statements were available for issuance.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 - CONCENTRATION OF CREDIT RISK

IAVA's financial instruments that are potentially exposed to concentrations of credit risk consist principally of receivables, which are expected to be collected in the normal course of business, and cash. IAVA maintains its cash in bank deposits in two financial institutions. At times, these accounts may exceed the federal insurance limits, and subject IAVA to a concentration of credit risk. IAVA has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on uninsured cash.

NOTE 4 - PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable consisted of the following:

	December 31,	
	2022	2021
Amount due in less than one year	\$ 108,369	\$ 415,991
Amount due from one to five years	<u>--</u>	<u>10,000</u>
Pledges and Grants Receivable	<u>\$ 108,369</u>	<u>\$ 425,991</u>

In 2022 and 2021, approximately 54% and 39% of pledges and grants receivables are due from two donors and one donor, respectively.

NOTE 5 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following at December 31:

	December 31,	
	2022	2021
Furniture and equipment	\$ 30,589	\$ 30,589
Software	150,000	150,000
Less: Accumulated depreciation and amortization	<u>(107,073)</u>	<u>(75,937)</u>
	<u>\$ 73,516</u>	<u>\$ 104,652</u>

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6 - RELATED PARTY TRANSACTIONS

During 2022 and 2021, contributions from members of the Board totaled approximately \$37,000 and \$115,000.

Iraq and Afghanistan Veterans of America Action Fund, Inc. (“Action Fund”), a non-profit organization, whose purpose is to develop a connection between the American public and the troops serving in Iraq and Afghanistan, has one common board member and common management.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

The following summarizes the changes in net assets with donor restrictions:

Program	Balance, January 1, 2022	Contributions / Investment Income	Released from Restrictions	Balance December 31, 2022
Time restrictions	\$ 155,000	\$ 50,000	\$ (140,000)	\$ 65,000
Member services	<u>125,000</u>	<u>858,620</u>	<u>(908,620)</u>	<u>75,000</u>
Total	<u>\$ 280,000</u>	<u>\$ 908,620</u>	<u>\$ (1,048,620)</u>	<u>\$ 140,000</u>

Program	Balance, January 1, 2021	Contributions / Investment Income	Released from Restrictions	Balance December 31, 2021
Time restrictions	\$ 230,000	\$ 60,000	\$ (135,000)	\$ 155,000
Member services	<u>25,000</u>	<u>430,665</u>	<u>(330,665)</u>	<u>125,000</u>
Total	<u>\$ 255,000</u>	<u>\$ 490,665</u>	<u>\$ (465,665)</u>	<u>\$ 280,000</u>

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 - NON-CASH DONATIONS

During the years ended December 31, 2022 and 2021, IAVA received the following non-cash donations of materials and free use of facilities which have been reflected in the financial statements of IAVA:

	December 31,	
	2022	2021
Advocacy	\$ --	\$ 20,000
Total Non-cash Donations	<u>\$ --</u>	<u>\$ 20,000</u>

NOTE 9 - COMMITMENTS

In May 2018, IAVA entered into a membership agreement (the “agreement”) which provides for office space in New York City, which also includes other office services such as internet accessibility, use of common office facilities, office equipment and utilities. The term of the agreement, which was revised by various subsequent amendments, was renewed in February 2020 and required a monthly fee of \$12,800 through April 30, 2021. In May 2021, the agreement was renewed and required a monthly fee of \$2,400 through April 30, 2022. The agreement was subsequently renewed in May 2022 at a monthly fee of \$2,253 for an additional six months. Upon expiration of the agreement, IAVA entered into an agreement to rent the space on a month-to-month basis.

In October 2018, IAVA entered into a membership agreement (the “agreement”) which provides for a second office space in Washington, D.C., which also includes other office services such as internet accessibility, use of common office facilities, office equipment and utilities. The term of this agreement, which was revised by various subsequent amendments, was renewed in June 2020 for an additional twenty-four months at a monthly fee of approximately \$7,000. In November 2021, the agreement was amended to provide for a monthly fee of \$3,143 through October 31, 2022. In November 2022, the agreement was further amended to provide for a monthly fee of \$1,160 through October 31, 2023.

These leases include real estate taxes and insurance. Rent expense for the years ended December 31, 2022 and 2021 amounted to approximately \$59,000 and \$135,000 and is included in rent and utilities.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 - COMMITMENTS (CONTINUED)

Approximate future minimum annual lease payments for non-cancellable operating leases at December 31, 2022 are as follows:

Year Ending December 31,	Amount
2023	\$ 11,600

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

IAVA's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statements of financial position were as follows:

	December 31,	
	2022	2021
Financial assets:		
Cash	\$ 3,614,423	\$ 4,165,524
Pledges and grants receivable	<u>108,369</u>	<u>425,991</u>
Total Financial Assets	3,722,792	4,591,515
Less: Pledges and grants receivable due in more than a year	<u> --</u>	<u> (10,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$ 3,722,792</u>	<u>\$ 4,581,515</u>

As part of IAVA's liquidity management strategy, IAVA structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

IAVA's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of grants from donors (including board members) and pledges and grants receivable. General expenditures over the next twelve months are financed through donor contributions and special event revenue.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 11 - PPP LOAN PAYABLE

IAVA received a \$355,369 Paycheck Protection Program loan (the “PPP Loan”) from the Small Business Administration (“SBA”). The PPP Loan was to mature on May 4, 2022, had an interest rate of 1.0% per annum and no payments were due until November 4, 2020. On May 20, 2021, the PPP Loan and accrued interest of \$3,709 were forgiven and were recognized in the statement of activities as PPP loan forgiveness.

In March 2021, IAVA received an additional PPP Loan of \$353,597. The loan was to mature on March 17, 2026, had an interest rate of 1.0% per annum and no payments were due until July 1, 2022. On October 25, 2021, the PPP Loan and accrued interest of \$2,005 were forgiven and were recognized in the statement of activities as PPP loan forgiveness.

NOTE 12 - RISKS AND UNCERTAINTIES

IAVA relies heavily on contributions and support from the Board to fund all of its operations. Any changes in the United States political and/or military environment may have a direct result on the IAVA’s ability to raise funds.

NOTE 13 - EMPLOYEE RETENTION CREDIT

The employee retention credit provided employers a refundable federal tax credit equal to 50% of the first \$10,000 for calendar year 2020 and 70% of the first \$10,000 for each quarter in calendar year 2021 of qualified wages and benefits paid to employees. Contributions to qualified medical plans also constitute creditable amounts.

The credit is available to offset all federal employment withholdings owed in a particular quarter including both the employer and employee share of social security, Medicare taxes and withholdings for federal income taxes. IAVA determined that the conditions to qualify for the employee retention credit have been substantially met during the third calendar quarter of 2020 and first calendar quarter of 2021. IAVA recorded other income for the employee retention credits totaling \$84,000 for the year ended December 31, 2021. As of December 31, 2022 and 2021, \$84,000 is included in prepaid and other assets, respectively.