PTSD FOUNDATION OF AMERICA

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
As of and for the Years Ended December 31, 2019 and 2018

PTSD FOUNDATION OF AMERICA
TABLE OF CONTENTS

Ham, Langston & Brezina, L.L.P.
CPAs and Advisors

11550 Fuqua St., Ste. 475
Houston, Texas 77034
281-481-1040 Main
hlb-cpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
PTSD Foundation of America:

Report on the Financial Statements

We have audited the accompanying financial statements of PTSD Foundation of America (the "Foundation"), a Texas not-for-profit corporation, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2019 and 2018, 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.

Ham, Langston & Brezina, L.L.P.

Houston, Texas
July 21, 2020

PTSD FOUNDATION OF AMERICA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 2,452,169	$ 2,846,442
Investment securities, at fair value	98,044	25,458
Receivables:		
Contributions receivable	44,000	43,996
Pledges receivable	-	106,000
Other receivables	-	1,608
Total receivables	44,000	151,604
Prepaid expenses and other assets	5,208	-
Property and equipment, net	3,820,050	3,213,036
Total assets	$ 6,419,471	$ 6,236,540
LIABILITIES AND NET ASSETS		
Accounts payable	$ 26,752	$ 44,826
Accounts payable to related party	-	30,462
Accrued liabilities	122,158	46,997
Total liabilities	148,910	122,285
Net assets:		
Without donor restrictions	6,161,378	5,890,079
With donor restrictions	109,183	224,176
Total net assets	6,270,561	6,114,255
Total liabilities and net assets	$ 6,419,471	$ 6,236,540

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

PTSD FOUNDATION OF AMERICA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Public support:			
Contributions	$ 3,491,424	$ -	$ 3,491,424
In-kind contributions	2,714,825	44,000	2,758,825
Special events	386,676	-	386,676
Less: costs of direct donor benefits	(96,205)	-	(96,205)
Investment income, net	58,443	-	58,443
Other income	17,191	-	17,191
Total support and revenues before release of restrictions on net assets	6,572,354	44,000	6,616,354
Net assets released from restrictions	158,993	(158,993)	-
Total revenues and net assets released from restrictions	6,731,347	(114,993)	6,616,354
Expenses:			
Program services:			
Camp Hope	3,923,139	-	3,923,139
Chapters	1,770,382	-	1,770,382
Supporting services:			
Special events	85,393	-	85,393
General and administrative	681,134	-	681,134
Total expenses	6,460,048	-	6,460,048
Changes in net assets	271,299	(114,993)	156,306
Net assets, beginning of year	5,890,079	224,176	6,114,255
Net assets, end of year	$ 6,161,378	$ 109,183	$ 6,270,561

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

PTSD FOUNDATION OF AMERICA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Public support:			
Contributions	$ 3,084,436	$ 90,590	$ 3,175,026
In-kind contributions	1,051,784	-	1,051,784
Special events	492,746	-	492,746
Less: costs of direct donor benefits	(124,734)	-	(124,734)
Investment income, net	1,100	-	1,100
Other income	7,319	-	7,319
Total support and revenues before release of restrictions on net assets	4,512,651	90,590	4,603,241
Net assets released from restrictions	195,734	(195,734)	-
Total revenues and net assets released from restrictions	4,708,385	(105,144)	4,603,241
Expenses:			
Program services:			
Camp Hope	2,755,176	-	2,755,176
Chapters	1,312,795	-	1,312,795
Supporting services:			
Special events	68,854	-	68,854
General and administrative	404,632	-	404,632
Total expenses	4,541,457	-	4,541,457
Changes in net assets	166,928	(105,144)	61,784
Net assets, beginning of year	5,723,151	329,320	6,052,471
Net assets, end of year	$ 5,890,079	$ 224,176	$ 6,114,255

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

PTSD FOUNDATION OF AMERICA
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019				
	Program				
	Camp Hope	Chapters	Special Events	General and Administrative	Total
Payroll	$ 1,525,360	$ 1,407,310	$ -	$ 408,394	$ 3,341,064
Resident services and supplies	1,425,208	21,060	-	-	1,446,268
Public awareness	240,068	92	60,111	-	300,271
Depreciation expense	209,960	5,110	-	3,863	218,933
Rent and facility fees	-	154,716	-	-	154,716
Repairs and maintenance	103,890	39,816	-	29,854	173,560
Utilities	74,931	5,126	-	5,820	85,877
Insurance	63,041	28,849	-	27,017	118,907
Supplies and materials	2,301	46,070	-	59,949	108,320
Contract labor and services	59,899	33,275	15,999	-	109,173
Grants and awards	138,506	-	-	-	138,506
Travel	425	9,771	9,283	9,982	29,461
Staff development	47,350	-	-	35,689	83,039
Bank and other fees	-	-	-	20,817	20,817
Accounting	-	-	-	23,852	23,852
Books and manuals	30,010	-	-	-	30,010
Shipping	656	3,189	-	5,855	9,700
Other	67	4,746	-	4,157	8,970
Legal	-	-	-	31,541	31,541
Meals and entertainment	1,467	11,252	-	14,344	27,063
Total expenses	$ 3,923,139	$ 1,770,382	$ 85,393	$ 681,134	$ 6,460,048

	2018				
	Program				
	Camp Hope	Chapters	Special Events	General and Administrative	Total
Payroll	$ 1,151,877	$ 1,066,390	$ -	$ 215,807	$ 2,434,074
Resident services and supplies	712,433	37,349	-	-	749,782
Public awareness	330,686	-	44,685	-	375,371
Depreciation expense	201,536	-	-	3,600	205,136
Rent and facility fees	-	139,488	4,000	-	143,488
Repairs and maintenance	88,984	432	-	28,915	118,331
Utilities	85,900	7,112	-	1,900	94,912
Insurance	77,155	-	-	1,706	78,861
Supplies and materials	-	29,817	-	66,036	95,853
Contract labor and services	40,734	13,033	17,540	-	71,307
Grants and awards	45,949	-	-	-	45,949
Travel	9,649	11,094	2,629	13,861	37,233
Staff development	-	-	-	29,867	29,867
Bank and other fees	-	-	-	16,628	16,628
Accounting	-	-	-	11,275	11,275
Books and manuals	8,581	-	-	-	8,581
Shipping	-	4,006	-	7,331	11,337
Other	-	2,472	-	5,946	8,418
Legal	-	-	-	1,760	1,760
Meals and entertainment	1,692	1,602	-	-	3,294
Total expenses	$ 2,755,176	$ 1,312,795	$ 68,854	$ 404,632	$ 4,541,457

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

PTSD FOUNDATION OF AMERICA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 156,306	$ 61,784
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation expense	218,933	205,136
Net unrealized (gain) loss on investments	(37,476)	1,693
Receipt of contributed securities	(35,110)	(25,458)
Contributions for capital expenditures	(276,535)	(162,325)
Other in-kind contributions for use by veterans	(2,447,180)	(864,001)
In-kind donations to veterans	1,716,074	725,382
Decrease in receivables	107,604	349,748
(Increase) decrease in prepaid expenses and other assets	(5,208)	3,556
Increase in accounts payable and accrued expenses	26,625	115,830
Net cash (used in) provided by operating activities	(575,967)	411,345
Cash flows from investing activities:		
Purchase of fixed assets	(94,841)	(115,415)
Net cash used in investing activities	(94,841)	(115,415)
Cash flows from financing activities:		
Contributions for capital expenditures	276,535	162,325
Net cash provided by financing activities	276,535	162,325
Net (decrease) increase in cash and cash equivalents	(394,273)	458,255
Cash and cash equivalents, beginning of year	2,846,442	2,388,187
Cash and cash equivalents, end of year	$ 2,452,169	$ 2,846,442
Non-cash investing activities:		
Securities acquired through contributions	$ 35,110	$ 25,458

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

PTSD FOUNDATION OF AMERICA
NOTES TO FINANCIAL STATEMENTS

1. Organization and Nature of Operations

PTSD Foundation of America (the "Foundation") is a not-for-profit corporation formed in the state of Texas. The purpose of the Foundation is to provide counseling and interim housing for combat veterans who suffer from post-traumatic stress disorder ("PTSD"). The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC").

The Foundation seeks to provide counseling for Active Duty, Reserves, and National Guard veterans and their families through pastoral counseling and peer mentoring on an individual basis and in group settings. This is accomplished primarily through the Camp Hope program, which allows veterans and their immediate family members to find healing, help and hope while benefiting from an intensive peer support and mentoring program for PTSD. In addition to temporary housing, Camp Hope offers a 90+ day PTSD recovery program in which residents attend group lessons and support sessions with other combat veterans, conduct individual mentoring sessions with certified combat trauma members, participate in off-site small group interaction activities, and get involved with local churches, businesses and volunteer organizations to assist in their personal healing and spread awareness regarding combat trauma.

In addition to the Camp Hope program, the Foundation establishes support groups, known as “Warrior Groups”, and conducts peer coaching, with the assistance of local churches, volunteers, and other organizations, to help combat veterans find healing, balance and positive re-integration with their families and in society. Warrior Groups are established primarily in the Houston area. The Foundation has established chapters in North Carolina, South Carolina, Arizona, Washington, Colorado, Alabama, California, Georgia, and Oregon, as well as several other locations in Texas. Such chapters provide similar assistance to combat veterans as the assistance provided by the Warrior Groups in the Houston area.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and follows the guidance of the Financial Accounting Standards Board ("FASB") related to financial statements of not-for-profit organizations. Accordingly, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Foundation and changes therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. The Foundation had net assets without donor restrictions of $6,161,378 and $5,890,079 as of December 31, 2019 and 2018, respectively.

- Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Net assets with donor-imposed restrictions include net assets that are either (i) restricted until the donor-imposed stipulation has been met through the passage of time and/or by actions of the Board of Directors, or (ii) expected to be maintained in perpetuity. When a purpose restriction is accomplished or a time restriction ends, net assets with donor restrictions are released to net assets without donor restrictions. The Foundation had net assets with donor restrictions of $109,183 and $224,176 as of December 31, 2019 and 2018, respectively.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash held in demand deposits and cash on hand.

Investments and Investment Income

The Foundation’s investments are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized and realized gains and losses on investments, dividends and interest income are reported in the Statements of Activities and Changes in Net Assets as increases or decreases in net assets without donor restrictions unless the use of the income is limited by donor-imposed restrictions or by law.

2. Summary of Significant Accounting Policies, continued

Fair Value of Financial Instruments

Fair value estimates of financial instruments are based on relevant market information and may be subjective in nature and involve uncertainties and matters of significant judgment. The Foundation believes that the carrying value of its assets and liabilities approximates the fair value of such items. The Foundation does not hold or issue financial instruments for trading purposes.

Pledges Receivable

Pledges receivable are recognized when the donor makes a pledge to give to the Foundation that is, in substance, unconditional. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in more than one year are discounted to estimate the present value of future cash flows.

Property and Equipment

Property and equipment are recorded at historical cost and/or the fair value of the assets contributed. Cost of the asset includes those capital expenditures for additions, improvements, and betterments, which significantly add to the production capacity, improve the efficiency of the assets or lengthen their useful lives. Normal or recurring expenditures for repair and maintenance and capital expenditures of insignificant amounts are expensed when incurred. Property and equipment, which are retired or otherwise disposed of, are removed from their respective asset accounts together with the related accumulated depreciation.

Depreciation is determined by the rates considered sufficient to allocate the cost of the assets over their estimated useful lives using the straight-line method. Leasehold improvements are depreciated over the lesser of the lease period or their estimated useful life. The estimated useful lives of significant assets are as follows:

Land improvements	20 years
Buildings	20 years
Furniture and fixtures	10 years
Office equipment	10 years
Vehicles	10 years
Leasehold improvements	3 years

Long-Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Foundation first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent the carrying value exceeds its fair value. No impairment on long-lived assets was recognized for the years ended December 31, 2019 and 2018. Long-lived assets to be disposed of by sale are reported at the lower of their carrying amount or their fair value less costs to sell and are not depreciated.

Revenue Recognition

On January 1, 2019, the Foundation adopted Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers: Topic 606*, which requires revenue recognized to represent the transfer of promised goods or services to customers at an amount that reflects the consideration that a company expects to receive in exchange for those goods or services.

The Foundation adopted ASU No. 2014-09 using the modified retrospective method and accordingly, the Foundation did not retrospectively adjust prior periods. The Foundation applied the modified retrospective method only to incomplete contracts upon adoption and no cumulative adjustment to net assets was recorded.

The Foundation generates revenue through a variety of sources including donor contributions and special events.

Revenue from donor contributions, including in-kind contributions, does not fall under the scope of Accounting Standards Codification ("ASC") Topic 606, as such revenue follows the accounting guidance of ASC 958-605, *Not-for-Profit Entities-Revenue Recognition*. Revenue from special events follows the guidance of ASU No. 2014-09.

2. Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

The Foundation accounts for a contract with a customer under ASC Topic 606 and determines its revenue recognition through the following steps: (i) identification of the contract or contracts with a customer; (ii) identification of the performance obligations within the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligation(s) within the contract; and (v) recognition of revenue when, or as the performance obligation has been satisfied.

Revenues from the Foundation's special events are generally recognized at the point in time services or goods are provided and represent a single performance obligation with a fixed transaction price.

Contributions

Contributions are reported as contributions without donor-imposed restrictions or contributions with donor-imposed restrictions. Unconditional contributions, if any, are recorded at their fair market value in the period in which the Foundation was notified of the intent of the contribution. Conditional contributions are not included in contributions until such time as the conditions are substantially met. Expirations of restrictions on net assets (i.e., the donor-restricted purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the Statements of Activities and Changes in Net Assets. Donor restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions.

Unconditional promises to give are recorded at their net realizable value. Unconditional promises to give that are expected to be collected after one year or more are discounted to the present value of estimated future cash flows using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included as contribution revenue in the accompanying Statements of Activities and Changes in Net Assets.

Contributions of furniture, equipment, and objects of art are recorded at fair value, as determined by management, at the date of donation. The Foundation reports such gifts as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as contributions with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long lived assets are placed in service.

Contributed marketable securities are recorded at quoted market prices at the date of donation.

Contributed Services

Certain of the Foundation's directors and other community volunteers contribute their time to support the Foundation's programs. In accordance with FASB ASC Topic 958-605, *Not-for-Profit-Entities – Accounting for Contributions Received and Contributions Made*, the Foundation recognizes contributed services at their estimated fair value if the services received (i) create or enhance a non-financial asset or (ii) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods that can be used internally for program purposes by the Foundation are recognized at fair value as of the date of donation.

For the years ended December 31, 2019 and 2018, volunteers provided approximately 8,056 and 3,656 hours of service, respectively, for which no value has been assigned. On occasion, supporters of the Foundation's programs provide goods or services directly to residents of Camp Hope to assist them or their families. Such contributions cannot be reasonably estimated and are not included in these financial statements.

Federal Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the IRC. However, the Foundation is subject to taxes on unrelated business income. For the years ended December 31, 2019 and 2018, there were no unrelated business activities; thus, no provision has been made for income taxes.

2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

The costs of providing the Foundation's programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, costs that cannot be directly identified with a specific program or other activity are charged to the Camp Hope and Chapter programs and various supporting services based on management's estimates of time incurred, square footage of buildings, or other reasonable measure of usage. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Public Awareness Expenses

The Foundation expenses public awareness expenses as they are incurred. For the years ended December 31, 2019 and 2018, the Foundation recorded cash and in-kind public awareness expenses of $300,271 and $375,371, respectively.

Use of Estimates

The preparation of the Foundation's financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period, and the allocation of expenses among various programs. Actual results could differ from those estimates. The Foundation's management believes that the estimates made in connection with these financial statements are reasonable.

Concentrations

At times during the year, the Foundation maintained cash deposits in excess of the federally insured limit. The Foundation has not incurred any losses on such deposits and management believes that credit risk associated with these deposits is minimal.

Approximately 82% and 81% of the Foundation's contributions during the years ended December 31, 2019 and 2018, respectively, are received from donors in Texas.

Reclassifications

Certain items have been reclassified in the 2018 financial statements to conform to the 2019 presentation. Such reclassifications had no effect on the Foundation's net assets, changes in net assets or cash flows.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, which creates Topic 606, *Revenue from Contracts with Customers*, which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU No. 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled to those goods or services. ASU No. 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required than under existing U.S. GAAP. Additionally, ASU No. 2014-09 requires enhanced financial statement disclosures over the nature, amount, timing and uncertainty of revenue recognition as part of the new accounting guidance. Initially, the amendments for ASU No. 2014-09 were effective for annual periods beginning after December 15, 2017, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU No. 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). In August 2015, the FASB issued ASU No. 2015-14 and agreed to give companies an extra year to comply with the new standard (effective for annual periods beginning after December 15, 2018). In June 2020, the FASB issued ASU No. 2020-05, which allowed certain entities who had not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of ASU No. 2014-09 to defer implementation for one year due to unique challenges resulting from the COVID-19 pandemic. Accordingly, ASU No. 2014-09 is effective for the Foundation for the year beginning January 1, 2020. Early adoption is permitted, and management elected to adopt ASU No. 2014-09 effective January 1, 2019. The adoption of ASU No. 2014-09 did not have a significant impact on the Foundation's financial position, changes in net assets or disclosures. See Revenue Recognition policy in Note 2.

2. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

.
In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* to make targeted improvements to U.S. GAAP on accounting for financial instruments. ASU No. 2016-01 is effective for fiscal years beginning after December 15, 2018. The new standard is effective for the Foundation for the year beginning January 1, 2019 and did not have a significant impact on the Foundation's financial statements.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (i) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (ii) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under ASU No. 2016-02, lessor accounting is largely unchanged. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019 with early application permitted. Lessees and lessors must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases expiring before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. In July 2019, the FASB approved the delay of the effective date of ASU No. 2016-02 by one year (effective for annual periods beginning after December 15, 2020). In June 2020, the FASB issued ASU No. 2020-05, which allowed certain entities who had not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of ASU No. 2016-02 to defer implementation for one year due to unique challenges resulting from the COVID-19 pandemic. Accordingly, ASU No. 2016-02 is effective for the Foundation for the year beginning January 1, 2022. Management is currently evaluating the effect the provisions of ASU No. 2016-02 will have on the financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in ASU No. 2018-08 assist entities in (i) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal) transactions and (ii) determining whether a contribution is conditional. ASU No. 2018-08 is effective for annual financial statements beginning after December 15, 2019. Management does not expect the adoption of ASU No. 2018-08 to have a significant impact on the Foundation's financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which is part of the FASB disclosure framework project to improve the effectiveness of disclosures in the notes to the financial statements. The amendments in the new guidance remove, modify and add certain disclosure requirements related to fair value measurements covered in FASB ASC Topic 820 ("ASC 820") *Fair Value Measurements and Disclosures*. The new standard is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted for either the entire standard or only the requirements that modify or eliminate the disclosure requirements, with certain requirements applied prospectively, and all other requirements applied retrospectively to all periods presented. Management does not expect the adoption of ASU No. 2018-13 to have a significant impact on the Foundation's financial statements.

3. Fair Value Measurements

ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

3. 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's 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.

In determining fair value, the Foundation uses the market approach which uses quoted prices and other relevant data based on market transactions involving identical or comparable assets and liabilities.

Following is a description of the valuation methodology used for investment assets and liabilities measured at fair value.

Common stocks – Valued at the closing price of the stock as reported by the market on which the securities are traded.

Exchange-traded funds – Valued at the closing price reported in the active market on which the individual securities are traded.

Registered investment companies (mutual funds) – Valued at the net asset value ("NAV") of shares held by the plan at year end as quoted on an active market.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value on a recurring basis as of December 31, 2019 and 2018:

	Investment Assets at Fair Value at December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$ 29,971	$ -	$ -	$ 29,971
Exchange traded funds	18,176	-	-	18,176
Mutual funds	49,897	-	-	49,897
Total	$ 98,044	$ -	$ -	$ 98,044

	Investment Assets at Fair Value at December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$ 25,458	$ -	$ -	$ 25,458
Total	$ 25,458	$ -	$ -	$ 25,458

3. Fair Value Measurements, continued

Net investment income recognized during the years ended December 31, 2019 and 2018 consists of the following:

	2019	2018
Interest and dividend income	$ 20,967	$ 1,100
Net unrealized gains	37,476	-
Total	$ 58,443	$ 1,100

4. Pledges Receivable

Pledges receivable at December 31, 2018 were $106,000, all due in less than a year.

5. Property and Equipment

At December 31, 2019 and 2018, property and equipment consisted of:

	2019	2018
Land	$ 218,000	$ 200,000
Land improvements	206,031	178,929
Buildings	2,871,682	2,785,842
Furniture and fixtures	455,490	329,805
Vehicles	260,165	281,396
Construction in progress	750,000	168,988
Leasehold improvements	15,329	15,329
Office equipment	1,103	1,103
Total property and equipment	4,777,800	3,961,392
Less: accumulated depreciation	(957,750)	(748,356)
Total	$ 3,820,050	$ 3,213,036

Depreciation expense for the years ended December 31, 2019 and 2018 was $218,933 and $205,136, respectively.

During the years ended December 31, 2019 and 2018, vehicles totaling approximately $71,658 and $118,103, respectively, were donated to the Foundation. Additionally, buildings and improvements totaling $599,114 and $34,897 and furniture and fixtures totaling $125,685 and $9,330 were donated to the Foundation during the years ended December 31, 2019 and 2018, respectively. During the year ended December 31, 2019, the Foundation received a donation of land valued at $18,000. Approximately $83,351 and $25,405 of donated vehicles and furniture and fixtures were granted to veterans and/or residents of Camp Hope during the years ended December 31, 2019 and 2018, respectively.

6. In-kind Contributions

For the years ended December 31, 2019 and 2018, the Foundation recognized in-kind contributions of goods and services, including supplies and materials, advertising, labor, rent, and repairs and maintenance. In-kind contributions that can be used by the Foundation for program or other activities are recognized as contributions revenue with a corresponding expense in the applicable program or supporting activity in the accompanying Statements of Activities and Changes in Net Assets.

In-kind contributions that create or enhance a non-financial asset (e.g., property and equipment) are recognized as contributions revenue with a corresponding increase in the non-financial asset.

6. In-kind Contributions, continued

In-kind contributions of financial assets that can be resold in exchange for cash are recognized as contribution revenue with a corresponding increase in the financial asset.

The following is a summary of in-kind contributions for the years ended December 31, 2019 and 2018:

	2019	2018
Property and equipment	$ 276,535	$ 162,325
Investment securities	35,110	25,458
Services	854,329	251,840
Rent	154,720	20,512
Resident supplies, wellness and clothing	1,291,204	476,264
Repairs, maintenance and other	146,927	115,385
Total	$ 2,758,825	$ 1,051,784

7. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2019 consist of cash contributions received during 2018 designated to fund the construction of additional facilities on the Foundation's property and in-kind contributions of rent received during 2019 (see Note 9).

Net assets with donor restrictions as of December 31, 2018 consist of cash contributions received during 2018 designated to fund the construction of additional facilities on the Foundation's property, in-kind contributions of rent (see Note 9), and contributions received during 2018 designated to fund an event to be held by the Foundation during 2019.

8. Leases

The Foundation leases a building in San Antonio, Texas under a non-cancelable lease agreement. In April 2019, the lease agreement was amended to extend the lease term for one year ending in April 2020, subject to certain conditions. Under the terms of the lease agreement, the Foundation shall pay $1 per month until expiration in April 2019. The fair rental value of similar property in the area was determined by management to approximate $11,000 per month.

The excess of the fair rental value over the cost to the Foundation attributable to future periods was recorded as an in-kind contribution with donor-imposed restriction, with a corresponding contribution receivable. The net assets with donor-imposed restrictions is released over the life of the lease as the expense is incurred. During the years ended December 31, 2019 and 2018, a total of $131,996 and $131,988, respectively, of net assets with donor-imposed restrictions relating to the in-kind rent contribution was released and are included in net assets without donor-imposed restrictions in the accompanying Statements of Activities and Changes in Net Assets.

Under the terms of the lease, the Foundation may renew the lease for one year, and accordingly, in April 2019, the lease agreement was amended to extend the lease term for one year ending April 2020, subject to certain conditions. In lieu of monthly lease payments during the extension period, the Foundation is required to provide maintenance and repairs to the leased premises.

9. Liquidity

The following reflects the Foundation's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date. Amounts available include amounts restricted for a donor specified purpose.

	2019	2018
Financial assets, at year-end	$ 2,594,213	$ 3,023,504
Less those unavailable for general expenditure within one year, due to contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(109,183)	(224,176)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,485,030	$ 2,799,328

The Foundation is not substantially supported by contributions with donor-imposed restrictions. As part of the Foundation'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.

10. Subsequent Events

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The pandemic and resulting global disruptions have caused significant economic uncertainty and volatility in financial markets. The Foundation is continually monitoring potential risks associated with COVID-19 and budgeting accordingly.

In response to the economic impact of COVID-19 on individuals and businesses, the Coronavirus Aid, Relief, and Economic Security Act ("CARES") was passed by Congress on March 27, 2020 which, among other provisions, established a Paycheck Protection Program (the "PPP") implemented by the Small Business Administration ("SBA") to provide businesses with funds to pay certain payroll and applicable overhead costs.

On May 8, 2020, the Foundation entered into a Business Loan Agreement (the "Loan") under the PPP in the amount of $793,005. The Loan carries a 1% fixed interest rate with principal and interest payments due monthly beginning December 8, 2020 until maturity on May 8, 2022. Under the provisions of the PPP, qualifying loans may be eligible for forgiveness.

The Foundation's management has evaluated subsequent events through July 21, 2020, which is the date the financial statements were available to be issued, and has concluded that there were no other significant events to be reported.