

**IRAQ AND AFGHANISTAN VETERANS
OF AMERICA, INC.**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

AND

INDEPENDENT AUDITORS' REPORT

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

FRIEDMAN LLP®

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Iraq and Afghanistan Veterans of America, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows 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 Iraq and Afghanistan Veterans of America, Inc. as of December 31, 2021 and 2020, and the changes in their net assets and 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 audits 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 Iraq and Afghanistan Veterans of America, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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.

(Continued)

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.



July 20, 2022

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2021	2020
ASSETS		
Cash	\$ 4,165,524	\$ 4,158,665
Pledges and grants receivable	354,035	373,681
Prepaid expenses and other assets	269,751	39,803
Property and equipment, net	104,652	135,788
Security deposits	9,705	34,350
Total assets	\$ 4,903,667	\$ 4,742,287
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 148,901	\$ 134,262
PPP loan	-	355,369
Total liabilities	148,901	489,631
Commitments and contingencies		
Net assets		
Without donor restrictions	4,474,766	3,997,656
With donor restrictions	280,000	255,000
Total net assets	4,754,766	4,252,656
Total liabilities and net assets	\$ 4,903,667	\$ 4,742,287

See notes to financial statements.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

STATEMENTS OF ACTIVITIES

	Year Ended					
	December 31, 2021			December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and supports						
Contributions	\$ 2,026,269	\$ 490,665	\$ 2,516,934	\$ 2,485,184	\$ 381,484	\$ 2,866,668
Special events	167,584	-	167,584	121,684	-	121,684
PPP loan forgiveness and employee retention credit income	798,680	-	798,680	-	-	-
Donated goods and services	20,000	-	20,000	40,000	-	40,000
Investment income	3,941	-	3,941	8,002	-	8,002
Other income	8,983	-	8,983	7,305	-	7,305
Net assets released from restrictions	465,665	(465,665)	-	241,484	(241,484)	-
Total revenues and supports	3,491,122	25,000	3,516,122	2,903,659	140,000	3,043,659
Expenses						
Program	2,288,024	-	2,288,024	2,474,378	-	2,474,378
Management and general	469,620	-	469,620	519,349	-	519,349
Fundraising	256,368	-	256,368	318,128	-	318,128
Total expenses	3,014,012	-	3,014,012	3,311,855	-	3,311,855
Change in net assets	477,110	25,000	502,110	(408,196)	140,000	(268,196)
Net assets						
Beginning of year	3,997,656	255,000	4,252,656	4,405,852	115,000	4,520,852
Net assets, end of year	\$ 4,474,766	\$ 280,000	\$ 4,754,766	\$ 3,997,656	\$ 255,000	\$ 4,252,656

See notes to financial statements.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

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

See notes to financial statements.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program	Management and General	Fundraising	Total
Salaries	\$ 1,094,732	\$ 251,700	\$ 180,217	\$ 1,526,649
Employee benefits and payroll taxes	154,311	35,479	25,403	215,193
Staff development	454	55	84	593
Dues and subscriptions	21,991	2,645	4,081	28,717
Professional fees	823,156	194,929	10,371	1,028,456
Office expense	3,593	432	667	4,692
Insurance	14,420	1,734	2,676	18,830
Other taxes and fees	2,222	267	26,463	28,952
Travel	10,593	1,274	1,966	13,833
Rental/purchases	6,569	790	1,219	8,578
Telecommunications	7,818	940	1,451	10,209
Miscellaneous	1,512	182	280	1,974
Software and online tools	40,295	4,846	7,477	52,618
Information and promotion materials	9,995	1,202	1,855	13,052
Donated goods and services	40,000	-	-	40,000
Donor and community cultivation events	1,044	126	194	1,364
Donation fees	-	-	18,630	18,630
Outreach events	52,554	-	-	52,554
Depreciation and amortization	20,298	2,441	3,766	26,505
Rent and utilities	168,821	20,305	31,328	220,454
Total expenses	\$ 2,474,378	\$ 519,347	\$ 318,128	\$ 3,311,853

See notes to financial statements.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 502,110	\$ (268,196)
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	26,505
Changes in assets and liabilities		
Pledges and grants receivable	19,646	(66,279)
Prepaid expenses and other assets	(229,948)	178,112
Security deposits	24,645	(600)
Accounts payable	20,353	(264,479)
Net cash used in operating activities	(346,738)	(394,937)
Cash flows from investing activity		
Purchase of property and equipment	-	(85,299)
Cash flows from financing activity		
Proceeds from PPP loan payable	353,597	355,369
Net increase (decrease) in cash	6,859	(124,867)
Cash, beginning of year	4,158,665	4,283,532
Cash, end of year	\$ 4,165,524	\$ 4,158,665
Noncash investing activity		
Write off of fully depreciated property and equipment	\$ -	\$ 142,413

See notes to financial statements.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

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.

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

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 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 expire by the passage of time or when used for specified purposes.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities and reported revenues and expenses. Accordingly, 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

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 were 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.

Paycheck Protection Program (“PPP”) Loan

IAVA's policy is to account for the PPP Loan (see Note 11) as debt. IAVA will continue to record the loan as debt until either (1) the loan is partially or entirely forgiven and IAVA has been legally released, at which point the amount forgiven will be recorded as income or (2) IAVA pays off the loan.

Contributions

Contributions and special events 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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Events

Special event income is recognized at the net realizable amount 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 deferred.

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. There was approximately \$20,000 and \$40,000 of noncash assets recognized for the years ended December 31, 2021 and 2020, respectively.

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, square footage, and estimates made by IAVA's management; these include salaries, employee benefits and payroll taxes, professional fees, and rent and utilities.

Evaluation of Subsequent Events

Management has evaluated subsequent events for inclusion or disclosure in the financial statements through July 20, 2022, which is the date the financial statements were available for issuance.

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.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

4 - PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable consisted of the following:

	December 31,	
	2021	2020
Amount due in less than one year	\$ 428,035	\$ 353,681
Amount due from one to five years	10,000	20,000
Pledges and grants receivable, net	\$ 428,035	\$ 353,681

In 2021 and 2020, approximately 39% and 47% of contributions and special events revenue and support was received from one donor and three donors, respectively.

5 - PROPERTY AND EQUIPMENT, NET

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

	December 31,	
	2021	2020
Furniture and equipment	\$ 30,589	\$ 30,589
Software	150,000	150,000
Less: accumulated depreciation and amortization	(75,937)	(44,801)
	\$ 104,652	\$ 135,788

6 - RELATED PARTY TRANSACTIONS

During 2021 and 2020, contributions from members of the Board totaled approximately \$115,000 and \$134,000, of which approximately \$25,000 was outstanding as of December 31, 2020. There were no outstanding receivables from these Board Members as of December 31, 2021.

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.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

7 - NET ASSETS WITH DONOR RESTRICTIONS

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

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	25,000	430,665	(330,665)	125,000
Total	\$ 255,000	\$ 490,665	\$ (465,665)	\$ 280,000

Program	Balance, January 1, 2020	Contributions/ Investment Income	Released from Restrictions	Balance December 31, 2020
Time restrictions	\$ 115,000	\$ 125,000	\$ (10,000)	\$ 230,000
Member services	-	256,484	(231,484)	25,000
Total	\$ 115,000	\$ 381,484	\$ (241,484)	\$ 255,000

8 - NON-CASH DONATIONS

During the years ended December 31, 2021 and 2020, 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,	
	2021	2020
Advocacy	\$ 20,000	\$ 40,000
Total non-cash donations	\$ 20,000	\$ 40,000

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

9 - COMMITMENTS

In May 2018, IAVA entered into a membership agreement (the “agreement”) which provides for office space at a new location 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 April 2019 at a monthly fee of \$12,865 for an additional twenty-four months. In February 2020, the agreement was amended 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.

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 May 2019 for an additional twelve months at a monthly fee of approximately \$4,000. This agreement was further renewed with a monthly fee of \$7,000 for an additional twenty-four months. In November 2021, the agreement was amended and requires a monthly fee of \$3,143 through October 31, 2022.

These leases include real estate taxes and insurance. Rent expense for the years ended December 31, 2021 and 2020 amounted to approximately \$135,000 and \$215,000 and is included in rent and utilities.

Approximate future minimum annual lease payments for non-cancellable operating leases at December 31, 2021 are as follows:

2022	\$ 55,000
	\$ 55,000

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

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,	
	2021	2020
Financial assets:		
Cash	\$ 4,165,524	\$ 4,158,665
Pledges and grants receivable	438,035	373,681
Total financial assets	4,603,559	4,532,346
Less: Pledges and grants receivable due in more than a year	(10,000)	(20,000)
Financial assets available to meet cash needs for general expenditure within one year	\$ 4,593,559	\$ 4,512,346

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.

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.

In March 2021, IAVA received an additional PPP Loan of \$353,597. The loan was to mature on March 17, 2026, has 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

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

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.

IAVA's operations may be affected by the ongoing outbreak of the coronavirus disease 2019 ("COVID-19"), which in March 2020, was declared a pandemic by the World Health Organization. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on IAVA's financial position, operations, cash flows, and the value of assets, including pledges and grants receivable.

13 - CARES ACT

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law. Two provisions of the CARES Act have assisted the Academy's liquidity position, the employee retention credit and the Paycheck Protection Program (see Note 11).

The employee retention credit provides 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. To the extent that the credit exceeds employment withholdings, the employer may request a refund of prior taxes paid. 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. The IAVA recorded other income for the employee retention credits totaling \$84,000 for the year ended December 31, 2021. As of August 31, 2021, \$84,000 is included in prepaid and other assets.