

THE FREEDOM ALLIANCE

**Financial Statements for the Year Ended December 31, 2020
And Independent Auditors' Report
Dated June 22, 2021**

**JENNIFER S. BURKE, CPA PLLC
47 GARRETT STREET, SUITE 301
WARRENTON, VIRGINIA 20186
TELEPHONE (540) 229-9538**

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Jennifer S. Burke, CPA PLLC

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Freedom Alliance
Dulles, Virginia

We have audited the accompanying financial statements of The Freedom Alliance ("the Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, 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.

Auditor's 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 of 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 auditor's 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.

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 The Freedom Alliance 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.

Report on Summarized Comparative Information

We have previously audited The Freedom Alliance's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 1, 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.

Jennifer S. Burke CPA PLLC

Jennifer S. Burke CPA PLLC
Warrenton, Virginia
June 22, 2021

The Freedom Alliance
Statement of Financial Position
As of December 31, 2020
(With Comparative Totals as of December 31, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 7,745,257	\$ 3,011,589
Accounts Receivable	22,812	5,813
Prepayments and Other Assets	<u>77,734</u>	<u>115,971</u>
Total Current Assets	7,845,803	3,133,373
Property and Equipment		
Furniture and Equipment	126,566	123,767
Accumulated Depreciation	<u>(117,423)</u>	<u>(107,811)</u>
Total Property and Equipment	9,143	15,956
Other Assets		
Investments	30,690,808	32,907,052
Property Held for Donation	1,505,900	1,895,900
Refundable Advance Asset	<u>830,000</u>	<u>1,513,000</u>
Total Other Assets	<u>33,026,708</u>	<u>36,315,952</u>
TOTAL ASSETS	<u><u>40,881,654</u></u>	<u><u>39,465,281</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Payroll and Payroll Taxes Payable	73,175	81,348
Accounts Payable	136,143	325,985
Unearned Revenues	<u>21,965</u>	<u>-</u>
Total Current Liabilities	231,283	407,333
Other Liabilities		
Annuities	<u>85,586</u>	<u>120,519</u>
Total Other Liabilities	<u>85,586</u>	<u>120,519</u>
TOTAL LIABILITIES	316,869	527,852
Net Assets		
Without Donor Restrictions	20,269,745	17,384,157
With Donor Restrictions	<u>20,295,040</u>	<u>21,553,272</u>
Total Net Assets	<u>40,564,785</u>	<u>38,937,429</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 40,881,654</u></u>	<u><u>\$ 39,465,281</u></u>

See the accompanying Independent Auditors' Report and notes to the financial statements

The Freedom Alliance
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020	2019
Contributions and Revenues				
Contributions	\$ 5,069,383	\$ 1,865,465	\$ 6,934,848	\$ 7,003,508
Investment Income, net of expenses	2,139,138	115,344	2,254,482	3,769,142
Gain/(Loss) on Disposal of Property	458,300	-	458,300	(16,701)
In-Kind Donations	407,353	-	407,353	547,555
Grant Revenue	273,500	-	273,500	-
List Rental Income	93,269	-	93,269	89,733
Miscellaneous Income	11,101	-	11,101	21,839
Loss in Value - Split Interest Agreement	(1,567)	-	(1,567)	(132,798)
Special Event Income	-	-	-	220,100
Registration Fees & Sponsorships	-	-	-	198,000
Net Assets Released from Restriction	<u>3,239,041</u>	<u>(3,239,041)</u>	<u>-</u>	<u>-</u>
Total Contributions and Revenues	11,689,518	(1,258,232)	10,431,286	11,700,378
Cost of Special Events	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,799</u>
Gross Support and Revenue	11,689,518	(1,258,232)	10,431,286	11,649,579
Expenses				
Program Expenses				
Restricted Programs	5,607,628	-	5,607,628	4,500,349
General Programs	<u>2,263,331</u>	<u>-</u>	<u>2,263,331</u>	<u>2,353,551</u>
Total Program Expense	7,870,959	-	7,870,959	6,853,900
General and Administrative Expenses	197,296	-	197,296	228,070
Fundraising Expenses	<u>735,675</u>	<u>-</u>	<u>735,675</u>	<u>852,024</u>
Total Support Services	932,971	-	932,971	1,080,094
Total Expenses	<u>8,803,930</u>	<u>-</u>	<u>8,803,930</u>	<u>7,933,994</u>
Change in Net Assets	<u>2,885,588</u>	<u>(1,258,232)</u>	<u>1,627,356</u>	<u>3,715,585</u>
Net Assets, Beginning of Year	<u>17,384,157</u>	<u>21,553,272</u>	<u>38,937,429</u>	<u>35,221,844</u>
Net Assets, End of Year	<u>\$ 20,269,745</u>	<u>\$ 20,295,040</u>	<u>\$ 40,564,785</u>	<u>\$ 38,937,429</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

The Freedom Alliance
Statement of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash Provided/(Used) by Operating Activities		
Change in Net Assets	\$ 1,627,356	\$ 3,715,585
Adjustments to reconcile Change in Net Assets to Cash used by Operating Activities:		
Depreciation	9,612	13,783
Loss on Disposal of Assets	-	16,701
Unrealized Gain on Investments	(358,404)	(2,251,893)
Unrealized Interest on Investments	(7,689)	95,463
Loss in Value - Split Interest Agreement	1,567	132,798
(Increase) / Decrease in:		
Receivables	(16,999)	172,193
Prepayments and Other Assets	38,237	(33,077)
Donated Property Held for Sale/Donation	390,000	(701,000)
Refundable Advance Asset	683,000	(375,000)
Increase / (Decrease) in:		
Accounts Payable	(189,842)	66,324
Payroll Liabilities	(8,173)	13,292
Unearned Revenues	21,965	(22,000)
Net Cash provided by Operations	2,190,630	843,169
Cash Provided/(Used) by Investing Activities		
Purchase of Investments	(9,585,027)	(22,856,657)
Sale of Investments	12,167,364	21,537,107
Purchase of Furniture and Equipment	(2,799)	(6,504)
Net Cash provided by / (used by) Investing Activities	2,579,538	(1,326,054)
Cash Provided by Financing Activities		
Payments on Annuity Obligations	(36,500)	(41,449)
Net Cash used by Investing Activities	(36,500)	(41,449)
Net Increase/(Decrease) in Cash and Cash Equivalents	4,733,668	(524,334)
Cash and Cash Equivalents, Beginning of Year	3,011,589	3,535,923
Cash and Cash Equivalents, End of Year	<u>\$ 7,745,257</u>	<u>\$ 3,011,589</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

The Freedom Alliance
Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	Restricted Programs	General Programs	Total Programs	General and Administrative	Fundraising	Total Support Services	Total 2020	Total 2019
Grants and Contributions	\$ 4,095,244	\$ 24,078	\$ 4,119,322	\$ 354	\$ -	\$ 354	\$ 4,119,676	\$ 2,702,804
Salaries and Benefits	714,718	740,406	1,455,124	61,102	135,175	196,277	1,651,401	1,684,588
Postage and Delivery	41,258	515,004	556,262	9,127	125,222	134,349	690,611	594,521
Professional Fees	143,859	322,173	466,032	80,139	113,757	193,896	659,928	651,741
Printing and Reproduction	62,084	380,213	442,297	11,554	134,163	145,717	588,014	543,725
Donated Goods and Services	364,020	42,575	406,595	758	-	758	407,353	547,555
Consulting	-	-	-	-	162,000	162,000	162,000	168,000
List Rental	11,539	104,234	115,773	80	34,663	34,743	150,516	119,950
Rent	45,984	47,637	93,621	3,931	8,697	12,628	106,249	104,109
Events and Conferences	53,693	19,834	73,527	1,887	2,649	4,536	78,063	560,206
Marketing	35,192	13,080	48,272	-	-	-	48,272	80,500
Bank Fees and Interest Expense	-	17,312	17,312	23,372	4,519	27,891	45,203	45,386
Supplies	13,193	10,589	23,782	1,560	1,665	3,225	27,007	23,635
Business Insurance	11,000	4,947	15,947	681	903	1,584	17,531	21,419
Telephone	7,562	7,834	15,396	646	1,430	2,076	17,472	19,367
Depreciation Expense	4,160	4,309	8,469	356	787	1,143	9,612	13,783
Equipment Rental	2,012	4,370	6,382	172	1,561	1,733	8,115	5,438
Dues and Subscriptions	1,180	2,303	3,483	209	3,624	3,833	7,316	10,216
Taxes and Licenses	427	823	1,250	773	4,613	5,386	6,636	6,887
Miscellaneous	503	1,610	2,113	595	247	842	2,955	2,526
Repairs and Maintenance	-	-	-	-	-	-	-	17,638
Sponsorship	-	-	-	-	-	-	-	10,000
Total	\$ 5,607,628	\$ 2,263,331	\$ 7,870,959	\$ 197,296	\$ 735,675	\$ 932,971	\$ 8,803,930	\$ 7,933,994

See the accompanying Independent Auditors' Report and notes to the financial statements

The Freedom Alliance
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 1: ORGANIZATION

The Freedom Alliance (“the Organization”) is a non-partisan, 501(c) (3) educational and charitable organization based in Virginia. The Organization’s purpose is to advance the American heritage of Freedom by honoring and encouraging military service, defending the sovereignty of the United States, and promoting a strong national defense.

Contributions to the Organization are used to further its mission through policy research and publication of educational materials, through college scholarships for the children of military personnel killed or permanently disabled in a combat or training mission and by hosting and sponsoring activities that honor and support U.S. servicemen and women and their families.

Donations to The Freedom Alliance Scholarship Fund are classified as restricted funds and are accounted for separately from other program funds. 100% of the money donated to the Scholarship Fund are used only for that purpose, and are not used to cover any of the cost to administer the program. Overhead costs for the Scholarship program are paid out of the Organization’s general operating funds.

In addition to funding grants to qualifying students now in college, a significant percentage of donations to the Scholarship Fund are placed in a “trust fund.” This money is for the many young children of the service men and women who have been killed or permanently disabled, as well as others who may be lost, in an operational mission or training accident. Many of the children they leave behind are very young and a sizable fund will be necessary to help fund their education when they reach college age.

The Organization also conducts research and offers analysis on public policy matters especially those which impact national sovereignty, national defense, foreign policy, American history, and the role of government generally. The Organization educates the public on these matters through the publication of policy papers, manuscripts, newspaper columns, and other educational materials. The Organization also hosts seminars and policy discussions and debates and participates in public discussions through the media (the Internet, talk radio, television, newspapers and magazines, etc.).

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Freedom Alliance
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents - Includes all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial investments.

Investments – Investments are carried in the financial statements at fair value. Investment income reflected in the accompanying statement of activities includes gains and losses realized upon sales and unrealized gains and losses resulting from fluctuations in market values of investments.

Contributions - The Organization reports gifts of cash and other assets as restricted support if they are received with donor or time stipulations that limit the use of the donated assets. When the donor or time 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. Contributions or donations with donor-imposed restrictions that are received and released from restriction during the same fiscal year are reflected as unrestricted support.

Promises to Give - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires net assets with donor restrictions are reclassified to net assets without donor restrictions. Based upon the Organization's history, no provisions were made for uncollectible accounts for the year ended December 31, 2020.

Fixed Assets - Acquisitions of furniture and equipment in excess of \$250 are capitalized. Furniture and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method. Furniture, equipment, and vehicles are depreciated over 5 years and computers and software are depreciated over 3 years.

Income Taxes - The Organization has received notification from the Internal Revenue Service that it is exempt from federal income tax as described in Section 501 (c)(3) of the Internal Revenue Code. Accordingly, contributions are deductible for federal income, estate, and gift tax purposes. The Internal Revenue Service also has classified the Organization as a public charity and not a private foundation. The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

The Freedom Alliance
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Adopted Accounting Standards - The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

NOTE 3: CASH AND CASH EQUIVALENTS

The Organization’s cash and cash equivalents as of December 31, 2020 are as follows:

Checking/Savings	\$1,147,082
Cash held by investment managers	<u>6,598,175</u>
Totals	<u>\$7,745,257</u>

NOTE 4: PROPERTY HELD FOR DONATION

The Organization receives donations of real estate properties and these properties are used for the Heroes to Homeowners program. The total value of properties held for donation at December 31, 2020 is \$1,505,900.

NOTE 5: REFUNDABLE ADVANCE ASSET

Refundable Advance Asset is part of the Heroes to Homeowner's program. As homes are conditionally deeded to veterans they are moved from Properties Held for Donation to Refundable Advance Asset. Upon the conditions being met, the homes are released without condition to the veterans. The activity for 2020 is as follows:

Beginning of Year	\$ 1,513,000
Conditionally deeded to veterans	390,000
Released from conditions	<u>(1,073,000)</u>
End of Year	<u>\$ 830,000</u>

NOTE 6: INVESTMENTS

Financial Accounting Standards Board Statement Accounting Standards Codification 820, Fair Value Measurements (FASB ASC 820), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under FASB Statement No. 157 are described below:

The Freedom Alliance
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 6: INVESTMENTS (continued)

Level 1 Inputs to the valuation methodology are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2 Inputs to the valuation methodology include: a) Quoted prices for similar assets or liabilities in active markets, b) Quoted prices for identical or similar assets or

liabilities in markets that are not active, and c) Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are both unobservable and significant to the overall fair value measurement.

Investments in private investment companies that are measured at fair value using NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy, as ASU 2015-07 removes the requirement. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Financial Position as of December 31, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$19,419,987	\$ -	\$ -	\$19,419,987
Stocks	4,130,646	-	-	4,130,646
Corporate Fixed Income	2,369,849	-	-	2,369,849
Gov't Securities	1,957,252	-	-	1,957,252
ETFs & CEFs	<u>6,997</u>	<u>-</u>	<u>-</u>	<u>6,997</u>
Total	<u>\$27,884,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$27,884,731</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment in private investment company	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,806,077</u>
Total Investments	<u>\$27,884,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$30,690,808</u>

Investment income consists of the following for the year ended December 31, 2020:

Interest and Dividends	\$ 699,071
Realized Gains / (Losses)	1,238,093
Unrealized Gains / (Losses)	358,404
Net of Investment Expenses	<u>(41,086)</u>
Total	<u>\$ 2,254,482</u>

The Freedom Alliance
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 7: SPLIT-INTEREST AGREEMENTS

The Organization has a program to receive contributions under charitable gift annuities. The Organization has segregated these assets as separate and distinct funds, independent from other funds and not to be applied to payment of the debts and obligations of the Organization or any other purpose other than annuity benefits specified in the agreements.

The Organization agrees to pay a stated return annually to the beneficiaries as long as they live, after which time the remaining assets are available for unrestricted use of the Organization. A liability is recognized for the estimated present value of the annuity obligations. The discount rate and actuarial assumptions used in calculating the annuity obligation are those provided in Internal Revenue Service guidelines and actuarial tables.

Assets and liabilities of the Organization at December 31, 2020 that are derived from split-interest agreements are as follows:

Cash and cash equivalents	\$ 2,395
Investments	434,113
Total Assets	<u>\$ 436,508</u>
Annuities	<u>\$ 85,586</u>
Total Liabilities	<u>\$ 85,586</u>

NOTE 8: ENDOWMENT FUND

Changes in endowment net assets as of December 31, 2020 are as follows:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Poppy's Wish Vacation Program Activity			
Beginning of year – cash	\$ -	\$ -	\$ -
Unrestricted resources	-	-	-
Expenses	-	-	-
Release of restriction	-	-	-
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investment			
Beginning of year	\$ 42,661	\$ 1,076,794	\$ 1,119,455
Investment income	-	42,474	42,474
Net gains/(losses)	-	72,870	72,870
Release of restriction	-	-	-
Subtotal	<u>\$ 42,661</u>	<u>\$ 1,192,138</u>	<u>\$ 1,234,799</u>
Endowment net assets, end of year	<u>\$ 42,661</u>	<u>\$ 1,192,138</u>	<u>\$ 1,234,799</u>

The Freedom Alliance
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 8: ENDOWMENT FUND (continued)

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The original value of the donated gift, \$1,003,955, is recorded as a perpetual endowment and investment income on the endowment is recorded as restricted until the restriction is met. If the restriction is met in the same period, the income is reflected as unrestricted support.

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to the program supported by its endowment funds. The Organization has a spending policy of appropriating interest and dividend income for distribution each year. To achieve that objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

There were no activities for this program in 2020 due to COVID-19.

NOTE 9: SCHOLARSHIP FUND

The Organization provides college scholarships to dependent children of military personnel who have been killed or permanently disabled as a result of an operational mission or training accident. One hundred percent of all monies donated to support the scholarship fund are used only for that purpose, and are not used to cover any of the cost to administer this program.

Unspent scholarship contributions are accounted for as net assets with donor restrictions. Since many of the children who may eventually benefit from this program are still young, the excess contributions are invested to build a funding base to help ensure that scholarships are available for these children in the future.

The Freedom Alliance
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 9: SCHOLARSHIP FUND (continued)

Changes in scholarship fund net assets as of December 31, 2020 are as follows:

	Board <u>Designated</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Beginning of year	\$10,284,737	\$17,067,579	\$27,352,316
Contributions	-	1,863,674	1,863,674
Investment Income	564,539	-	564,539
Scholarships	-	(2,166,041)	(2,166,041)
Net Gains	<u>2,088,334</u>	-	<u>2,088,334</u>
End of year	<u>\$12,937,610</u>	<u>\$16,765,212</u>	<u>\$29,702,822</u>

NOTE 10: NET ASSETS

Net assets without donor restrictions:

Designated for scholarship program	\$ 12,937,610
Unrestricted, undesignated net assets	<u>7,332,135</u>
Total net assets without donor restrictions	<u>\$ 20,269,745</u>

Net assets with donor restrictions:

For scholarships	\$ 16,765,212
For Heroes to Homeowner's program	2,335,900
For Poppy's Wish Vacation program	188,183
For Scholarship program events	1,790
Perpetual endowment for Poppy's Wish Vacation program	<u>1,003,955</u>
Total net assets with donor restrictions	<u>\$ 20,295,040</u>

Total net assets	<u>\$ 40,564,785</u>
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NOTE 11: PAYCHECK PROTECTION PROGRAM FUNDS

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted. The CARES Act is an emergency economic stimulus package in response to the COVID-19 outbreak, which among other things, provides for loans to be made to small businesses under the Payroll Protection Program (PPP). On April 21, 2020 the Organization received a loan in the amount of \$273,500. The Organization satisfied the loan forgiveness provisions of the PPP Rules and the loan was forgiven on November 2, 2020. It is recorded as grant revenue on the statement of activities.

The Freedom Alliance
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 12: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following table reflects the Organization's financial assets as of December 31, 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions or internal board designations.

Financial Assets at year-end:	
Cash	\$ 7,745,257
Investments	30,690,808
Receivables	<u>22,812</u>
Total Financial Assets	\$ 38,458,877
Financial Assets limited to use:	
Donor Restricted	\$(20,295,040)
Board Designated	<u>(12,937,610)</u>
Total Financial Assets limited to use	\$(33,232,650)
Financial Assets available to meet cash needs for general expenditures within one year:	
	<u>\$ 5,226,227</u>

NOTE 13: PENSION PLAN

The Organization maintains a defined contribution pension plan under IRS Code Section 403(B). The Organization contributes a match of up to 5% of an employee's salary. Contributions totaling \$46,842 for the year ended December 31, 2020 were made by the Organization, in addition to the elective deferrals made by employees.

NOTE 14: ALLOCATION OF JOINT EXPENSES WITH A FUNDRAISING COMPONENT

In 2020, the Organization conducted activities that included requests for contributions as well as program components. Those activities included ongoing direct mail and email campaigns. The cost of conducting those activities included a total of \$1,383,974 of joint costs for the year ended December 31, 2020. The direct mail program supports the Organization's public policy educational outreach activities.

Cost allocated to programs	\$ 1,170,805
Cost allocated to fundraising	<u>213,169</u>
Total Costs	<u>\$ 1,383,974</u>

The Freedom Alliance
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 15: SUMMARIZED COMPARATIVE INFORMATION

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

NOTE 16: UNCERTAINTIES

The Covid-19 pandemic continues to have a notable impact on general economic conditions. The extent and impact of the pandemic on the Organization and its operations are uncertain and cannot be reasonably estimated at this time. The Organization continues to monitor the impact of the COVID-19 outbreak and its related impact on business, financial conditions, operating results, and cash flows.

NOTE 17: SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through June 22, 2021, the date on which the financial statements were available to be issued.