

THE FREEDOM ALLIANCE

**Financial Statements for the Year Ended December 31, 2021
And Independent Auditors' Report
Dated May 25, 2022**

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Jennifer S. Burke, CPA PLLC

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Freedom Alliance
Dulles, Virginia

Opinion

We have audited the accompanying financial statements of The Freedom Alliance (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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.

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, 2021, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Freedom Alliance 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Freedom Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

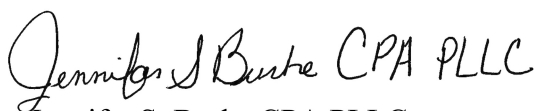
In performing an audit in accordance with generally accepted auditing standards, we:

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

Report on Summarized Comparative Information

We have previously audited The Freedom Alliance's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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

May 25, 2022

The Freedom Alliance
Statement of Financial Position
As of December 31, 2021
(With Comparative Totals as of December 31, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 9,710,336	\$ 7,745,257
Accounts Receivable	17,438	22,812
Prepayments and Other Assets	<u>107,865</u>	<u>77,734</u>
Total Current Assets	9,835,639	7,845,803
Property and Equipment		
Furniture and Equipment	121,138	126,566
Accumulated Depreciation	<u>(116,443)</u>	<u>(117,423)</u>
Total Property and Equipment	4,695	9,143
Other Assets		
Investments	34,677,098	30,690,808
Property Held for Donation	247,900	1,505,900
Refundable Advance Asset	<u>1,028,000</u>	<u>830,000</u>
Total Other Assets	<u>35,952,998</u>	<u>33,026,708</u>
TOTAL ASSETS	<u><u>45,793,332</u></u>	<u><u>40,881,654</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Payroll and Payroll Taxes Payable	74,491	73,175
Accounts Payable	239,649	136,143
Unearned Revenues	-	21,965
Total Current Liabilities	<u>314,140</u>	<u>231,283</u>
Other Liabilities		
Annuities	<u>50,653</u>	<u>85,586</u>
Total Other Liabilities	<u>50,653</u>	<u>85,586</u>
TOTAL LIABILITIES	364,793	316,869
Net Assets		
Without Donor Restrictions	25,670,572	20,269,745
With Donor Restrictions	<u>19,757,967</u>	<u>20,295,040</u>
Total Net Assets	<u>45,428,539</u>	<u>40,564,785</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 45,793,332</u></u>	<u><u>\$ 40,881,654</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, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021	2020
Contributions and Revenues				
Contributions	\$ 7,347,272	\$ 2,801,681	\$ 10,148,953	\$ 6,934,848
Investment Income, net of expenses	3,533,001	166,787	3,699,788	2,254,482
In-Kind Donations	1,624,871	-	1,624,871	407,353
Gain/(Loss) on Disposal of Property	522,777	-	522,777	458,300
List Rental Income	108,719	-	108,719	93,269
Registration Fees & Sponsorships	96,250	-	96,250	-
Miscellaneous Income	9,636	-	9,636	11,101
Grant Revenue	-	-	-	273,500
Loss in Value - Split Interest Agreement	(1,567)	-	(1,567)	(1,567)
Net Assets Released from Restriction	<u>3,505,541</u>	<u>(3,505,541)</u>	<u>-</u>	<u>-</u>
Total Contributions and Revenues	16,746,500	(537,073)	16,209,427	10,431,286
Expenses				
Program Expenses				
Restricted Programs	7,898,126	-	7,898,126	5,607,628
General Programs	<u>2,517,318</u>	<u>-</u>	<u>2,517,318</u>	<u>2,263,331</u>
Total Program Expense	10,415,444	-	10,415,444	7,870,959
General and Administrative Expenses	245,494	-	245,494	197,296
Fundraising Expenses	<u>684,735</u>	<u>-</u>	<u>684,735</u>	<u>735,675</u>
Total Support Services	930,229	-	930,229	932,971
Total Expenses	<u>11,345,673</u>	<u>-</u>	<u>11,345,673</u>	<u>8,803,930</u>
Change in Net Assets	<u>5,400,827</u>	<u>(537,073)</u>	<u>4,863,754</u>	<u>1,627,356</u>
Net Assets, Beginning of Year	<u>20,269,745</u>	<u>20,295,040</u>	<u>40,564,785</u>	<u>38,937,429</u>
Net Assets, End of Year	<u>\$ 25,670,572</u>	<u>\$ 19,757,967</u>	<u>\$ 45,428,539</u>	<u>\$ 40,564,785</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, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Cash Provided/(Used) by Operating Activities		
Change in Net Assets	\$ 4,863,754	\$ 1,627,356
Adjustments to reconcile Change in Net Assets to Cash used by Operating Activities:		
Depreciation	5,000	9,612
Loss on Disposal of Assets	451	-
Unrealized Gain on Investments	(2,077,554)	(358,404)
Unrealized Interest on Investments	-	(7,689)
Loss in Value - Split Interest Agreement	1,567	1,567
(Increase) / Decrease in:		
Receivables	5,374	(16,999)
Prepayments and Other Assets	(30,131)	38,237
Donated Property Held for Sale/Donation	1,258,000	390,000
Refundable Advance Asset	(198,000)	683,000
Increase / (Decrease) in:		
Accounts Payable	103,506	(189,842)
Payroll Liabilities	1,316	(8,173)
Unearned Revenues	(21,965)	21,965
	3,911,318	2,190,630
Cash Provided/(Used) by Investing Activities		
Purchase of Investments	(8,001,882)	(9,585,027)
Sale of Investments	6,093,146	12,167,364
Purchase of Furniture and Equipment	(1,003)	(2,799)
	(1,909,739)	2,579,538
Cash Provided by Financing Activities		
Payments on Annuity Obligations	(36,500)	(36,500)
	(36,500)	(36,500)
Net Increase in Cash and Cash Equivalents	1,965,079	4,733,668
Cash and Cash Equivalents, Beginning of Year	7,745,257	3,011,589
Cash and Cash Equivalents, End of Year	\$ 9,710,336	\$ 7,745,257

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, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	Restricted Programs	General Programs	Total Programs	General and Administrative		Fundraising	Total Support Services	Total 2021	Total 2020
				Administrative	Support Services				
Grants and Contributions	\$ 4,768,097	\$ 24,588	\$ 4,792,685	\$ -	\$ -	\$ -	\$ -	\$ 4,792,685	\$ 4,119,676
Donated Goods and Services	1,590,146	34,725	1,624,871	-	-	-	-	1,624,871	407,353
Salaries and Benefits	732,718	698,465	1,431,183	61,854	154,828	92,974	154,828	1,586,011	1,651,401
Professional Fees	184,035	422,614	606,649	89,840	293,333	203,493	293,333	899,982	659,928
Postage and Delivery	43,294	546,197	589,491	7,546	90,420	82,874	90,420	679,911	690,611
Printing and Reproduction	52,294	414,693	466,987	10,555	101,502	90,947	101,502	568,489	588,014
Events and Conferences	375,935	129,715	505,650	15,975	23,188	7,213	23,188	528,838	78,063
List Rental	14,671	145,202	159,873	73	27,471	27,398	27,471	187,344	150,516
Consulting	-	-	-	-	159,000	159,000	159,000	159,000	162,000
Rent	48,917	46,630	95,547	4,129	10,336	6,207	10,336	105,883	106,249
Bank Fees and Interest Expense	-	16,224	16,224	49,083	51,026	1,943	51,026	67,250	45,203
Marketing	44,151	6,198	50,349	-	-	-	-	50,349	48,272
Supplies	21,554	5,332	26,886	1,983	3,876	1,893	3,876	30,762	27,007
Telephone	7,963	7,591	15,554	672	1,682	1,010	1,682	17,236	17,472
Business Insurance	6,803	6,327	13,130	560	1,402	842	1,402	14,532	17,531
Dues and Subscriptions	2,617	3,818	6,435	903	4,415	3,512	4,415	10,850	7,316
Equipment Rental	1,698	4,137	5,835	143	673	530	673	6,508	8,115
Taxes and Licenses	417	397	814	98	4,508	4,410	4,508	5,322	6,636
Depreciation Expense	2,310	2,202	4,512	195	488	293	488	5,000	9,612
Miscellaneous	506	2,263	2,769	1,885	2,081	196	2,081	4,850	2,955
Total	\$ 7,898,126	\$ 2,517,318	\$ 10,415,444	\$ 245,494	\$ 930,229	\$ 684,735	\$ 930,229	\$ 11,345,673	\$ 8,803,930

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, 2021

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, 2021

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. The cash held in banks is insured by the Federal Deposit Insurance Company. Due to the large amount of donations received at the end of the year, as of December 31, 2021, the uninsured portion of this balance was \$2,811,357. Although the Organization occasionally exceeds FDIC limits, due to operational needs, management feels it is an acceptable risk.

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, 2021.

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.

Functional Expenses - Expenses are charged directly to program, general and administrative, and fundraising in general categories based on specific identification. Salaries and related expenses are allocated based on employees' time. Other indirect expenses have been allocated based on direct costs.

The Freedom Alliance
Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

NOTE 3: CASH AND CASH EQUIVALENTS

The Organization's cash and cash equivalents as of December 31, 2021 are as follows:

Checking/Savings	\$3,225,016
Cash held by investment managers	<u>6,485,320</u>
Totals	<u>\$9,710,336</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, 2021 is \$247,900.

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 2021 is as follows:

Beginning of Year	\$ 830,000
Conditionally deeded to veterans	1,258,000
Released from conditions	<u>(1,060,000)</u>
End of Year	\$1,028,000

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, 2021

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, 2021.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$22,961,336	\$ -	\$ -	\$22,961,336
Stocks	5,169,027	-	-	5,169,027
Corporate Fixed Income	2,172,818	-	-	2,172,818
Gov't Securities	1,666,457	-	-	1,666,457
ETFs & CEFs	<u>435,683</u>	-	-	<u>435,683</u>
Total	<u>\$32,405,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$32,405,321</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>\$ 2,271,777</u>
Total Investments	<u>\$32,405,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$34,677,098</u>

Investment income consists of the following for the year ended December 31, 2021:

Interest and Dividends	\$ 1,731,872
Realized Gains / (Losses)	(12,737)
Unrealized Gains / (Losses)	2,077,554
Net of Investment Expenses	<u>(96,901)</u>
Total	<u>\$ 3,699,788</u>

The Freedom Alliance
Notes to the Financial Statements
For the Year Ended December 31, 2021

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, at 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, 2021 that are derived from split-interest agreements are as follows:

Cash and cash equivalents	\$ 449
Investments	<u>443,185</u>
Total Assets	<u>\$ 443,634</u>
Annuities	<u>\$ 50,653</u>
Total Liabilities	<u>\$ 50,653</u>

NOTE 8: ENDOWMENT FUND

Changes in endowment net assets as of December 31, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Poppy's Wish Vacation Program Activity			
Beginning of year – cash	\$ -	\$ -	\$ -
Unrestricted resources	-	-	-
Expenses	-	-	-
Release of restriction	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	\$ -	\$ -	\$ -
Investment			
Beginning of year	\$ 42,661	\$ 1,192,138	\$ 1,234,799
Investment income	-	73,447	73,447
Net gains/(losses)	-	93,339	93,339
Release of restriction	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>\$ 42,661</u>	<u>\$ 1,358,925</u>	<u>\$ 1,401,585</u>
Endowment net assets, end of year	<u>\$ 42,661</u>	<u>\$ 1,358,924</u>	<u>\$ 1,401,585</u>

The Freedom Alliance
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021 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, 2021

NOTE 9: SCHOLARSHIP FUND (continued)

Changes in scholarship fund net assets as of December 31, 2021 are as follows:

	<u>Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning of year	\$12,937,610	\$16,765,212	\$29,702,822
Contributions	-	2,331,565	2,331,565
Investment Income	1,544,261	-	1,544,261
Scholarships	-	(2,423,840)	(2,423,840)
Net Gains	<u>1,143,243</u>	-	<u>1,143,243</u>
End of year	<u>\$15,625,114</u>	<u>\$16,672,937</u>	<u>\$32,298,051</u>

NOTE 10: NET ASSETS

Net assets without donor restrictions:

Designated for scholarship program	\$ 15,625,114
Unrestricted, undesignated net assets	<u>10,045,458</u>
Total net assets without donor restrictions	<u>\$ 25,670,572</u>

Net assets with donor restrictions:

For scholarships	\$ 16,672,937
For Heroes to Homeowner's program	1,299,514
For Support our Troops program	426,592
For Poppy's Wish Vacation program	354,969
Perpetual endowment for Poppy's Wish Vacation program	<u>1,003,955</u>
Total net assets with donor restrictions	<u>\$ 19,757,967</u>

Total net assets	<u>\$ 45,428,539</u>
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NOTE 11: ALLOCATION OF JOINT EXPENSES WITH A FUNDRAISING COMPONENT

In 2021, 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 \$1,720,910 of joint costs for the year ended December 31, 2021. The direct mail program supports the Organization's public policy educational outreach activities.

Cost allocated to programs	\$ 1,512,009
Cost allocated to fundraising	<u>208,901</u>
Total Costs	<u>\$ 1,720,910</u>

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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, 2021, 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	\$ 9,710,336
Investments	34,677,098
Receivables	<u>17,438</u>
Total Financial Assets	\$ 44,404,872
Financial Assets limited to use:	
Donor Restricted	\$(19,757,967)
Board Designated	<u>(15,625,114)</u>
Total Financial Assets limited to use	<u>\$(35,383,081)</u>
Financial Assets available to meet cash needs for general expenditures within one year:	
	<u>\$ 9,021,791</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 \$44,787 for the year ended December 31, 2021 were made by the Organization, in addition to the elective deferrals made by employees.

NOTE 14: 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, 2020, from which the summarized information was derived.

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NOTE 15: 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 16: SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through May 25, 2022, the date on which the financial statements were available to be issued.