

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

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**AND**

**INDEPENDENT AUDITORS' REPORT**

**FRIEDMAN LLP<sup>®</sup>**

ACCOUNTANTS AND ADVISORS

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

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Iraq and Afghanistan Veterans of America, Inc. ("IAVA") which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

(Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iraq and Afghanistan Veterans of America, Inc. as of December 31, 2020, 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.

### **Prior Year Audited by Other Auditors**

The financial statements of IAVA as of December 31, 2019 were audited by other auditors, whose report dated September 16, 2020, expressed in unmodified opinion on those statements. The comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Friedman LLP". The signature is written in a cursive, flowing style.

September 20, 2021

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

**STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2020	2019
<b>ASSETS</b>		
Cash	\$ 4,158,665	\$ 4,283,532
Pledges and grants receivable	373,681	307,402
Prepaid expenses	39,803	217,915
Property and equipment, net	135,788	76,994
Security deposits	34,350	33,750
Total assets	\$ 4,742,287	\$ 4,919,593
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 134,262	\$ 398,741
PPP loan	355,369	-
Total liabilities	489,631	398,741
Commitments and contingencies		
<b>Net assets</b>		
Without donor restrictions	3,997,656	4,405,852
With donor restrictions	255,000	115,000
Total net assets	4,252,656	4,520,852
Total liabilities and net assets	\$ 4,742,287	\$ 4,919,593

See notes to financial statements.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

STATEMENTS OF ACTIVITIES

	Year Ended					
	December 31, 2020			December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and supports</b>						
Contributions	\$ 2,485,184	\$ 381,484	\$ 2,866,668	\$ 2,757,800	\$ 125,000	\$ 2,882,800
Special events, less costs of direct benefit to donors of \$0 and \$337,434	121,684	-	121,684	316,283	-	316,283
Donated goods and services	40,000	-	40,000	118,035	-	118,035
Investment income	8,002	-	8,002	79,209	-	79,209
Miscellaneous income	7,305	-	7,305	53,501	-	53,501
Net assets released from restrictions	241,484	(241,484)	-	210,000	(210,000)	-
<b>Total revenues and supports</b>	<b>2,903,659</b>	<b>140,000</b>	<b>3,043,659</b>	<b>3,534,828</b>	<b>(85,000)</b>	<b>3,449,828</b>
<b>Expenses</b>						
Program	2,474,378	-	2,474,378	3,072,357	-	3,072,357
Management and general	519,349	-	519,349	554,185	-	554,185
Fundraising	318,128	-	318,128	601,182	-	601,182
<b>Total expenses</b>	<b>3,311,855</b>	<b>-</b>	<b>3,311,855</b>	<b>4,227,724</b>	<b>-</b>	<b>4,227,724</b>
Change in net assets before nonoperating activities	(408,196)	140,000	(268,196)	(692,896)	(85,000)	(777,896)
<b>Nonoperating activities</b>						
Debt forgiveness	-	-	-	437,388	-	437,388
Change in net assets	(408,196)	140,000	(268,196)	(255,508)	(85,000)	(340,508)
<b>Net assets</b>						
Beginning of year	4,405,852	115,000	4,520,852	4,661,360	200,000	4,861,360
<b>Net assets, end of year</b>	<b>\$ 3,997,656</b>	<b>\$ 255,000</b>	<b>\$ 4,252,656</b>	<b>\$ 4,405,852</b>	<b>\$ 115,000</b>	<b>\$ 4,520,852</b>

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	1,513	182	281	1,976
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
<b>Total expenses by function</b>	<b>2,474,379</b>	<b>519,347</b>	<b>318,129</b>	<b>3,311,855</b>
<b>Total expenses</b>	<b>\$ 2,474,379</b>	<b>\$ 519,347</b>	<b>\$ 318,129</b>	<b>\$ 3,311,855</b>

See notes to financial statements.

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

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2019**

	Program	Management and General	Fundraising	Total
Salaries	\$ 1,628,060	\$ 205,687	\$ 297,762	\$ 2,131,509
Employee benefits and payroll taxes	245,403	31,004	44,883	321,290
Staff development	10,695	1,357	1,782	13,834
Dues and subscriptions	15,990	2,029	2,665	20,684
Professional fees	595,777	251,632	80,702	928,111
Office expense	15,735	1,996	2,622	20,353
Insurance	14,243	1,807	2,374	18,424
Other taxes and fees	7,126	904	13,593	21,623
Travel	48,083	6,100	8,014	62,197
Rental/purchases	10,841	1,375	1,807	14,023
Telecommunications	11,288	1,432	1,881	14,601
Miscellaneous	190	24	32	246
Repairs and maintenance	4,826	612	804	6,242
Software and online tools	35,634	4,521	5,939	46,094
Information and promotion materials	8,666	1,099	1,444	11,209
Donated goods and services	99,018	9,509	9,508	118,035
Indirect gala expenses	-	-	67,516	67,516
Donor and community cultivation events	49,331	6,258	8,222	63,811
Outreach events	93,660	-	-	93,660
Venue expense	-	-	337,434	337,434
Depreciation and amortization	9,666	1,226	1,611	12,503
Bad debt expense	-	4,284	20,000	24,284
Rent and utilities	168,125	21,329	28,021	217,475
<b>Total expenses by function</b>	<b>3,072,357</b>	<b>554,185</b>	<b>938,616</b>	<b>4,565,158</b>
<b>Less: Expense applied against operating revenues</b>	<b>-</b>	<b>-</b>	<b>(337,434)</b>	<b>(337,434)</b>
<b>Total expenses</b>	<b>\$ 3,072,357</b>	<b>\$ 554,185</b>	<b>\$ 601,182</b>	<b>\$ 4,227,724</b>

See notes to financial statements.



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

**STATEMENTS OF CASH FLOWS**

	Year Ended December 31,	
	2020	2019
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (268,196)	\$ (340,508)
Adjustment to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	26,505	12,503
Bad debt expense	-	24,284
Forgiveness of debt	-	(437,388)
Changes in assets and liabilities		
Pledges and grants receivable	(66,279)	123,899
Prepaid expenses	178,112	(185,042)
Security deposits	(600)	22,773
Accounts payable	(264,479)	244,561
PPP loan payable	355,369	-
Net cash used in operating activities	(39,568)	(534,918)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(85,299)	(70,379)
<b>Net change in cash</b>	<b>(124,867)</b>	<b>(605,297)</b>
Cash, beginning of year	4,283,532	4,888,829
<b>Cash, end of year</b>	<b>\$ 4,158,665</b>	<b>\$ 4,283,532</b>
<b>Noncash investing activity</b>		
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.

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the IAVA’s ongoing services. Nonoperating activities are limited to debt forgiveness and other activities considered to be of unusual or nonrecurring nature.

#### **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.

# IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

## NOTES TO FINANCIAL STATEMENTS

### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Cash**

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

#### **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.

# IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

## NOTES TO FINANCIAL STATEMENTS

### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **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.

#### **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 \$40,000 and \$118,000 of noncash assets recognized for the years ended December 31, 2020 and 2019, 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 September 20, 2021, which is the date the financial statements were available for issuance.

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

**NOTES TO FINANCIAL STATEMENTS**

**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.

**4 - PLEDGES AND GRANTS RECEIVABLE**

Pledges and grants receivable consisted of the following:

	2020	2019
Amount due in less than one year	\$ 353,681	\$ 277,402
Amount due from one to five years	20,000	30,000
<b>Pledges and grants receivable, net</b>	<b>\$ 373,681</b>	<b>\$ 307,402</b>

In 2020 and 2019, approximately 47% and 43% of contributions and special events revenue and support was received from three donors and two donors, respectively.

**5 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	2020	2019
Furniture and equipment	\$ 30,589	\$ 170,204
Software	150,000	67,500
Less: accumulated depreciation and amortization	(44,801)	(160,710)
	<b>\$ 135,788</b>	<b>\$ 76,994</b>

## IRAQ AND AFGHANISTAN VETERANS OF AMERICA, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 6 - RELATED PARTY TRANSACTIONS

During 2020 and 2019 contributions from members of the Board totaled approximately \$134,000 and \$828,000, 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, 2019.

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.

#### 7 - NET ASSETS WITH DONOR RESTRICTIONS

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

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
<b>Total</b>	<b>\$ 115,000</b>	<b>\$ 381,484</b>	<b>\$ (241,484)</b>	<b>\$ 255,000</b>

  

Program	Balance, January 1, 2019	Contributions/ Investment Income	Released from Restrictions	Balance December 31, 2019
Time restrictions	\$ 200,000	\$ 125,000	\$ (210,000)	\$ 115,000
<b>Total</b>	<b>\$ 200,000</b>	<b>\$ 125,000</b>	<b>\$ (210,000)</b>	<b>\$ 115,000</b>

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

**NOTES TO FINANCIAL STATEMENTS**

**8 - NON-CASH DONATIONS**

During the years ended December 31, 2020 and 2019, IAVA received the following non-cash donations of materials and free use of facilities which have been reflected in the financial statements of IAVA:

	2020	2019
Advocacy	\$ 40,000	\$ 49,509
Member services	-	49,509
General	-	9,509
Event items/fundraising	-	9,508
<b>Total non-cash donations</b>	<b>\$ 40,000</b>	<b>\$ 118,035</b>

**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 this agreement was for six months at a monthly fee of approximately \$12,000. The agreement was renewed in October 2018 for an additional six months at a monthly fee of \$12,400, and subsequently renewed in April 2019 to 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. The agreement was renewed in May 2021 for an additional six months at a monthly fee of \$2,400.

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 terms of this agreement was for six months at a monthly fee of \$3,800 beginning in December 2018. This agreement 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.

These leases include real estate taxes and insurance. Rent expense for the years ended December 31, 2020 and 2019 amounted to approximately \$215,000 and \$205,000 and is included in rent and utilities.

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

**NOTES TO FINANCIAL STATEMENTS**

**9 - COMMITMENTS (Continued)**

Approximate future minimum annual lease payments for non-cancellable operating leases at December 31, 2020 are as follows:

2021	\$ 125,000
	\$ 125,000

IAVA rented facilities under an operating lease in New York City through December 2017. In December 2017, IAVA received a judgment for payment of an amount up to \$438,000, which was included in accounts payable in the statements of financial position as of December 31, 2018. During 2019, management of IAVA along with its legal counsel considered certain facts and circumstances and deemed this liability was no longer probable to be paid and was therefore removed from accounts payable and is reflected in the 2019 statement of activities as debt forgiveness. However, there is a potential that the debtor will seek payment in future years.

**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,	
	2020	2019
Financial assets:		
Cash	\$ 4,158,664	\$ 4,283,532
Pledges and grants receivable:	373,681	307,402
Total financial assets	4,532,345	4,590,934
Less: Pledges and grants receivable due in more than a year	(20,000)	(30,000)
Financial assets available to meet cash needs for general expenditure within one year	\$ 4,512,345	\$ 4,560,934

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**

**11 - PPP LOAN PAYABLE AND SUBSEQUENT EVENTS**

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. In May 2021, the PPP loan and accrued interest were forgiven.

In March 2021, IAVA received an additional PPP loan of \$353,597. The loan matures on March 17, 2026, has an interest rate of 1.0% per annum and no payments are due until July 1, 2022. If certain defined conditions are met, the PPP Loan may be forgiven by the SBA, otherwise IAVA will be required to repay the loan in full.

**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.