



AUDITED FINANCIAL STATEMENTS

**For the Fiscal Year Ending
February 28, 2022**

YELLOW RIBBON FUND, INC.

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Independent Auditors' Report

To the Board of Directors
Yellow Ribbon Fund, Inc.
Bethesda, Maryland

Opinion

We have audited the accompanying financial statements of Yellow Ribbon Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of February 28, 2022, and the related statement of activities, statement of functional expenses, and statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yellow Ribbon Fund, Inc. as of February 28, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Yellow Ribbon Fund, Inc.'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.
- 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 Yellow Ribbon Fund, Inc.'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 Yellow Ribbon Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information and Prior Period Financial Statements

The financial statements of Yellow Ribbon Fund, Inc. as of February 28, 2021 were audited by other auditors whose report dated May 26, 2021 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2021, is consistent, in all material aspects, with the audited financial statements from which it has been derived.



*North Bethesda, Maryland
June 14, 2022*

YELLOW RIBBON FUND, INC.
STATEMENT OF FINANCIAL POSITION
February 28, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,617,100	\$ 978,294
Contributions receivable	5,911	148,729
Investments	220,758	105,337
Prepaid expenses	<u>111,421</u>	<u>-</u>
Total current assets	1,955,190	1,232,360
Property and Equipment, net	41,306	58,474
Other Assets		
Deposits	<u>-</u>	<u>38,904</u>
	<u>\$ 1,996,496</u>	<u>\$ 1,329,738</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 26,530	\$ 3,922
Paycheck Protection Program (PPP) loan	<u>-</u>	<u>102,065</u>
Total current liabilities	26,530	105,987
Net Assets		
Without donor restrictions	1,898,902	1,208,089
With donor restrictions	<u>71,064</u>	<u>15,662</u>
Total net assets	<u>1,969,966</u>	<u>1,223,751</u>
	<u>\$ 1,996,496</u>	<u>\$ 1,329,738</u>

The accompanying notes are an integral part of these financial statements.

YELLOW RIBBON FUND, INC.
STATEMENT OF ACTIVITIES
Year Ended February 28, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenue and Support				
Contributions	\$ 1,227,294	\$ 392,000	\$ 1,619,294	\$ 1,618,363
Special events, net of expenses of \$ 159,442	931,279	-	931,279	248,023
Contributed services and materials	379,610	-	379,610	458,984
Other income	124,062	-	124,062	5,979
Interest and dividends	939	-	939	2,852
Net assets released from restrictions:				
Satisfaction of program restrictions	336,598	(336,598)	-	-
Total revenue and support	<u>2,999,782</u>	<u>55,402</u>	<u>3,055,184</u>	<u>2,334,201</u>
Expenses				
Program Services	2,006,776	-	2,006,776	1,931,293
Supporting Services:				
Management and general	100,987	-	100,987	85,388
Fundraising expenses	201,206	-	201,206	168,322
Total supporting services	<u>302,193</u>	<u>-</u>	<u>302,193</u>	<u>253,710</u>
Total expenses	<u>2,308,969</u>	<u>-</u>	<u>2,308,969</u>	<u>2,185,003</u>
Change in net assets	690,813	55,402	746,215	149,198
Net assets - beginning of year	<u>1,208,089</u>	<u>15,662</u>	<u>1,223,751</u>	<u>1,074,553</u>
Net assets - end of year	<u>\$ 1,898,902</u>	<u>\$ 71,064</u>	<u>\$ 1,969,966</u>	<u>\$ 1,223,751</u>

The accompanying notes are an integral part of these financial statements.

YELLOW RIBBON FUND, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended February 28, 2022
(With Comparative Totals for 2021)

	2022				2021	
	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	Total Expenses
Direct assistance	\$ 1,331,867	\$ -	\$ -	\$ -	\$ 1,331,867	\$ 1,376,608
Salaries and wages	496,021	76,619	118,085	194,704	690,725	554,930
Office expenses	42,895	9,979	26,908	36,887	79,782	67,503
Payroll taxes	39,830	5,045	9,482	14,527	54,357	46,690
Professional fees	31,014	3,929	7,383	11,312	42,326	56,501
Occupancy	27,768	3,517	6,611	10,128	37,896	37,747
Fundraising, advertising, and promotion	2,072	-	183,908	183,908	185,980	63,988
Depreciation and amortization	20,154	-	4,259	4,259	24,413	23,652
Travel	8,810	1,117	2,097	3,214	12,024	4,515
Employee benefits	4,119	499	1,385	1,884	6,003	10,252
Insurance	2,226	282	530	812	3,038	3,087
Total expenses by function	<u>2,006,776</u>	<u>100,987</u>	<u>360,648</u>	<u>461,635</u>	<u>2,468,411</u>	<u>2,245,473</u>
Less: Items included within revenue and support:						
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>(159,442)</u>	<u>(159,442)</u>	<u>(159,442)</u>	<u>(60,470)</u>
Total expenses included in the functional categories on the statement of activities	<u>\$ 2,006,776</u>	<u>\$ 100,987</u>	<u>\$ 201,206</u>	<u>\$ 302,193</u>	<u>\$ 2,308,969</u>	<u>\$ 2,185,003</u>

The accompanying notes are an integral part of these financial statements.

YELLOW RIBBON FUND, INC.
STATEMENT OF CASH FLOWS
Year Ended February 28, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash flow from operating activities:		
Change in net assets	\$ 746,215	\$ 149,198
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	24,413	23,652
Paycheck Protection Program loan forgiveness	(102,065)	-
(Increase) decrease in:		
Contributions receivable	142,818	(1,473)
Prepaid expenses	(111,421)	(37)
Deposits	38,904	(23,516)
Other assets	-	1,760
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>22,608</u>	<u>1,438</u>
Net cash provided by operating activities	<u>761,472</u>	<u>151,022</u>
 Cash flows from investing activities		
Purchases of investments	(362,421)	-
Sales of investments	247,000	27,309
Purchases of property and equipment	<u>(7,245)</u>	<u>(1,484)</u>
Net cash (used in) provided by investing activities	<u>(122,666)</u>	<u>25,825</u>
 Cash flows from financing activities		
Paycheck Protection Program loan proceeds	<u>-</u>	<u>102,065</u>
Net cash provided by financing activities	<u>-</u>	<u>102,065</u>
 Net increase in cash and cash equivalents	 638,806	 278,912
 Cash and cash equivalents, beginning of the year	 <u>978,294</u>	 <u>699,382</u>
 Cash and cash equivalents, end of the year	 <u>\$ 1,617,100</u>	 <u>\$ 978,294</u>

The accompanying notes are an integral part of these financial statements.

YELLOW RIBBON FUND, INC.
NOTES TO FINANCIAL STATEMENTS
February 28, 2022

Note 1. Organization

The Yellow Ribbon Fund, Inc. (the Fund) is a 501(c)(3) nonprofit organization incorporated in the State of Maryland in 2005. The Fund's mission is to assist post-9/11 wounded, ill, and injured service members undergoing lengthy medical treatment and rehabilitation at the Walter Reed National Military Medical Center in Bethesda, Maryland. The Fund provides support to their families and military caregivers to help them cope with these life-changing medical events.

The Fund's programs are described below:

Crossroads Program: Provides transportation and lodging assistance not covered by Department of Defense to service members and their families. Transportation assistance includes rental cars which the Fund receives from a local car dealer at a deeply-discounted rate and other transportation aid to qualifying individuals. Lodging assistance includes cost-free furnished apartments or long-term hotel rooms for families temporarily relocating to the Washington, DC area to be with their beloved service member and short-term hotel stays for visiting family members.

Keystone Program: Formerly known as the Fund's Family Caregiver Program, this program provides unique support to military caregivers who often give up career and education plans to help their service member cope with day-to-day living. The program provides caregivers with sanctuary, confidence, and stability through monthly respite and networking social events, and educational and life skills training.

Engagement: The Fund engages patients recovering at the Walter Reed and Fort Belvoir hospitals through on-base and off-base events that help them escape from the monotonous grind of rehabilitation. The Fund staff and its volunteers host holiday parties, social gatherings, and off-base activities such as cultural and sporting events in the Washington, DC area. Reported amounts do not include the time and unreimbursed expenses of volunteers. Tickets to cultural and sporting events are reported as in-kind donations at fair market value.

Note 2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

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

Basis of Accounting

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

YELLOW RIBBON FUND, INC.
NOTES TO FINANCIAL STATEMENTS
February 28, 2022

Note 2. Summary of Significant Accounting Policies (continued)

Basis of Financial Statement Presentation

The Fund is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represent the expendable net assets that are available to support the Fund. Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met by actions of the Fund and/or the passage of time and those that are subject to donor-imposed stipulations that the Fund maintain them permanently.

Comparative Totals

The amounts shown for the year ended February 28, 2021 in the accompanying financial statements are included to provide a basis for comparison with 2022 and present summarized totals only. Accordingly, the 2021 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Fund's financial statements for the year ended February 28, 2021, from which the summarized information was derived.

Use of Estimates

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

Contributions Receivable

Contributions receivable are reported at the amount expected to be received within the next year. Management periodically evaluates the need for any allowance for doubtful accounts by considering the Fund's past receivables loss experience, known and inherent risks in the contribution receivable population, adverse situations that may affect a debtor's ability to pay, and current economic conditions. There was no such allowance as of February 28, 2022.

Property and Equipment

Property and equipment in excess of \$1,000 are capitalized and stated at cost. Property and equipment is depreciated or amortized on a straight-line basis over the estimated useful lives of the related assets, generally three to five years.

YELLOW RIBBON FUND, INC.
NOTES TO FINANCIAL STATEMENTS
February 28, 2022

Note 2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions and grants received are recorded as “without donor restrictions” or “with donor restrictions” depending on the existence or nature of any donor restrictions. Donor-restricted revenue is reported as an increase in net assets with donor restrictions. When a restriction expires (i.e., when a purpose restriction is accomplished or a time restriction is met), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Contributions received with donor stipulations limiting the use of the donated assets are recorded as net assets with donor restrictions. These assets are then reclassified to net assets without donor restrictions whenever the restrictions are satisfied.

Donated Services and Materials

Donations of services and materials which either create or enhance non-financial assets or require specialized skills are recorded at their fair value. Such donations are recorded both as support and as assets or expenses in the period when donated. These services and materials consist primarily of free use of apartments and office space, free room nights at hotels, free meals, airline vouchers, and tickets to sporting events, cultural and other events. Contributed services and materials are recorded at their fair market value as of the date of the gift.

In addition, volunteers have donated significant amounts of their time to the Fund. These donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, occupancy and office expenses, depreciation, information technology costs, and insurance have been allocated among the programs and supporting services on the basis of employee time and effort.

YELLOW RIBBON FUND, INC.
NOTES TO FINANCIAL STATEMENTS
February 28, 2022

Note 2. Summary of Significant Accounting Policies (continued)

Advertising

The Fund expenses advertising costs as incurred. Advertising expense totaled \$ 2,959 for the year ended February 28, 2022.

Subsequent Events

In preparing its financial statements, the Fund has evaluated subsequent events through June 14, 2022, which is the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications to prior year balances have been made in the accompanying financial statements to make disclosures consistent with those of the current year. Total net assets and change in net assets are unchanged due to these reclassifications.

Note 3. Concentration of Credit Risk

The Fund maintains its cash accounts in banks that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$ 250,000. Funds held by these banks in excess of the FDIC limits were approximately \$ 1,367,000 as of February 28, 2022. Management does not feel this poses a risk to the Fund.

Note 4. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access.

YELLOW RIBBON FUND, INC.
NOTES TO FINANCIAL STATEMENTS
February 28, 2022

Note 4. Fair Value Measurements (continued)

Level 2

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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 during the fiscal year.

Certificates of Deposit:

Valued at the daily closing price as reported by the brokerage, plus any accrued interest.

The following tables set forth by level, within the fair value hierarchy, the Fund's investments measured at fair value on a recurring basis as of February 28, 2022:

Assets at Fair Value as of February 28, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit	\$ -	\$ 220,758	\$ -	\$ 220,758

YELLOW RIBBON FUND, INC.
NOTES TO FINANCIAL STATEMENTS
February 28, 2022

Note 5. Property and Equipment

Property and equipment consisted of the following at February 28, 2022:

Furniture and equipment	\$ 188
Software and hardware	24,470
Vehicles	4,000
Website	49,991
Video	<u>56,353</u>
	135,002
Less: accumulated depreciation and amortization	<u>93,696</u>
Property and equipment, net	<u>\$ 41,306</u>

Depreciation and amortization expense for the year ended February 28, 2022 was \$ 24,413.

Note 6. Paycheck Protection Program

The Fund received a loan from a bank in the amount of \$ 102,065 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Fund has met all applicable SBA requirements, including having used loan proceeds in eligible expenditures for payroll and other expenses described in the CARES Act and was notified that full loan forgiveness, and the related interest thereon, has been approved. Therefore, the loan is recognized as other income on the statement of activities for the year ended February 28, 2022. The Fund's PPP loan is subject to an examination by the Small Business Administration (SBA) or its authorized representatives for six years after the date the note is forgiven or repaid in full.

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions at February 28, 2022 were as follows:

<u>Program</u>	<u>Beginning of Year</u>	<u>Contributions</u>	<u>Net Assets Released</u>	<u>End of Year</u>
Keystone Program	\$ 15,662	\$ 102,000	\$ 93,562	\$ 24,100
Crossroads Program	-	265,000	243,036	21,964
Other	-	25,000	-	25,000
Total	<u>\$ 15,662</u>	<u>\$ 392,000</u>	<u>\$ 336,598</u>	<u>\$ 71,064</u>

Net assets without donor restrictions as of February 28, 2022 were undesignated.

YELLOW RIBBON FUND, INC.
NOTES TO FINANCIAL STATEMENTS
February 28, 2022

Note 8. Contributed Services and Materials

During the year ended February 28, 2022, the Fund was the beneficiary of donated goods and services, which allowed the Fund to provide greater resources toward its Crossroads, Keystone and Engagement programs. Contributed services and materials are recorded at their fair market value as of the date of the gift.

To properly reflect total program expenses, the following donations have been included in revenue and Direct Assistance expense for the year ended February 28, 2022:

Hotel Rooms	\$ 226,922
Meals	1,904
Cultural event tickets	6,440
Auction items	11,484
Occupancy	36,000
Transportation	92,230
Other	<u>4,630</u>
	<u>\$ 379,610</u>

Note 9. Leases

The Fund's current office space is provided free of charge, and the value of the free rent is included as revenue with an offsetting expense in the statement of activities. Rent expense for office space serving as the administrative headquarters of the Fund was \$ 36,000 for the year ended February 28, 2022.

The Fund also leases apartments to provide assistance for its injured soldiers and/or families. The apartments have monthly rental payments up to \$3,176 per month and expire between February 2023 and May 2023.

Future minimum payments under the leases are:

Fiscal Years	
2023	\$ 276,318
2024	<u>11,805</u>
	<u>\$ 288,123</u>

Total program expenses for apartment assistance, including lease costs and utilities, was \$ 295,050 for the year ended February 28, 2022.

YELLOW RIBBON FUND, INC.
NOTES TO FINANCIAL STATEMENTS
February 28, 2022

Note 10. Risk and Uncertainties

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of activities and changes in net assets.

Note 11. Income Taxes

The Fund is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Fund is not a private foundation. The Fund pays taxes on the receipt of unrelated business income. There has been no unrelated business income received, and accordingly, no income tax expense for the year ended February 28, 2022.

Accounting principles generally accepted in the United States of America require the Fund to evaluate tax positions taken and recognize a tax liability if it is more likely than not that uncertain tax positions taken would not be sustained upon examination by taxing authorities. The Fund has analyzed tax positions taken and has concluded that, as of February 28, 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. For the year ended February 28, 2022, the Fund had no interest and penalties related to income taxes. The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Fund's returns are subject to examination by taxing authorities, generally for a period of three years after the returns are filed.

Note 12. Liquidity and Availability

As of February 28, 2022, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 1,617,100
Contributions receivable	5,911
Investments	220,758
Less: net assets with donor restrictions	<u>(71,064)</u>
	<u>\$ 1,772,705</u>

As part of the Fund's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts, when practical. The Fund manages its liquid resources by focusing on investing excess cash in investments that maximize earnings potential balanced with the amount of risk the Fund has decided can be tolerated.