



Semper Fi & America's Fund

Financial Statements

Years Ended June 30, 2023 and 2022



SEMPER FI & AMERICA'S FUND

Financial Statements

Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Semper Fi & America's Fund

Opinion

We have audited the accompanying financial statements of Semper Fi & America's Fund (a nonprofit organization), which are comprised of the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Semper Fi & America's Fund as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Semper Fi & America's Fund'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 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.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements, continued

- 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 Semper Fi & America's Fund'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 Semper Fi & America's Fund'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.

Aldrich CPAs + Advisors LLP

San Diego, California
December 7, 2023

SEMPER FI & AMERICA'S FUND**Statements of Financial Position**

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 2,795,587	\$ 1,226,600
Accounts receivable	136,562	185,461
Investments	25,522,899	29,900,959
Unconditional promises to give	7,420,000	4,000,000
Prepaid expenses and other assets	1,860,327	1,604,133
Property and equipment, net of accumulated depreciation	<u>297,078</u>	<u>448,011</u>
Total Assets	<u>\$ 38,032,453</u>	<u>\$ 37,365,164</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 370,867	\$ 493,254
Accrued expenses	<u>927,924</u>	<u>1,408,590</u>
Total Liabilities	1,298,791	1,901,844
Net Assets:		
Without donor restriction	22,098,041	25,258,407
With donor restriction:		
Purpose-restricted	7,153,080	2,827,622
Time-restricted	4,000,000	4,000,000
Perpetual in nature	<u>3,482,541</u>	<u>3,377,291</u>
Total With Donor Restriction	<u>14,635,621</u>	<u>10,204,913</u>
Total Net Assets	<u>36,733,662</u>	<u>35,463,320</u>
Total Liabilities and Net Assets	<u>\$ 38,032,453</u>	<u>\$ 37,365,164</u>

SEMPER FI & AMERICA'S FUND**Statement of Activities**

Year Ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
Support and Other Revenue:			
Contributions	\$ 24,997,707	\$ 23,667,899	\$ 48,665,606
Special events:			
Revenue	775,796	-	775,796
Expense	(180,553)	-	(180,553)
Special events, net	595,243	-	595,243
Investment income, net	964,083	477,994	1,442,077
Contributed nonfinancial assets	49,669	81,645	131,314
Net assets released from restrictions-time	9,500,000	(9,500,000)	-
Net assets released from restrictions-purpose	10,296,830	(10,296,830)	-
 Total Support and Other Revenue	 46,403,532	 4,430,708	 50,834,240
 Expenses:			
Program services:			
Service member and family support	31,311,928	-	31,311,928
Transition	5,704,737	-	5,704,737
Integrative wellness	7,976,288	-	7,976,288
Total Program Services	44,992,953	-	44,992,953
 Supporting services:			
Management and general	3,055,758	-	3,055,758
Fundraising	1,515,187	-	1,515,187
	4,570,945	-	4,570,945
 Total Expenses	 49,563,898	 -	 49,563,898
 Change in Net Assets	 (3,160,366)	 4,430,708	 1,270,342
 Net Assets, beginning	 25,258,407	 10,204,913	 35,463,320
 Net Assets, ending	 \$ 22,098,041	 \$ 14,635,621	 \$ 36,733,662

SEMPER FI & AMERICA'S FUND**Statement of Activities**

Year Ended June 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
Support and Other Revenue:			
Contributions	\$ 33,914,504	\$ 17,273,042	\$ 51,187,546
Special events:			
Revenue	483,901	-	483,901
Expense	(74,905)	-	(74,905)
Special events, net	408,996	-	408,996
Investment income, net	(1,714,745)	(575,200)	(2,289,945)
Contributed nonfinancial assets	284,150	113,964	398,114
Net assets released from restrictions-time	9,500,000	(9,500,000)	-
Net assets released from restrictions-purpose	8,833,068	(8,833,068)	-
Total Support and Other Revenue	51,225,973	(1,521,262)	49,704,711
Expenses:			
Program services:			
Service member and family support	34,164,426	-	34,164,426
Transition	4,534,504	-	4,534,504
Integrative wellness	7,615,530	-	7,615,530
Total Program Services	46,314,460	-	46,314,460
Supporting services:			
Management and general	3,180,836	-	3,180,836
Fundraising	1,387,722	-	1,387,722
	4,568,558	-	4,568,558
Total Expenses	50,883,018	-	50,883,018
Operating Income (Loss)	342,955	(1,521,262)	(1,178,307)
Non-Operating Loss and Expense			
Return of donation (See Note 12)	116,216	4,715,187	4,831,403
Change in Net Assets	226,739	(6,236,449)	(6,009,710)
Net Assets, beginning	25,031,668	16,441,362	41,473,030
Net Assets, ending	\$ 25,258,407	\$ 10,204,913	\$ 35,463,320

SEMPER FI & AMERICA'S FUND

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services				Supporting Services		
	Service Member and Family Support	Transition	Integrative Wellness	Total Program	Management and General	Fundraising	Total
Grants:							
Service member and family support	\$ 8,335,624	\$ -	\$ -	\$ 8,335,624	\$ -	\$ -	\$ 8,335,624
Housing	6,807,606	-	-	6,807,606	-	-	6,807,606
Transportation	4,537,226	-	-	4,537,226	-	-	4,537,226
PTSD, TBI and medical	-	-	2,700,702	2,700,702	-	-	2,700,702
Recovery through sports	-	-	2,374,539	2,374,539	-	-	2,374,539
Military to civilian transition	-	2,097,697	-	2,097,697	-	-	2,097,697
Adaptive equipment	1,349,968	-	-	1,349,968	-	-	1,349,968
Education and career	-	1,066,091	-	1,066,091	-	-	1,066,091
Jinx McCain horsemanship	-	-	220,733	220,733	-	-	220,733
Total Grants	21,030,424	3,163,788	5,295,974	29,490,186	-	-	29,490,186
Wages, taxes, and benefits	8,207,372	2,228,920	2,157,997	12,594,289	2,376,280	1,077,374	16,047,943
Professional services	486,175	73,139	122,431	681,745	194,172	101,574	977,491
Travel and meetings	447,940	67,387	112,802	628,129	25,983	28,648	682,760
Postage and delivery	338,790	50,967	85,316	475,073	34,855	46,709	556,637
Education and promotional	206,549	31,073	52,014	289,636	-	139,304	428,940
Other operating expenses	170,128	25,593	42,842	238,563	127,733	49,487	415,783
Office rent and expenses	212,130	31,913	53,419	297,462	38,347	15,276	351,085
Donation processing	-	-	-	-	200,733	34,523	235,256
Depreciation	106,213	15,979	26,747	148,939	30,661	10,216	189,816
Communications	106,207	15,978	26,746	148,931	26,994	12,076	188,001
	10,281,504	2,540,949	2,680,314	15,502,767	3,055,758	1,515,187	20,073,712
Total Operating Expenses	31,311,928	5,704,737	7,976,288	44,992,953	3,055,758	1,515,187	49,563,898
Special Events Expenses	-	-	-	-	-	180,553	180,553
Total Functional Expenses	\$ 31,311,928	\$ 5,704,737	\$ 7,976,288	\$ 44,992,953	\$ 3,055,758	\$ 1,695,740	\$ 49,744,451

See accompanying notes to financial statements.

SEMPER FI & AMERICA'S FUND

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services				Supporting Services		
	Service Member and Family Support	Transition	Integrative Wellness	Total Program	Management and General	Fundraising	Total
Grants:							
Service member and family support	\$ 9,881,457	\$ -	\$ -	\$ 9,881,457	\$ -	\$ -	\$ 9,881,457
Housing	7,920,855	-	-	7,920,855	-	-	7,920,855
Transportation	4,734,547	-	-	4,734,547	-	-	4,734,547
Recovery through sports	-	-	2,277,647	2,277,647	-	-	2,277,647
PTSD, TBI and medical	-	-	2,241,909	2,241,909	-	-	2,241,909
Adaptive equipment	1,905,427	-	-	1,905,427	-	-	1,905,427
Education and career	-	1,272,864	-	1,272,864	-	-	1,272,864
Military to civilian transition	-	1,010,532	-	1,010,532	-	-	1,010,532
Jinx McCain horsemanship	-	-	366,554	366,554	-	-	366,554
Total Grants	24,442,286	2,283,396	4,886,110	31,611,792	-	-	31,611,792
Wages, taxes, and benefits	7,633,237	2,055,976	2,311,823	12,001,036	2,448,815	942,888	15,392,739
Professional services	499,271	46,642	99,806	645,719	243,999	106,587	996,305
Postage and delivery	388,703	36,313	77,703	502,719	35,908	45,844	584,471
Other operating expenses	283,082	26,434	56,602	366,118	112,690	51,183	529,991
Education and promotional	224,203	20,945	44,819	289,967	-	166,219	456,186
Travel and meetings	301,733	28,188	60,318	390,239	23,420	14,870	428,529
Office rent and expenses	183,210	17,116	36,625	236,951	46,657	11,966	295,574
Donation processing	-	-	-	-	220,307	35,280	255,587
Communications	136,149	12,719	27,217	176,085	32,316	6,856	215,257
Depreciation	72,552	6,775	14,507	93,834	16,724	6,029	116,587
Total Operating Expenses	34,164,426	4,534,504	7,615,530	46,314,460	3,180,836	1,387,722	50,883,018
Special Events Expenses	-	-	-	-	-	74,905	74,905
Non-Operating Expense	-	-	-	-	116,216	-	116,216
Total Functional Expenses	\$ 34,164,426	\$ 4,534,504	\$ 7,615,530	\$ 46,314,460	\$ 3,297,052	\$ 1,462,627	\$ 51,074,139

See accompanying notes to financial statements.

SEMPER FI & AMERICA'S FUND**Statements of Cash Flows**

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Cash received from donors and others	\$ 30,371,653	\$ 38,336,359
Payments received on unconditional promises to give	14,580,000	13,550,000
Cash received from investment earnings, net	439,519	680,557
Cash paid to employees and vendors	(20,038,903)	(18,326,525)
Cash paid for grants	(29,629,084)	(31,193,717)
	<u>(4,276,815)</u>	<u>3,046,674</u>
Net Cash Provided (Used) by Operating Activities		
	(4,276,815)	3,046,674
Cash Flows from Investing Activities:		
Purchases of investments	(11,717,753)	(10,996,362)
Proceeds on sales of investments	17,497,187	13,334,000
Return of donation (See Note 12)	-	(4,831,403)
Purchases of property and equipment	(105,383)	(381,780)
Proceeds on sales of property and equipment	66,501	-
	<u>5,740,552</u>	<u>(2,875,545)</u>
Net Cash Provided (Used) by Investing Activities		
	5,740,552	(2,875,545)
Cash Flows Provided by Financing Activities:		
Cash contributions restricted for endowment	105,250	-
	<u>105,250</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents		
	1,568,987	171,129
Cash and Cash Equivalents, beginning	<u>1,226,600</u>	<u>1,055,471</u>
Cash and Cash Equivalents, ending	<u>\$ 2,795,587</u>	<u>\$ 1,226,600</u>

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

Semper Fi & America's Fund (The Fund) is a tax-exempt organization incorporated in the State of California in 2004. The Fund cares for our nation's critically wounded, ill, and injured service members, veterans, and military families. Supporting all branches of the U.S. Armed Forces, we provide one-on-one case management, connection, and lifetime support.

The Fund initially assisted post-9/11 Marines and Navy Corpsmen. In 2012, The Fund expanded its programs to serve post-9/11 service members and veterans of all branches of the U.S. Armed Forces. In 2018, The Fund further expanded its reach by assisting Vietnam Veterans catastrophically wounded, injured, or suffering life-threatening illness from participation in Vietnam combat operations.

The primary source of income is from donor contributions. Since its inception in 2004, The Fund has assisted 30,000 service members, veterans and military families with \$312,000,000 in grants.

The Fund offers vital, life-changing support through a broad spectrum of services designed to meet the complex needs of wounded, ill, and injured service members and veterans, and military families, during hospitalization, recovery, and transition back into the local community. Our case managers, visiting nurses, and entire team support those we serve by helping navigate complex medical and emotional recovery. We provide support through three key areas of assistance — Service Member and Family Support, Transition, and Integrative Wellness.

Service Member and Family Support Program

Our Service Member and Family Support Program provides our Nation's heroes with direct financial assistance and vital programming for critically wounded, ill, and injured service members, veterans, and military families during hospitalization and recovery. Assistance includes financial support during hospitalization, adaptive housing, transportation, and equipment; targeted support for caregivers and for children in military families; assistance navigating complex medical issues, and relief and recovery in times of crisis, disaster, and emergency.

Transition Program

Our Transition Program helps critically wounded, ill, and injured service members and veterans thrive well beyond their injury into recovery. Education support and career assistance provides them with the skills to reconnect with their communities and build new, productive lives. Assistance includes a wide range of education support and career assistance, apprenticeship program, veteran-to-veteran mentorship and opportunities to engage with fellow veterans.

Integrative Wellness Program

Our Integrative Wellness Program applies a holistic approach to long-term health by providing tools to improve body, mind, and spirit. We foster healing in a powerful and sustaining way, using innovative technologies and high-tech wellness devices, as well as providing assistance for participation in various sports, art and music therapy, horsemanship program and service dogs.

Financial Statement Presentation

The financial statements of The Fund have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require The Fund to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of The Fund. These net assets may be used at the discretion of The Fund's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of The Fund or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The Fund's financial instruments, none of which are held for trading purposes, include cash, investments, receivables, and accounts payable. The Fund estimates that the fair value of all of these nonderivative financial instruments at June 30, 2023 and 2022 approximates the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

Cash and Cash Equivalents

The Fund considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded at estimated net realizable value. Receivables are written off when The Fund determines an account is uncollectible. There were no write-offs in the fiscal years ended June 30, 2023 and 2022. Past due status is determined based on a review of the amounts recorded and the expected collection of these amounts. No allowance for doubtful accounts is deemed necessary as of June 30, 2023 and 2022 as management has determined that all amounts are deemed collectible.

Investments

Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets. Investment income and gains restricted by a donor are reported as increases in net assets with donor restrictions until they are appropriated for use in accordance with the agreements.

Unconditional Promises to Give

When a donor has unconditionally promised to contribute funds to The Fund in future periods, The Fund recognizes an unconditional promise to give. Promises to give expected to be collected within one year are recorded as support and a receivable at net realizable value. Promises to give expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue.

An allowance for uncollectible pledges receivable, if any, is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. No allowance for doubtful promises to give is deemed necessary as of June 30, 2023 and 2022 as management has determined all amounts are deemed collectible.

Prepaid Expenses and Other Assets

Prepaid expenses include items such as insurance, promotional and educational materials, event costs and other items to be used in future periods. Purchased items are valued at the lower of cost (first-in, first-out method) or net realizable value. Prepaid expenses also include gift cards and computer equipment that are purchased or donated for distribution as grants to service members. Donated items are recorded at the estimated fair market value at the date of the gift.

Property and Equipment

The Fund capitalizes all expenditures for property, equipment, software, and website design equal to or in excess of \$1,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of two to five years.

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Revenue Recognition

Contributions - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of 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 statements of activities as net assets released from restrictions.

In-kind contributions – In-kind contributions consist of donated use of facilities, donated assets, donated supplies and donated services. Donated services are recognized in the statements of activities if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by The Fund.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses are allocated on a reasonable basis that is consistently applied, as follows. Employee wages, benefits and taxes are allocated based on each person's job duties. Office rent and expenses and communication systems are allocated using the overall employee allocation. Travel, professional services, postage and delivery, other business costs, and educational and promotional are allocated based on the purpose of each expenditure. Donation processing is allocated to Management and General except for costs for peer-to-peer fundraising websites that are allocated to fundraising. Depreciation is allocated based on the purpose and usage of each asset.

Income Taxes

The Fund is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation code. The Fund, however, may be subject to tax on income which is not related to its exempt purpose. For the years ended June 30, 2023 and 2022, no such unrelated business taxable income was reported and, therefore, no provision for income taxes has been made.

The Fund follows US GAAP related to the recognition of uncertain tax positions. The Fund recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities when applicable. Management has determined that The Fund has no uncertain tax positions at June 30, 2023 and 2022 and therefore no amounts have been accrued.

Subsequent Events

The Fund has evaluated subsequent events through December 7, 2023, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability

The Fund maintains a Liquidity Management Plan and also an Investment Policy that strive to balance the goals of (1) making sufficient funds available to meet near-term expenses, while (2) investing in securities with diversified risk, reasonable return and high marketability.

Funds for near-term expenses are maintained in a combination of cash and short-term, highly rated fixed income securities. The remaining funds are invested in a combination of longer-term fixed income securities and equities with the goal of providing a higher rate of return as compared to the near-term investments.

The Fund's board establishes investment policy guidelines. Implementation of these guidelines and the resultant investing of funds is performed by a professional, outside investment manager. As part of the annual budget process, the board reviews management's estimates of projected revenues and expenses, cash flow, and financial assets for the coming fiscal year to determine near-term and longer-term funding requirements. An important consideration in the review process is the highly seasonal nature of The Fund's donations, which causes The Fund to need highly liquid funds available for much of the year.

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 2 – Liquidity and Availability, continued

The following reflects The Fund's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restriction within one year of the statement of financial position date. Amounts already appropriated from the donor-restricted endowment for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,795,587	\$ 1,226,600
Accounts receivable	136,562	185,461
Investments	25,522,899	29,900,959
Unconditional promises to give	<u>7,420,000</u>	<u>4,000,000</u>
 Total Financial Assets	 35,875,048	 35,313,020
 Less amounts not available to be used within one year:		
Restricted by donor with purpose and time restrictions	(7,153,080)	(2,827,622)
Donor restricted endowment funds held in perpetuity	(3,482,541)	(3,377,291)
Endowment earnings unavailable due to spending limits	<u>(767,150)</u>	<u>(536,604)</u>
 Financial Assets Available for General Expenditures Within One Year	 <u>\$ 24,472,277</u>	 <u>\$ 28,571,503</u>

As part of The Fund's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Fund manages its liquidity and reserves through maintaining and reviewing budget to actual amounts and forecasted cash flows on a regular basis. The Fund also operates within a prudent range of financial soundness and stability and constantly maintains liquid assets to fund near term operating needs.

Note 3 - Fair Value and Investments

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

Level 3 inputs are unobservable inputs for the investment.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 3 – Fair Value and Investments, continued

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Cash and equivalents: Reported at cost plus earned interest, which approximates market prices.

Equity and bond mutual funds and exchange traded funds (ETF): Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable characteristics, as provided by a third party using computerized valuation formula. If quoted market prices are not available, then fair market values are estimated using the most recent bid prices in the over-the-counter market in which the individual securities are traded and adjusted for other factors, such as interest rates, credit, etc., as determined by the broker and/or custodian.

Treasury Securities: Reported at cost plus earned interest, which approximates market prices.

The fair market value of investments is categorized as follows:

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	\$ 230,140	\$ -	\$ -	\$ 230,140
Equity Mutual Funds and ETFs:				
Large Blend	2,492,114	-	-	2,492,114
Large Value	1,066,567	-	-	1,066,567
Foreign Large Blend	817,630	-	-	817,630
Large Growth	470,312	-	-	470,312
Utilities	378,675	-	-	378,675
Small Growth	364,872	-	-	364,872
Real Estate	247,455	-	-	247,455
Small Value	217,133	-	-	217,133
Foreign Small/Mid Value	159,637	-	-	159,637
Global Real Estate	159,091	-	-	159,091
Diversified Emerging Mkts	158,016	-	-	158,016
Mid-Cap Blend	138,551	-	-	138,551
Treasury Securities:				
Treasury Obligations	-	4,744,802	-	4,744,802
Treasury Bill	-	692,528	-	692,528
Bond Mutual Funds and ETFs:				
Short Term Bonds	8,600,088	-	-	8,600,088
World Bonds	2,252,561	-	-	2,252,561
Inflation-Protected Bonds	1,214,857	-	-	1,214,857
Large Blend	896,367	-	-	896,367
Emerging Market Bonds	208,605	-	-	208,605
Mid-Cap Blend	12,898	-	-	12,898
	<u>\$ 20,085,569</u>	<u>\$ 5,437,330</u>	<u>\$ -</u>	<u>\$ 25,522,899</u>

SEMPER FI & AMERICA'S FUND**Notes to Financial Statements**

Years Ended June 30, 2023 and 2022

Note 3 – Fair Value and Investments, continued

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 267,763	\$ -	\$ -	\$ 267,763
Equity Mutual Funds and ETFs:				
Large blend	2,317,731	-	-	2,317,731
Large value	1,078,514	-	-	1,078,514
Foreign large blend	1,054,695	-	-	1,054,695
Mid-cap blend	787,383	-	-	787,383
Small growth	472,031	-	-	472,031
Utilities	397,264	-	-	397,264
Large growth	369,727	-	-	369,727
Real estate	336,563	-	-	336,563
Small value	285,731	-	-	285,731
Diversified emerging markets	228,983	-	-	228,983
Global real estate	209,817	-	-	209,817
Small blend	205,905	-	-	205,905
Foreign small value	202,174	-	-	202,174
Treasury securities	-	6,799,881	-	6,799,881
Bond Mutual Funds and ETFs:				
Short-term bond	7,079,860	-	-	7,079,860
Intermediate term bond	2,611,827	-	-	2,611,827
World bond	2,452,805	-	-	2,452,805
Large blend	1,287,283	-	-	1,287,283
Inflation protected bond	1,192,767	-	-	1,192,767
Emerging market bond	250,717	-	-	250,717
Mid-cap blend	11,538	-	-	11,538
	<u>\$ 23,101,078</u>	<u>\$ 6,799,881</u>	<u>\$ -</u>	<u>\$ 29,900,959</u>

Note 4 – Unconditional Promises to Give

Unconditional promises to give consist of the following at June 30:

	2023	2022
Due within one year	\$ 5,670,000	\$ 4,000,000
Due in one to five years	1,750,000	-
Total Due	<u>\$ 7,420,000</u>	<u>\$ 4,000,000</u>

SEMPER FI & AMERICA'S FUND**Notes to Financial Statements**

Years Ended June 30, 2023 and 2022

Note 5 – Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Software	\$ 74,141	\$ 74,141
Office furniture and equipment	357,686	337,198
Vehicles	-	168,069
Website development	397,214	400,941
	<u>829,041</u>	<u>980,349</u>
Less accumulated depreciation	<u>(531,963)</u>	<u>(532,338)</u>
	<u>\$ 297,078</u>	<u>\$ 448,011</u>

Note 6 – Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specific purposes:		
Family Support	\$ 2,870,068	\$ 300,018
Housing	1,557,570	42,045
Service Branch	1,091,444	853,725
Adaptive Equipment	844,712	28,996
All other	304,235	345,604
Service Dogs	233,255	493,482
Vietnam Veterans	125,795	72,634
Grants only, any program	74,105	3,258
Education and Career Transition	31,698	323,216
PTSD/TBI/Medical	17,089	15,388
Geographic	3,109	40,996
Visiting Nurses	-	308,260
	<u>7,153,080</u>	<u>2,827,622</u>
Subject to the passage of time:		
Unconditional Promise to Give	4,000,000	4,000,000
Perpetual in nature:		
Endowment - Grants Only, Branch Specific	3,169,941	3,064,691
General Endowment	312,600	312,600
	<u>3,482,541</u>	<u>3,377,291</u>
Net Assets with Donor Restrictions	<u>\$ 14,635,621</u>	<u>\$ 10,204,913</u>

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 6 – Net Assets, continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specific purposes:		
Housing	\$ 3,742,807	\$ 1,495,998
Family Support	1,707,962	1,138,105
All other	1,320,748	1,490,921
Vietnam Veterans	600,905	1,880,950
Service Dogs	565,541	335,385
Adaptive Equipment	555,321	135,840
Education and Career Transition	488,469	591,797
Service Branch	384,964	380,968
Visiting Nurses	348,460	531,421
Geographic	309,301	226,926
Grants only, any program	194,053	474,195
PTSD/TBI/Medical	78,299	150,562
Vail Veterans Program (see Note 12)	-	4,715,187
	<u>\$ 10,296,830</u>	<u>\$ 13,548,255</u>
Subject to the passage of time:		
Unconditional Promise to Give	<u>\$ 9,500,000</u>	<u>\$ 9,500,000</u>

Note 7 – Endowment Funds

The Fund's endowment consists of donor-restricted funds primarily established to support The Fund's operations and mission. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on existence or absence of donor-imposed restrictions. The original value of amounts donated to the endowment are classified as perpetual in nature in the net assets section of the statement of financial position.

The Fund has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, The Fund classifies as net assets that are perpetual in nature (1) the original value of gifts donated to the endowment (2) the original value of subsequent gifts donated to the endowment and (3) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is classified as purpose restricted net assets until those amounts are appropriated for expenditure by The Fund in a manner consistent with the standard of prudence prescribed by UPMIFA and the donor specified purposes.

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 7 – Endowment Funds, continued

In accordance with UPMIFA, The Fund considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of The Fund and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of The Fund
7. The investment policies of The Fund

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires The Fund to retain as a fund of perpetual duration. The Fund had no underwater endowments as of June 30, 2023 and 2022.

The Fund has adopted investment and spending policies for endowment funds that:

1. Preserve the capital: to seek to minimize the probability of loss of principal over the investment horizon of the portfolio relative to the market.
2. Long-term growth of capital: to seek long-term growth of principal.
3. Preservation of purchasing power: to seek returns in excess of the rate of inflation over the long-term investment horizon of the portfolio relative to the market.

The Fund's spending policy is to disburse funds available in accordance with donor restrictions to meet the current program needs of The Fund.

Endowment net assets composition by type of fund as of June 30, 2023 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
	<u> </u>	<u> </u>	<u> </u>
Donor-restricted funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donors	\$ -	\$ 3,482,541	\$ 3,482,541
Accumulated investment gains	<u>-</u>	<u>1,083,384</u>	<u>1,083,384</u>
	<u>\$ -</u>	<u>\$ 4,565,925</u>	<u>\$ 4,565,925</u>

SEMPER FI & AMERICA'S FUND**Notes to Financial Statements**

Years Ended June 30, 2023 and 2022

Note 7 – Endowment Funds, continued

Endowment net assets composition by type of fund as of June 30, 2022 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted funds:			
Original-donor restricted gift amount required to be maintained in perpetuity by donors	\$ -	\$ 3,377,291	\$ 3,377,291
Accumulated investment gains	-	813,242	813,242
	<u>\$ -</u>	<u>\$ 4,190,533</u>	<u>\$ 4,190,533</u>

Changes in endowment net assets is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment, June 30, 2021	\$ -	\$ 4,858,298	\$ 4,858,298
Contributions	-	103,600	103,600
Investment loss, net of fees	-	(566,221)	(566,221)
Amounts appropriated for expenditure	-	(205,144)	(205,144)
Endowment, June 30, 2022	-	4,190,533	4,190,533
Contributions	-	105,250	105,250
Investment earnings, net of fees	-	471,842	471,842
Amounts appropriated for expenditure	-	(201,700)	(201,700)
Endowment, June 30, 2023	<u>\$ -</u>	<u>\$ 4,565,925</u>	<u>\$ 4,565,925</u>

Note 8 – Contributed Nonfinancial Assets

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

	2023	2022
Home modifications and repairs	\$ 80,279	\$ 117,815
Advertising	30,420	68,912
Legal	15,203	36,772
Supplies	5,014	49,650
Other services	398	800
Adaptive vehicle	-	54,740
Event services	-	40,285
Auction items	-	29,140
	<u>\$ 131,314</u>	<u>\$ 398,114</u>

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 8 – Contributed Nonfinancial Assets, continued

The Fund recognized contributed nonfinancial assets within revenue, including home modifications and repairs, various services, an adaptive vehicle, supplies, rent, and the auction item. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed home modifications and repairs recognized are comprised of supplies and material. Contributed home modifications and repairs were received in the form of e-gift cards from a national home improvement company and are valued and reported at the amount of the e-gift cards in the financial statements.

Contributed services recognized are comprised of advertising, events, legal, and other miscellaneous services. Contributed services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

Contributed use of the adaptive vehicle recognized is valued and reported at the fair market value obtained from publicly available vehicle valuation websites. The vehicle was issued as a grant to a catastrophically injured Vietnam veteran.

Contributed supplies consist of the supplies and the auction items. Contributed supplies are valued and reported at the estimated fair value in the financial statements based on current rates for similar products.

Contributed rent recognized is comprised of payments toward office rent expenses. Contributed rent is valued and reported at the amount of covered lease payments.

Note 9 – Allocation of Joint Costs

In fulfilling its mission, The Fund conducts various special events and prepares numerous educational materials. The costs associated with these activities sometimes include so-called "joint costs" or costs that include both program as well as fundraising or general and administrative elements. Management reviews each such activity to determine the appropriate accounting treatment based upon the purpose of the activity, the audience to which the activity is directed, and the content of the materials utilized.

Joint costs were allocated as follows for the year ended June 30:

	2023	2022
Program services	\$ 162,584	\$ 270,433
Fundraising	104,558	95,512
	<u>\$ 267,142</u>	<u>\$ 365,945</u>

Note 10 – Risks and Concentrations

The Fund maintains cash accounts at various financial institutions. The balances at times may exceed Federal Deposit Insurance Corporation (FDIC) limits. Accounts at each financial institution are insured by the FDIC up to \$250,000.

The Fund also maintains cash in brokerage accounts. The balances at times may exceed Securities Investor Protection Corporation (SIPC) limits. Accounts at each financial institution are insured by the SIPC up to a limit of \$500,000, including \$250,000 for claims on cash, per customer for all accounts at the same institution.

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 10 – Risks and Concentrations, continued

The Fund invests in various types of investment securities, primarily mutual funds and exchange traded funds as discussed in Note 3, which are exposed to normal investing risks, such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

Two donors comprised 32% and 30% of contributions for the years ended June 30, 2023 and 2022, respectively. Two donors and one donor comprised 100% of the unconditional promises to give at June 30, 2023 and 2022, respectively.

Note 11 – Pension Plan

The Fund has a contributory 403(b) retirement plan covering all employees. The Fund matches employee contributions up to 2% of employee eligible wages. Plan expenses including The Fund match and plan operating expenses for the years ended June 30, 2023 and 2022 were \$188,261 and \$151,473, respectively.

Note 12 – Vail Veterans Foundation Funds

On March 31, 2021, The Fund entered into an agreement (the "Agreement") with Vail Veterans Foundation, Inc. (VVF). Under the Agreement, The Fund received approximately \$4.7 million in investments and cash from VVF and agreed to assume operations of VVF's five programs but did not acquire VVF's legal entity. All assets received from VVF were included in contributions in FY2021 Statement of Activities. As of June 30, 2021, The Fund was in compliance with all terms of the Agreement. During the year ended June 30, 2022, The Fund and VVF agreed it was in their respective best interests to rescind and cancel the Agreement. A rescission agreement (the Rescission) was entered into by both parties on October 21, 2021. Per the Rescission, The Fund returned \$4.8 million to VVF, primarily consisting of the assets it received under the acquisition. Per the Rescission, The Fund was released from all obligations it assumed in the acquisition and has no future financial obligations. The original gift of approximately \$4.7 million was recorded as a non-operating loss and the accumulated net gain of approximately \$116,000 was recorded as a non-operating expense in the Statement of Activities for the year ended June 30, 2022.