

Semper Fi & America's Fund

FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023



SEMPER FI & AMERICA'S FUND

Financial Statements

Years Ended June 30, 2024 and 2023

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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 comprise of the statements of financial position as of June 30, 2024 and 2023, and 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, 2024 and 2023, 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 accounting 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
October 31, 2024

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

June 30, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 764,026 | \$ 2,795,587 |
| Accounts receivable | 267,449 | 136,562 |
| Unconditional promises to give | 7,250,000 | 7,420,000 |
| Prepaid expenses and other assets | 1,491,057 | 1,860,327 |
| Investments | 31,548,017 | 25,522,899 |
| Property and equipment, net of accumulated depreciation | <u>230,180</u> | <u>297,078</u> |
| Total Assets | <u>\$ 41,550,729</u> | <u>\$ 38,032,453</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable | \$ 1,036,194 | \$ 370,867 |
| Accrued expenses | <u>952,406</u> | <u>927,924</u> |
| Total Liabilities | 1,988,600 | 1,298,791 |
| Net Assets: | | |
| Without donor restriction | 25,234,688 | 22,098,041 |
| With donor restriction: | | |
| Purpose-restricted | 6,794,900 | 7,153,080 |
| Time-restricted | 4,000,000 | 4,000,000 |
| Perpetual in nature | <u>3,532,541</u> | <u>3,482,541</u> |
| Total With Donor Restriction | <u>14,327,441</u> | <u>14,635,621</u> |
| Total Net Assets | <u>39,562,129</u> | <u>36,733,662</u> |
| Total Liabilities and Net Assets | <u>\$ 41,550,729</u> | <u>\$ 38,032,453</u> |

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

Year Ended June 30, 2024

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>Total</u> |
|---|--------------------------------------|-----------------------------------|----------------------|
| Support and Other Revenue: | | | |
| Contributions | \$ 35,605,400 | \$ 21,212,649 | \$ 56,818,049 |
| Special events: | | | |
| Revenue | 304,176 | - | 304,176 |
| Expense | <u>(127,457)</u> | <u>-</u> | <u>(127,457)</u> |
| Special events, net | 176,719 | - | 176,719 |
| Investment income, net | 1,568,102 | 877,387 | 2,445,489 |
| Contributed nonfinancial assets | 379,644 | 29,477 | 409,121 |
| Net assets released from restrictions - time | 9,500,000 | (9,500,000) | - |
| Net assets released from restrictions - purpose | <u>12,927,693</u> | <u>(12,927,693)</u> | <u>-</u> |
| Total Support and Other Revenue | 60,157,558 | (308,180) | 59,849,378 |
| Expenses: | | | |
| Program services: | | | |
| Service member and family support | 36,752,280 | - | 36,752,280 |
| Transition | 6,674,639 | - | 6,674,639 |
| Integrative wellness | <u>8,351,978</u> | <u>-</u> | <u>8,351,978</u> |
| Total Program Services | 51,778,897 | - | 51,778,897 |
| Supporting services: | | | |
| Management and general | 3,444,802 | - | 3,444,802 |
| Fundraising | <u>1,797,212</u> | <u>-</u> | <u>1,797,212</u> |
| | 5,242,014 | - | 5,242,014 |
| Total Expenses | <u>57,020,911</u> | <u>-</u> | <u>57,020,911</u> |
| Change in Net Assets | 3,136,647 | (308,180) | 2,828,467 |
| Net Assets, beginning | <u>22,098,041</u> | <u>14,635,621</u> | <u>36,733,662</u> |
| Net Assets, ending | <u>\$ 25,234,688</u> | <u>\$ 14,327,441</u> | <u>\$ 39,562,129</u> |

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

Year Ended June 30, 2023

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>Total</u> |
|---|--------------------------------------|-----------------------------------|--------------------------|
| Support and Other Revenue: | | | |
| Contributions | \$ 24,997,707 | \$ 23,667,899 | \$ 48,665,606 |
| Special events: | | | |
| Revenue | 775,796 | - | 775,796 |
| Expense | <u>(180,553)</u> | <u>-</u> | <u>(180,553)</u> |
| 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 | <u>10,296,830</u> | <u>(10,296,830)</u> | <u>-</u> |
| 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 | <u>7,976,288</u> | <u>-</u> | <u>7,976,288</u> |
| Total Program Services | 44,992,953 | - | 44,992,953 |
| Supporting services: | | | |
| Management and general | 3,055,758 | - | 3,055,758 |
| Fundraising | <u>1,515,187</u> | <u>-</u> | <u>1,515,187</u> |
| | <u>4,570,945</u> | <u>-</u> | <u>4,570,945</u> |
| Total Expenses | <u>49,563,898</u> | <u>-</u> | <u>49,563,898</u> |
| Change in Net Assets | (3,160,366) | 4,430,708 | 1,270,342 |
| Net Assets, beginning | <u>25,258,407</u> | <u>10,204,913</u> | <u>35,463,320</u> |
| Net Assets, ending | <u>\$ 22,098,041</u> | <u>\$ 14,635,621</u> | <u>\$ 36,733,662</u> |

See accompanying notes to financial statements.

SEMPER FI & AMERICA'S FUND

Statement of Functional Expenses

Year Ended June 30, 2024

| | 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 | \$ 10,111,865 | \$ - | \$ - | \$ 10,111,865 | \$ - | \$ - | \$ 10,111,865 |
| Housing | 9,793,599 | - | - | 9,793,599 | - | - | 9,793,599 |
| Transportation | 3,248,706 | - | - | 3,248,706 | - | - | 3,248,706 |
| PTSD, TBI and medical | - | - | 2,975,192 | 2,975,192 | - | - | 2,975,192 |
| Recovery through sports | - | - | 2,400,053 | 2,400,053 | - | - | 2,400,053 |
| Military to civilian transition | - | 2,385,345 | - | 2,385,345 | - | - | 2,385,345 |
| Education and career | - | 1,203,964 | - | 1,203,964 | - | - | 1,203,964 |
| Adaptive equipment | 1,179,008 | - | - | 1,179,008 | - | - | 1,179,008 |
| Jinx McCain horsemanship | - | - | 93,399 | 93,399 | - | - | 93,399 |
| Total Grants | 24,333,178 | 3,589,309 | 5,468,644 | 33,391,131 | - | - | 33,391,131 |
| Wages, taxes, and benefits | 9,522,145 | 2,658,010 | 2,232,273 | 14,412,428 | 2,660,870 | 1,271,475 | 18,344,773 |
| Professional services | 687,407 | 101,397 | 154,488 | 943,292 | 241,592 | 120,746 | 1,305,630 |
| Travel and meetings | 700,722 | 103,361 | 157,480 | 961,563 | 51,649 | 47,466 | 1,060,678 |
| Postage and delivery | 510,412 | 75,289 | 114,710 | 700,411 | 47,162 | 63,297 | 810,870 |
| Education and promotional | 399,210 | 58,886 | 89,718 | 547,814 | 6,910 | 151,352 | 706,076 |
| Other operating expenses | 162,227 | 23,930 | 36,458 | 222,615 | 135,574 | 55,106 | 413,295 |
| Office rent and expenses | 221,515 | 32,675 | 49,783 | 303,973 | 35,126 | 16,085 | 355,184 |
| Communications | 127,587 | 18,820 | 28,674 | 175,081 | 28,817 | 19,794 | 223,692 |
| Donation processing | - | - | - | - | 206,859 | 41,100 | 247,959 |
| Depreciation | 87,877 | 12,962 | 19,750 | 120,589 | 30,243 | 10,791 | 161,623 |
| | 12,419,102 | 3,085,330 | 2,883,334 | 18,387,766 | 3,444,802 | 1,797,212 | 23,629,780 |
| Total Operating Expenses | 36,752,280 | 6,674,639 | 8,351,978 | 51,778,897 | 3,444,802 | 1,797,212 | 57,020,911 |
| Special Events Expenses | - | - | - | - | - | 127,457 | 127,457 |
| Total Functional Expenses | \$ 36,752,280 | \$ 6,674,639 | \$ 8,351,978 | \$ 51,778,897 | \$ 3,444,802 | \$ 1,924,669 | \$ 57,148,368 |

See accompanying notes to financial statements.

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**Statements of Cash Flows**

Years Ended June 30, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities: | | |
| Cash received from donors and others | \$ 44,353,221 | \$ 30,371,653 |
| Payments received on unconditional promises to give | 11,670,000 | 14,580,000 |
| Cash received from investment earnings, net | 1,140,496 | 439,519 |
| Cash paid to employees and vendors | (21,934,323) | (20,038,903) |
| Cash paid for grants | <u>(32,995,612)</u> | <u>(29,629,084)</u> |
| Net Cash Provided (Used) by Operating Activities | 2,233,782 | (4,276,815) |
| Cash Flows from Investing Activities: | | |
| Purchases of investments | (40,335,106) | (11,717,753) |
| Proceeds on sales of investments | 36,114,488 | 17,497,187 |
| Purchases of property and equipment | (94,725) | (105,383) |
| Proceeds on sales of property and equipment | <u>-</u> | <u>66,501</u> |
| Net Cash Provided (Used) by Investing Activities | <u>(4,315,343)</u> | <u>5,740,552</u> |
| Cash Flows Provided by Financing Activities: | | |
| Cash contributions restricted for endowment | <u>50,000</u> | <u>105,250</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (2,031,561) | 1,568,987 |
| Cash and Cash Equivalents, beginning | <u>2,795,587</u> | <u>1,226,600</u> |
| Cash and Cash Equivalents, ending | <u>\$ 764,026</u> | <u>\$ 2,795,587</u> |

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

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 their service in Vietnam combat operations.

The primary source of income is from donor contributions. Since its inception in 2004, The Fund has assisted 33,000 service members, veterans and military families with \$500 million in grants, support and services.

The Fund's Case Management Model is what differentiates The Fund from others. Our case managers, visiting nurses, and veteran leads provide continuity and connection throughout difficult stages of recovery from the bedside to transition back to their communities. Our three programs: Service Member and Family Support, Transition, and Integrative Wellness provides a holistic approach to long-term health and wellness.

Service Member and Family Support Program

Our Service Member & Family Support program provides vital financial aid and programming for essential needs like adaptive housing and transportation, family support for children and caregivers.

Transition Program

Our Transition Program focuses on keeping veterans connected with unit reunions, job training through our Apprenticeship Program, and education and resources. This program is critical for transition from the military to civilian life.

Integrative Wellness Program

Our Integrative Wellness Program provides a holistic approach to mental health and wellness focusing on PTSD and traumatic brain injury support through cutting edge technologies, a NeuroFitness program, adaptive sports, service dogs, and therapeutic arts and music.

New Accounting Pronouncements

Effective July 1, 2023, The Fund adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This update requires the use of a forward-looking expected credit loss model for instruments within its scope, including accounts receivable, and replaces the previous incurred loss impairment model. The expected credit loss model requires management to estimate current expected credit losses over the lifetime of the assets by considering all reasonable and supportable information, including historical experience, current conditions, and reasonable and supportable forecasts affecting collectability. Management has analyzed the provisions contained in Topic 326 and determined that there is no impact on net assets as of July 1, 2023, due to the adoption of the new policy.

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 (U.S. 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.

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

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

Financial Statement Presentation, continued

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.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts 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, receivables, investments, and accounts payable. The Fund estimates that the fair value of all of these nonderivative financial instruments at June 30, 2024 and 2023 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, 2024 and 2023. Past due status is determined based on a review of the amounts recorded and the expected collection of these amounts. No allowance for credit losses is deemed necessary as of June 30, 2024 and 2023, 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, 2024 and 2023, as management has determined all amounts are deemed collectible.

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

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

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.

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, 2024 and 2023, no such unrelated business taxable income was reported and, therefore, no provision for income taxes has been made.

The Fund follows U.S. 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, 2024 and 2023, and therefore no amounts have been accrued.

Subsequent Events

The Fund has evaluated subsequent events through October 31, 2024, which is the date the financial statements were available to be issued.

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

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.

The following reflects The Fund's financial assets as of the statement of financial position 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>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Cash and cash equivalents | \$ 764,026 | \$ 2,795,587 |
| Accounts receivable | 267,449 | 136,562 |
| Investments | 31,548,017 | 25,522,899 |
| Unconditional promises to give | <u>7,250,000</u> | <u>7,420,000</u> |
| Total Financial Assets | 39,829,492 | 35,875,048 |
| Less amounts not available to be used within one year: | | |
| Restricted by donor with purpose and time restrictions | (6,794,900) | (7,153,080) |
| Donor restricted endowment funds held in perpetuity | (3,532,541) | (3,482,541) |
| Endowment earnings unavailable due to spending limits | <u>(1,350,359)</u> | <u>(767,150)</u> |
| Financial Assets Available for General Expenditures Within One Year | <u>\$ 28,151,692</u> | <u>\$ 24,472,277</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.

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

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.

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, 2024 and 2023.

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.

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

Years Ended June 30, 2024 and 2023

Note 3 - Fair Value and Investments, continued

The fair market value of investments is categorized as follows:

| | Assets at Fair Value as of June 30, 2024 | | | |
|-------------------------------|--|---------------------|-------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash and Cash Equivalents | \$ 169,714 | \$ - | \$ - | \$ 169,714 |
| Equity Mutual Funds and ETFs: | | | | |
| Large blend | 3,445,570 | - | - | 3,445,570 |
| Large value | 1,411,357 | - | - | 1,411,357 |
| Foreign large blend | 1,142,006 | - | - | 1,142,006 |
| Large growth | 627,114 | - | - | 627,114 |
| Small growth | 494,968 | - | - | 494,968 |
| Utilities | 353,704 | - | - | 353,704 |
| Real estate | 350,647 | - | - | 350,647 |
| Small value | 240,745 | - | - | 240,745 |
| Foreign small/mid value | 227,049 | - | - | 227,049 |
| Global real estate | 216,744 | - | - | 216,744 |
| Diversified emerging mkts | 237,473 | - | - | 237,473 |
| Mid-cap blend | 186,748 | - | - | 186,748 |
| Treasury Securities: | | | | |
| Treasury obligations | - | 5,476,317 | - | 5,476,317 |
| Treasury bill | - | 626,104 | - | 626,104 |
| Bond Mutual Funds and ETFs: | | | | |
| Short-term bonds | 10,492,113 | - | - | 10,492,113 |
| World bonds | 2,744,590 | - | - | 2,744,590 |
| Inflation-protected bonds | 1,709,812 | - | - | 1,709,812 |
| Large blend | 1,099,849 | - | - | 1,099,849 |
| Emerging market bonds | 281,208 | - | - | 281,208 |
| Mid-cap blend | 14,185 | - | - | 14,185 |
| | <u>\$ 25,445,596</u> | <u>\$ 6,102,421</u> | <u>\$ -</u> | <u>\$ 31,548,017</u> |

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

Years Ended June 30, 2024 and 2023

Note 3 - Fair Value and Investments, continued

| | 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> |

Note 4 - Unconditional Promises to Give

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

| | 2024 | 2023 |
|--------------------------|---------------------|---------------------|
| Due within one year | \$ 7,250,000 | \$ 5,670,000 |
| Due in one to five years | - | 1,750,000 |
| Total Due | <u>\$ 7,250,000</u> | <u>\$ 7,420,000</u> |

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

Years Ended June 30, 2024 and 2023

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------|-------------------|-------------------|
| Software | \$ 74,141 | \$ 74,141 |
| Office furniture and equipment | 377,568 | 357,686 |
| Website development | 397,214 | 397,214 |
| | <u>848,923</u> | <u>829,041</u> |
| Less accumulated depreciation | (618,743) | (531,963) |
| | <u>\$ 230,180</u> | <u>\$ 297,078</u> |

Note 6 - Net Assets

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

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Subject to Expenditure for Specific Purposes: | | |
| Housing | \$ 2,046,000 | \$ 1,557,570 |
| Family support | 1,826,037 | 2,870,068 |
| Service branch | 1,711,617 | 1,091,444 |
| Adaptive equipment | 421,000 | 844,712 |
| All other | 383,729 | 304,235 |
| Service dogs | 226,666 | 233,255 |
| Education and career transition | 139,152 | 31,698 |
| Geographic | 30,699 | 3,109 |
| PTSD/TBI/medical | 10,000 | 17,089 |
| Vietnam veterans | - | 125,795 |
| Grants only, any program | - | 74,105 |
| | <u>6,794,900</u> | <u>7,153,080</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 | 3,219,941 | 3,169,941 |
| General endowment | 312,600 | 312,600 |
| | <u>3,532,541</u> | <u>3,482,541</u> |
| Net Assets with Donor Restrictions | <u>\$ 14,327,441</u> | <u>\$ 14,635,621</u> |

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

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 at June 30:

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Subject to Expenditure for Specific Purposes: | | |
| Housing | \$ 7,028,396 | \$ 3,742,807 |
| Family support | 1,377,764 | 1,707,962 |
| All other | 1,018,885 | 820,699 |
| Vietnam veterans | 728,793 | 600,905 |
| Adaptive equipment | 634,212 | 555,321 |
| Service branch | 479,204 | 384,964 |
| Service dogs | 335,323 | 565,541 |
| Education and career transition | 324,944 | 488,469 |
| Geographic | 285,134 | 309,301 |
| Grants only, any program | 269,856 | 194,053 |
| Afghan interpreters | 239,193 | 500,049 |
| PTSD/TBI/medical | 157,489 | 78,299 |
| Visiting nurses | 48,500 | 348,460 |
| | <u>\$ 12,927,693</u> | <u>\$ 10,296,830</u> |
| 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 U.S. GAAP, 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 following three items are classified by the Fund 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, 2024 and 2023

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, 2024 and 2023.

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, 2024 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 | \$ - | \$ 3,532,541 | \$ 3,532,541 |
| Accumulated investment gains | <u>-</u> | <u>1,744,742</u> | <u>1,744,742</u> |
| | <u>\$ -</u> | <u>\$ 5,277,283</u> | <u>\$ 5,277,283</u> |

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

Years Ended June 30, 2024 and 2023

Note 7 - Endowment Funds, continued

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 | - | 1,083,384 | 1,083,384 |
| | <u> </u> | <u> </u> | <u> </u> |
| | <u>\$ -</u> | <u>\$ 4,565,925</u> | <u>\$ 4,565,925</u> |

Changes in endowment net assets is as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|--------------------------------------|---------------------------------|------------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| 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) |
| | <u> </u> | <u> </u> | <u> </u> |
| Endowment, June 30, 2023 | - | 4,565,925 | 4,565,925 |
| Contributions | - | 50,000 | 50,000 |
| Investment earnings, net of fees | - | 868,358 | 868,358 |
| Amounts appropriated for expenditure | - | (207,000) | (207,000) |
| | <u> </u> | <u> </u> | <u> </u> |
| Endowment, June 30, 2024 | <u>\$ -</u> | <u>\$ 5,277,283</u> | <u>\$ 5,277,283</u> |

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

Note 8 - Contributed Nonfinancial Assets

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities included:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------|-------------------|-------------------|
| Books and publications | \$ 286,320 | \$ 30,420 |
| Cemetery plots | 51,744 | - |
| Home modifications and repairs | 26,477 | 80,279 |
| Supplies | 19,522 | 5,014 |
| Legal services | 19,504 | 15,203 |
| Travel costs | 3,700 | - |
| Other services | <u>1,854</u> | <u>398</u> |
| | <u>\$ 409,121</u> | <u>\$ 131,314</u> |

The Fund recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed books and publications include books and advertising in a national magazine. They are valued and reported at the estimated fair value based on current rates for similar products.

Contributed cemetery plots are comprised of cemetery plots with perpetual care. They are valued and reported at the estimated fair value based on current rates for similar plots.

Contributed home modifications and repairs are comprised of supplies and material. They 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.

Contributed supplies consist of the supplies used for events and grants. They are valued and reported at the estimated fair value based on current rates for similar products.

Contributed services are comprised of legal and other miscellaneous services. They are valued and reported at the estimated fair value based on current rates for similar services.

Contributed travel costs are costs incurred by someone representing The Fund at various events.

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.

SEMPER FI & AMERICA'S FUND

Notes to Financial Statements

Years Ended June 30, 2024 and 2023

Note 9 - Allocation of Joint Costs, continued

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

| | <u>2024</u> | <u>2023</u> |
|------------------|-------------------|-------------------|
| Program services | \$ 346,198 | \$ 162,584 |
| Fundraising | 126,831 | 104,558 |
| Management | 6,910 | - |
| | <u>\$ 479,939</u> | <u>\$ 267,142</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.

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.

Three donors comprised 36% and two donors comprised 32% of contributions for the years ended June 30, 2024 and 2023, respectively. Four donors and two donors comprised 100% of the unconditional promises to give at June 30, 2024 and 2023, respectively.

Note 11 - Pension Plan

The Fund has a contributory 403(b) retirement plan covering all employees. The Fund matches employee contributions up to 3% of employee eligible wages. Plan expenses including The Fund match and plan operating expenses for the years ended June 30, 2024 and 2023, were \$307,688 and \$188,261, respectively.