

MILITARY FAMILY ADVISORY NETWORK
(a nonprofit organization)

FINANCIAL STATEMENTS

Year Ended December 31, 2020
with Summarized Comparative Information as of
December 31, 2019

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MFAN 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MFAN and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the MFAN's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MFAN's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MFAN's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter - Contingencies

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

Report on Summarized Comparative Information

We have previously audited MFAN's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 3, 2020. In our opinion, the summarized 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.

Renner and Company, CPA, P.C.

Alexandria, Virginia
September 23, 2021

MILITARY FAMILY ADVISORY NETWORK

STATEMENT OF FINANCIAL POSITION

December 31, 2020 (with Comparative Information as of December 31, 2019)

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash	\$ 271,496	\$ 159,869
Accounts receivable	115,126	36,000
Prepaid expenses	<u>43,679</u>	<u>22,175</u>
TOTAL CURRENT ASSETS	<u>\$ 430,301</u>	<u>\$ 218,044</u>
TOTAL PROPERTY AND EQUIPMENT, at cost, net	<u>4,379</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 434,680</u></u>	<u><u>\$ 218,044</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 37,756	\$ 14,769
Credit card payable	741	8,064
Accrued wages	<u>8,495</u>	<u>1,378</u>
TOTAL CURRENT LIABILITIES	<u>46,992</u>	<u>24,211</u>
NET ASSETS		
Without donor restrictions	362,688	123,833
With donor restrictions	<u>25,000</u>	<u>70,000</u>
TOTAL NET ASSETS	<u>387,688</u>	<u>193,833</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 434,680</u></u>	<u><u>\$ 218,044</u></u>

See Independent Auditors Report.

MILITARY FAMILY ADVISORY NETWORK

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020 (with Comparative Summarized Information for the year ended December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE				
Contributions and sponsorships	\$ 971,619	\$ 199,323	\$ 1,170,942	\$ 471,011
Donated goods and services	519,965	-	519,965	660,120
Other income	1,333	-	1,333	-
Net assets with donor restrictions released from restrictions	244,323	(244,323)	-	-
TOTAL SUPPORT AND REVENUE	<u>1,737,240</u>	<u>(45,000)</u>	<u>1,692,240</u>	<u>1,131,131</u>
EXPENSES				
Program	1,351,380	-	1,351,380	1,045,018
Management and general	106,770	-	106,770	89,688
Fundraising	40,235	-	40,235	41,534
TOTAL EXPENSES	<u>1,498,385</u>	<u>-</u>	<u>1,498,385</u>	<u>1,176,240</u>
CHANGE IN NET ASSETS	238,855	(45,000)	193,855	(45,109)
NET ASSETS, beginning of year	<u>123,833</u>	<u>70,000</u>	<u>193,833</u>	<u>238,942</u>
NET ASSETS, end of year	<u>\$ 362,688</u>	<u>\$ 25,000</u>	<u>\$ 387,688</u>	<u>\$ 193,833</u>

See Independent Auditors Report.

MILITARY FAMILY ADVISORY NETWORK

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020 (with Summarized Comparative Information for the year ended December 31, 2019)

	2020				2019
	Program	Management and General	Fundraising	Total	
Salaries	\$ 389,066	\$ 48,238	\$ 20,777	\$ 458,081	\$ 299,620
Payroll taxes	30,552	1,298	1,741	33,591	24,274
Employee benefits	4,879	8,191	-	13,070	3,650
Donated services	496,070	-	-	496,070	660,120
Consulting	318,361	4,015	4,575	326,951	43,228
Technology	43,466	9,942	146	53,554	23,112
Donated goods	23,895	-	-	23,895	-
Accounting fees	-	20,563	-	20,563	16,810
Travel	17,069	503	1,990	19,562	58,724
Marketing	15,523	1,213	-	16,736	18,818
Professional fees	-	2,636	6,816	9,452	3,254
Meetings	7,351	302	-	7,653	6,039
Registration and licensing	-	25	3,397	3,422	2,827
Insurance	-	2,894	375	3,269	2,188
Special event	2,013	735	278	3,026	368
Telecommunication	-	2,770	-	2,770	2,258
Meals	1,847	288	-	2,135	5,756
Postage and printing	411	1,020	140	1,571	3,770
Dues and subscriptions	551	476	-	1,027	385
Depreciation	-	854	-	854	-
Bank charges	-	595	-	595	645
Office supplies	326	212	-	538	244
Membership campaign	-	-	-	-	150
TOTAL EXPENSES	\$ 1,351,380	\$ 106,770	\$ 40,235	\$ 1,498,385	\$ 1,176,240

See Independent Auditors Report.

MILITARY FAMILY ADVISORY NETWORK

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020 (with Comparative Information for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Support and revenue	<u>\$ 1,093,149</u>	<u>\$ 435,011</u>
Cash used in operations		
Payments to employees and suppliers	<u>976,289</u>	<u>516,391</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>116,860</u>	<u>(81,380)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property	<u>(5,233)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	111,627	(81,380)
CASH AND RESTRICTED CASH, beginning of year	<u>159,869</u>	<u>241,249</u>
CASH AND RESTRICTED CASH, end of year	<u><u>\$ 271,496</u></u>	<u><u>\$ 159,869</u></u>

See Independent Auditors Report.

MILITARY FAMILY ADVISORY NETWORK

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020 (with Comparative Information for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	<u>\$ 193,855</u>	<u>\$ (45,109)</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Depreciation	<u>854</u>	<u>-</u>
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS PROVIDING (USING) CASH		
ASSETS		
Accounts receivable	(79,126)	(36,000)
Prepaid expense	<u>(21,504)</u>	<u>(22,175)</u>
	<u>(100,630)</u>	<u>(58,175)</u>
LIABILITIES		
Accounts payable	22,987	14,769
Accrued wages	7,117	1,378
Credit card payable	<u>(7,323)</u>	<u>5,757</u>
	<u>22,781</u>	<u>21,904</u>
NET CHANGES IN ASSETS AND LIABILITIES	<u>(77,849)</u>	<u>(36,271)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 116,860</u></u>	<u><u>\$ (81,380)</u></u>

See Independent Auditors Report.

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE

Nature of Activities

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

MFAN's mission is to connect military families to impact-driven resources through social and interactive programs.

A brief description of major programs include:

Advisory Board Peer-to-Peer Network

Since 2013, MFAN has convened a group of military and veteran spouses, who are also leaders in their communities, in order to form a fuller understanding of what military families need and value. Advisors serve for a two-year term and meet on a monthly basis through video conferences and three times a year for in-person meetings. We talk about what we are seeing, hearing and experiencing in our military communities, and when a challenge is raised, we work together to find the best solution. During these meetings, advisors also regularly review programs and resources presented by other organizations, providing candid feedback informed by their experiences as members of a military family. Through the diverse networks of each advisory board member, MFAN is able to implement a peer influencer model, which allows for real, authentic connection and information sharing across the military and veteran community.

Research and Program Evaluation

In order to effectively develop programs that drive meaningful impact and better inform lawmakers, leaders, decision-makers and communities, we must first understand military families' current needs. MFAN leverages its internal capability to listen to families' stories and experiences in their own words through rigorous qualitative research. This evidence-based information gathering supplements the quantitative research conducted by the Department of Defense and other research organizations in a meaningful way, as learning about military families' needs in their own words has been the most effective way to provide a fuller picture of the realities faced by military families.

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

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

Nature of Activities (Continued)

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

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

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

Our research has lead to the development of the following initiatives:

MilMap

MilMap, a user-generated resource locator map, was designed to help military families find and build community. MilMap helps them connect to each other by increasing the visibility of programs and resources designed to support the military and veteran community. Once a military family submits a program for MilMap inclusion, our team vets the resource, then uploads it into MilMap.

MilMap is mobile-optimized and user-friendly, allowing military families to access the information they need regardless of where they are.

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

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

Nature of Activities (Continued)

MilCents

In 2015, MilCents, MFAN's Financial Education Program, was created to help military families understand their finances better and prepare for life's financial uncertainties. MilCents was built in collaboration with the National Foundation for Credit Counseling, the Better Business Bureau and the Financial Industry National Regulatory Authority Foundation. This program is a mobile-optimized, self-guided educational program that provides straightforward information and access to easy-to-understand resources. MilCents includes a fully moderated social platform where participants can connect with other participants and experts.

Military Family Financial Readiness Coalition

The purpose of the Military Family Financial Readiness Coalition (MFFRC) is to bring together both public and private organizations committed to the financial wellness and stability of military families. Through quarterly meetings and monthly communication, the MFFRC provides an opportunity for organizations with a vested interest in the financial well being of military families to share ideas, lessons learned, best practices, challenges and opportunities; to more effectively serve our families and respond to their evolving needs.

Military Family Food Insecurity Coalition

This program will allow us to understand and combat the root causes of military family hunger and create a solution that can be scaled nationally. Our goal is simple: prevent military family hunger by responsibly addressing the root causes through education, research and connecting military families to the resources they need to thrive. Participating organizations include the top anti-hunger organizations and military family organizations with a food distribution program or advocacy stance on military family food insecurity topics.

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

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

Nature of Activities (Continued)

Military Family Housing Roundtable

The purpose of the Military Family Housing Roundtable (MHR), is to convene key stakeholders, representing both public and private sectors, to ensure military and veteran families have access to healthy, safe, and affordable housing options in all communities. Through quarterly meetings, monthly communication, and collaborative work, the MHR provides an opportunity for organizations with a vested interest in the health and well-being of military and veteran families in their homes to share ideas and best practices, while working together to solve challenges and find opportunities to more effectively serve and respond to families' evolving needs. The MHR enhances understanding of the diverse nature of military and veteran families and their specific housing-related issues, informs the work of its participating members in their housing-related efforts and initiatives, and yields actionable information that educates and informs policy makers.

Combat Military Hunger

MFAN's Combat Military Hunger program uses a three-pronged approach to addressing military family food insecurity: (1) provide urgently needed food assistance, (2) connect military and veteran families with long-term support and resources, and (3) conduct research on the root causes of military family hunger to inform the development of programs that will provide sustainable solutions in the future. In response to research findings that included instances of high food insecurity in the military, MFAN hosted its first food distribution event in December 2020. With support from local partnerships the team established on the ground, MFAN served 500 military families in Fort Hood, Texas and provided 40,000 pounds of healthy protein and 5,000 pounds of non-perishable goods to families in need. Dr. Jill Biden met virtually with event volunteers in advance of the distribution to provide a message of support and encouragement. MFAN will continue regional efforts in Texas and broaden this effort to include additional locations identified through MFAN's research as experiencing higher frequencies of food insecurity in 2021.

Basis of Accounting

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

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

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

Cash and Cash Equivalents

As of December 31, 2020, cash consists of a checking account. MFAN considers all highly liquid investments with initial maturities of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2020 and 2019.

Accounts Receivable

Receivables are stated at net realizable value. MFAN provides an allowance for bad debts using the allowance method, which is based on the judgment of management considering historical information. Receivables are considered past due after 30 days and charged off based on individual credit evaluations and specific circumstances of the parties involved. Management records an allowance based on the history of collectability and its efforts to collect outstanding allowance. When all collection efforts have been exhausted, the accounts are written off against the related allowance. MFAN has deemed all receivables to be collectible and no allowance for doubtful accounts has been established for the years ended December 31, 2020 and 2019.

Fixed Assets and Depreciation

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

Basis of Presentation

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

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

Revenue Recognition

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

Disaggregation of Revenue

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

Performance Obligations

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

Significant Judgments

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

Donated Goods and Services

Donated goods and services are recorded at their estimated fair value on the date of receipt. Donated services are recognized in the financial statements at their fair value if the services require specialized skills and the services would typically need to be purchased if not donated.

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

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

Adoption of New Accounting Standard

MFAN has adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board Accounting Standards Update 2014-09, Revenue from Contracts with Customers modifying ASC 606, 840 and 842, respectively. The change has been applied as of December 31, 2020 with no effect on beginning net assets.

Income Taxes

MFAN is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. In addition, MFAN qualifies for the charitable contributions deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). MFAN had no taxable unrelated business income for the years ended December 31, 2020 and 2019.

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

Allocated Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as salaries, payroll taxes, consulting, technology, travel, special event, and postage and printing have been allocated among the program and management and general, and fundraising benefits based on level of effort. Accounting fees, telecommunication, depreciation, and bank charges are allocated solely to general and administrative. Employee benefits, marketing, meetings, meals, dues and subscriptions, and office supplies have been allocated to general and administrative and fundraising, while membership campaign is allocated solely to fundraising. Professional fees, registration and licensing, and insurance are allocated to general and administrative and fundraising expenses.

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

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

Estimates

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

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

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with MFAN's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Liquidity

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

MFAN's financial assets available within one year to meet cash needs for general expenditures through December 31, 2021, are as follows:

Financial Assets	
Cash	\$ 271,496
Accounts receivable	115,126
Total financial assets	<u>386,622</u>
Less amounts not available within one year	
Purpose restricted net assets	<u>(25,000)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 361,622</u></u>

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

2. CASH

Cash as of December 31, 2020 and 2019, consists of the following:

	2020	2019
Held for restricted purposes	\$ 25,000	\$ 70,000
Unrestricted cash	246,496	89,869
Total cash	<u>\$ 271,496</u>	<u>\$ 159,869</u>

The balances in a financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. The bank balances as of December 31, 2020 not covered by FDIC deposit insurance was \$25,218. All cash was covered by the FDIC as of December 31, 2019.

3. ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2020 and 2019, consisted of the following:

	2020	2019
Sponsorship revenue receivable	\$ 100,000	\$ 25,000
Contribution pledges receivable, due in less than one year	15,126	11,000
Total	<u>\$ 115,126</u>	<u>\$ 36,000</u>

4. PAYCHECK PROTECTION PROGRAM LOAN

Additionally, MFAN received loan proceeds in the amount of \$62,493 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Prior to the fiscal year end, the loan was forgiven by the Small Business Administration for the amount in full.

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

5. PROPERTY AND EQUIPMENT

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

	Cost	Depreciation and Amortization Expense	Accumulated Depreciation
Furniture and equipment	<u>\$ 5,233</u>	<u>\$ 854</u>	<u>\$ 854</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

A summary of activity in net assets with donor restriction for funds maintained within MFAN for the years ended December 31, 2020 and 2019, are as follows:

	2020			
	Balance at December 31, 2019	Revenue and Support	Released from Restriction	Balance at December 31, 2020
Purpose restricted:				
Research	\$ 70,000	\$ -	\$ (70,000)	\$ -
Financial Education	-	25,000	(25,000)	-
Texas Regional	-	108,823	(108,823)	-
Colorado Regional	-	25,000	-	25,000
Communications	-	8,000	(8,000)	-
Entrepreneurship	-	10,000	(10,000)	-
MilMap	-	10,000	(10,000)	-
MFAN Connects	-	12,500	(12,500)	-
	<u>\$ 70,000</u>	<u>\$ 199,323</u>	<u>\$ (174,323)</u>	<u>\$ 25,000</u>
	2019			
	Balance at December 31, 2018	Revenue and Support	Released from Restriction	Balance at December 31, 2019
Purpose restricted:				
Financial Education	\$ 137,151	\$ -	\$ (137,151)	\$ -
Research	-	231,000	(161,000)	70,000
Entrepreneurship	13,764	-	(13,764)	-
	<u>\$ 150,915</u>	<u>\$ 231,000</u>	<u>\$ (311,915)</u>	<u>\$ 70,000</u>

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 (with Comparative Information as of and for the year ended December 31, 2019)

7. DONATED GOODS AND SERVICES

Reingold, Inc. provided in-kind support around media, web design, project management and other support services that valued at a blended rate of \$120 per hour based on actual hours spent by Reingold, Inc.'s employees for each project. In addition, in 2020 MFAN also received donated public service announcements to help support the new Combat Military Hunger program that began in 2020. As required by U.S. GAAP, MFAN recorded donated services in the amounts of \$496,070 and \$660,120 for the years ended December 31, 2020 and 2019, respectively.

MFAN received donated food to help support the new Combat Military Hunger program that began in 2020. As required by accounting principles generally accepted in the United States, MFAN recorded donated goods in the amount of \$23,895 for the year ended December 31, 2020.

8. CONTINGENCIES - NOVEL COVID-19 CORONAVIRUS

Citizens and economies of the United States and other countries have been significantly impacted by the coronavirus (COVID-19) pandemic. While it is premature to accurately predict how the coronavirus will ultimately affect MFAN's operations because the disease's severity and duration are uncertain, we expect 2021 financial results will be impacted and the implications beyond 2021, while unclear, could also be adversely impacted. No pandemic implications are accounted for in these financial statements.

9. SUBSEQUENT EVENTS

In preparing these financial statements, MFAN has evaluated events and transactions for potential recognition or disclosure through September 23, 2021, the date the financial statements were available to be issued.

Paycheck Protection Program

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