PTSD FOUNDATION OF AMERICA

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
As of and for the Years Ended December 31, 2020 and 2019

PTSD FOUNDATION OF AMERICA
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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, 2020 and 2019, 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, 2020 and 2019, 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, LLP

Houston, Texas
August 31, 2021

PTSD FOUNDATION OF AMERICA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 3,621,992	$ 2,386,986
Restricted cash	65,183	65,183
Contributions receivable	30,909	44,000
Pledges receivable	170,120	-
Total current assets	3,888,204	2,496,169
Prepaid expenses and other assets	49,494	91,206
Investments, at fair value	164,929	98,044
Property and equipment, net	3,377,954	3,734,052
Total non-current assets	3,592,377	3,923,302
Total assets	$ 7,480,581	$ 6,419,471
LIABILITIES AND NET ASSETS		
Accounts payable	$ 2,225	$ 26,752
SBA paycheck protection program loan, current portion	573,395	-
Accrued liabilities	124,488	122,158
Total current liabilities	700,108	148,910
SBA paycheck protection program loan, net of current portion	219,610	-
Total liabilities	919,718	148,910
Net assets:		
Without donor restrictions	6,395,680	6,161,378
With donor restrictions	165,183	109,183
Total net assets	6,560,863	6,270,561
Total liabilities and net assets	$ 7,480,581	$ 6,419,471

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Public support:			
Contributions	$ 4,171,254	$ -	$ 4,171,254
In-kind contributions	1,072,570	78,013	1,150,583
Special events	174,670	100,000	274,670
Investment income, net	26,774	-	26,774
Other loss	189	-	189
Total support and revenues before release of restrictions on net assets	5,445,457	178,013	5,623,470
Net assets released from restrictions	122,013	(122,013)	-
Total revenues and net assets released from restrictions	5,567,470	56,000	5,623,470
Expenses:			
Program services:			
Camp Hope	2,761,841	-	2,761,841
Chapters	1,623,295	-	1,623,295
Supporting services:			
Special events	31,180	-	31,180
General and administrative	916,852	-	916,852
Total expenses	5,333,168	-	5,333,168
Changes in net assets	234,302	56,000	290,302
Net assets, beginning of year	6,161,378	109,183	6,270,561
Net assets, end of year	$ 6,395,680	$ 165,183	$ 6,560,863

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
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020				
	Program				
	Camp Hope	Chapters	Special Events	General and Administrative	Total
Payroll and benefits	$ 1,179,106	$ 1,301,253	$ -	$ 551,908	$ 3,032,267
Resident services and supplies	448,881	-	-	-	448,881
Advertising	398,937	2,711	26,201	-	427,849
Depreciation expense	364,112	-	-	4,054	368,166
Rent and facility fees	-	122,013	-	-	122,013
Repairs and maintenance	69,249	-	-	69,400	138,649
Utilities	47,245	-	-	2,905	50,150
Insurance	55,085	30,603	-	36,724	122,412
Supplies and materials	-	120,386	4,979	70,789	196,154
Contract labor and services	41,692	15,818	-	107,408	164,918
Grants and awards	70,486	-	-	-	70,486
Travel	12,633	30,511	-	8,115	51,259
Staff development	48,634	-	-	7,095	55,729
Bank and other fees	-	-	-	7,048	7,048
Accounting	-	-	-	26,345	26,345
Books and manuals	8,403	-	-	-	8,403
Shipping	-	-	-	8,512	8,512
Legal	16,430	-	-	-	16,430
Loss on disposal of property	-	-	-	15,559	15,559
Meals and entertainment	948	-	-	990	1,938
Total expenses	$ 2,761,841	$ 1,623,295	$ 31,180	$ 916,852	$ 5,333,168

	2019				
	Program				
	Camp Hope	Chapters	Special Events	General and Administrative	Total
Payroll and benefits	$ 1,525,360	$ 1,407,310	$ -	$ 408,394	$ 3,341,064
Resident services and supplies	1,425,208	21,060	-	-	1,446,268
Advertising	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

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, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 290,302	$ 156,306
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	368,166	218,933
Net unrealized gain on investments	(10,113)	(37,476)
Donor contribution of investments	(65,576)	(35,110)
Donor contribution of property and equipment	(35,906)	(742,504)
Donor contribution of land	-	(18,000)
Loss on disposal of land	9,721	-
Loss on disposal of property and equipment	5,838	-
Changes in operating assets and liabilities:		
Contributions and pledges receivable	(157,029)	107,604
Prepaid expenses and other assets	41,712	24,190
Accounts payable and accrued expenses	(22,197)	26,625
Net cash provided by (used in) operating activities	424,918	(299,432)
Cash flows from investing activities:		
Purchase of investment securities	(106,129)	-
Proceeds from sale of land	8,279	-
Proceeds from sale of investment securities	114,933	-
Purchase of fixed assets	-	(94,841)
Net cash provided by (used in) investing activities	17,083	(94,841)
Cash flows from financing activities:		
Proceeds from SBA paycheck protection program loan	793,005	-
Net cash provided by financing activities	793,005	-
Net increase (decrease) in cash, cash equivalents and restricted cash	1,235,006	(394,273)
Cash, cash equivalents and restricted cash, beginning of year	2,452,169	2,846,442
Cash, cash equivalents and restricted cash, end of year	$ 3,687,175	$ 2,452,169

The accompanying notes are an integral part of these 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").

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 $6,395,680 and $6,161,378 as of December 31, 2020 and 2019, 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 $165,183 and $109,183 as of December 31, 2020 and 2019, respectively.

Cash, Cash Equivalents, and Restricted Cash

In November 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which is part of the FASB disclosure framework project to address the diversity in the presentation of transfers between cash and restricted cash in the statement of cash flows. The amendments in the new guidance require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The new standard is effective for fiscal years beginning after December 15, 2018. The new standard was adopted by the Foundation for the year beginning January 1, 2019 and did not have a significant impact on the Foundation's financial statements.

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.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position to that shown in the statements of cash flows as of December 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	$ 3,621,992	$ 2,386,986
Restricted cash	65,183	65,183
Total cash, cash equivalents and restricted cash in cash flows	$ 3,687,175	$ 2,452,169

Amounts included in restricted cash represent cash contributions received during 2018 designated to fund the construction of additional facilities on the Foundation's property. See Note 6.

2. Summary of Significant Accounting Policies, continued

Investments and Investment Income

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. The new standard was adopted by the Foundation for the year beginning January 1, 2020 and did not have a significant impact on the Foundation's financial statements.

The Foundation's investments, consisting of common stocks, exchange-traded funds, and mutual funds, 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.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a specified measurement date. Fair value measurements are derived using inputs and assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. U.S. GAAP establishes a valuation hierarchy for disclosure of the inputs used to measure fair value. This three-tier hierarchy classifies fair value amounts recognized or disclosed in the financial statements based on the observability of inputs used to estimate such fair values. The classification within the hierarchy of a financial asset or liability is determined based on the lowest level input that is significant to the fair value measurement. The hierarchy considers fair value amounts based on observable inputs (Levels 1 and 2) to be more reliable and predictable than those based primarily on unobservable inputs (Level 3) (see Note 3).

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's financial instruments consist mainly of cash, cash equivalents and restricted cash, contributions and pledges receivable, investments, accounts payable, and SBA Paycheck Protection Program ("PPP") loan. The Foundation believes that the carrying value of its assets and liabilities approximates the fair value of such items due to the short-term nature of these accounts. The Foundation does not hold or issue financial instruments for trading purposes.

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 and exceed $1,000. 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 term 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	5 years
Office equipment	5 years
Vehicles	5 years
Computer hardware and software	3 years
Leasehold improvements	Term of the lease

2. Summary of Significant Accounting Policies, continued

Property and Equipment, continued

During the year ended December 31, 2020, management reassessed and changed the estimated useful lives of certain property and equipment to better reflect their estimated remaining useful lives. As a result, their estimated useful lives were reduced during 2020 which resulted in additional depreciation of $155,915 during the year ended December 31, 2020.

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, 2020 and 2019. 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 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 there was no material impact to the nature and timing of revenue recognition.

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.

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

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. The new standard was adopted by the Foundation for the year beginning January 1, 2020 and did not have a significant impact on the Foundation’s financial statements.

2. Summary of Significant Accounting Policies, continued

Contributions, continued

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, 2020 and 2019, volunteers provided approximately 2,000 and 8,000 hours of service, respectively, which do not meet the contribution recognition criteria of ASC Topic 958-605 and, accordingly, are not reflected as contributions in the 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, 2020 and 2019, there were no unrelated business activities; thus, no provision has been made for income taxes.

In accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, the Foundation has analyzed its tax positions taken and has concluded that as of December 31, 2020 and 2019, there are no uncertain tax positions taken or expected to be taken that would require recognition of a tax liability (or asset) or disclosure in the financial statements. The Foundation’s federal exempt organization business tax returns for 2017 and later are subjected to examination by the Internal Revenue Service.

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. The majority of expenses can generally be directly identified with the program or supporting services to which they related and are charged accordingly. Other expenses, by function, have been allocated among program and supporting service classifications 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.

2. Summary of Significant Accounting Policies, continued

Advertising Expenses

The Foundation expenses advertising expenses as they are incurred. For the years ended December 31, 2020 and 2019, the Foundation recorded cash and in-kind advertising expenses of $427,849 and $300,271, 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.

Financial Instruments and Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investments held at creditworthy financial institutions. At times during the year, the Foundation maintained cash deposits in excess of the federally insured limit. All of the financial investments are held in creditworthy financial institutions in the name of the Foundation which protects against credit risk of the financial institution holding the investments. There is also limited credit risk associated with contribution receivables.

Approximately 97% and 82% of the Foundation's contributions during the years ended December 31, 2020 and 2019, respectively, are received from donors in Texas.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the amounts reported in the statements of financial position and the statements of activities and changes in net assets. However, the diversification of the investment securities among various asset classes mitigate the impact of any dramatic change on any one asset class.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security ("CARES") Act". The CARES Act, among other things, includes provisions relating to appropriated funds for PPP loans that are forgivable in certain situations to promote continued employment to provide liquidity to small businesses harmed by COVID-19.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Foundation's financial condition, liquidity, and future results of operations. The Foundation is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Reclassifications

Certain items have been reclassified in the 2019 financial statements to conform to the 2020 presentation. Such reclassifications had no effect on the Foundation's net assets, changes in net assets or cash flows.

2. Summary of Significant Accounting Policies, continued

Recently Issued Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is designed to improve generally accepted accounting principles by increasing the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The amendments in the new guidance improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profits, including additional disclosure requirements for recognized contributed services, covered in FASB ASC Topic 958 ("ASC 958") *Not-for-Profit Entities – Revenue Recognition*. The amendments in this update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. Management does not expect the adoption of ASU No. 2018-13 to have a significant impact on the Foundation's financial statements.

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 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.

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.

3. Fair Value Measurements, continued

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.

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

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, 2020 and 2019:

	Investment Assets at Fair Value at December 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$ 10,369	$ -	$ -	$ 10,369
Exchange traded funds	134,076	-	-	134,076
Mutual funds	20,484	-	-	20,484
Total	$ 164,929	$ -	$ -	$ 164,929

	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

Net investment income recognized during the years ended December 31, 2020 and 2019 consists of the following:

	2020	**2019**
Interest and dividend income	$ 19,755	$ 20,967
Net realized losses	(3,094)	-
Net unrealized gains	10,113	37,476
Total	$ 26,774	$ 58,443

4. Property and Equipment

At December 31, 2020 and 2019, property and equipment consisted of:

	2020	2019
Land	$ 200,000	$ 218,000
Land improvements	206,031	206,031
Buildings	2,865,203	2,871,682
Furniture and fixtures	485,066	455,490
Vehicles	153,068	153,068
Construction in progress	756,330	750,000
Leasehold improvements	15,329	15,329
Office equipment	1,103	1,103
Total property and equipment	4,682,130	4,670,703
Less: accumulated depreciation	(1,304,176)	(936,651)
Total	$ 3,377,954	$ 3,734,052

Depreciation expense for the years ended December 31, 2020 and 2019 was $368,166 and $218,933, respectively. During the years ended December 31, 2020 and 2019, $5,838 and $0 of property and equipment was retired by the Foundation, respectively.

During the years ended December 31, 2020 and 2019, vehicles totaling approximately $0 and $7,500, respectively, were donated to the Foundation and included in property and equipment. Additionally, buildings and improvements totaling $6,330 and $609,319 and furniture and fixtures totaling $29,576 and $125,685 were donated to the Foundation during the years ended December 31, 2020 and 2019, respectively.

During the year ended December 31, 2019, the Foundation received a donation of land valued at $18,000. During 2020, the land was sold for $8,279 and a realized loss of $9,721 was recognized.

5. In-kind Contributions

For the years ended December 31, 2020 and 2019, 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.

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, 2020 and 2019:

	2020	2019
Property and equipment	$ 35,906	$ 760,504
Other assets	62,219	38,614
Investment securities	65,576	35,110
Services	495,107	331,746
Rent	78,013	154,720
Resident supplies, wellness and clothing	347,786	1,291,204
Repairs, maintenance and other	65,976	146,927
Total	$ 1,150,583	$ 2,758,825

6. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2020 consist of cash contributions received during 2018 designated to fund the construction of additional facilities on the Foundation's property and pledges receivable designated for a fundraising event.

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 7).

7. Leases

In April 2016, the Foundation leased a building in San Antonio, Texas under a non-cancelable lease agreement. 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.

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 ended April 2020, subject to certain conditions (the "First Extension Period"). In lieu of monthly lease payments during the first extension period, the Foundation is required to provide maintenance and repairs to the leased premises.

The lease agreement was mutually agreed to continue, on a month-to-month basis, after April 2020 until cancelled by either party (the "Second Extension Period"). The agreement was not cancelled by either party as of August 31, 2021.

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 as of December 31, 2019. For the year ended December 31, 2020, the lease was treated as a short-term lease and the excess of the fair rental value over the cost to the Foundation for benefits received during the year were recorded as an in-kind contribution with donor-imposed restriction when received. The net assets with donor-imposed restrictions are released over the life of the lease as the expense is incurred. During the years ended December 31, 2020 and 2019, a total of $122,013 and $131,996, 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.

8. Description of Programs and Supporting Services

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, Colorado, California and Georgia, 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.

Administrative support costs include full time staff in general management, finance, and operating positions that support the Foundation's operations year-round as well as costs that benefit the entity as a whole. Fundraising costs include the costs to support the fundraising events.

9. Liquidity

The following reflects the Foundation's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date.

	2020	2019
Financial assets, at year-end	$ 4,053,133	$ 2,594,213
Less those unavailable for general expenditure within one year, due to contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(165,183)	(109,183)
Financial assets available to meet cash needs for general expenditures within one year	$ 3,887,950	$ 2,485,030

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. Debt

Part of the CARES Act funding was allocated to the Small Business Administration ("SBA") for loans to small businesses to encourage the retention of employees. In implementing this loan program, the SBA for the first time made certain exceptions to its key requirement that in order to obtain an SBA loan, the applicant must have fewer than 500 employees. Applications for forgiveness can then be made provided that the funds are used for the purposes stated in the loan, including primarily employee labor costs.

During May 2020, the Foundation entered into a PPP loan under the SBA Paycheck Protection Program, and the Foundation has submitted applications for forgiveness for the PPP Loan as of the date of this report. Until forgiven, the note bears interest at a rate of 1.0% and matures in May 2022. As of December 31, 2020, the Company recorded $0.6 million and $0.2 million, respectively, in the current and long-term liabilities in the accompanying statement of financial position.

The application for these funds requires the Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Foundation. Some of the uncertainties related to the Foundation's operations that are directly related to COVID-19 include, but are not limited to, the severity of the virus, the duration of the outbreak, governmental, business or other actions (which could include limitations on operations or mandates to provide products or services), and the effect on available funds from donors or changes to operations. In addition, the health of the Foundation's workforce, and its ability to meet staffing needs in its critical functions are uncertain and is vital to its operations. The PPP Loan certification further requires the Foundation to take into account current business activity and the ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business.

The receipt of the fund, and the forgiveness of the loan attendant to the fund, is dependent on the Foundation having initially qualified for the loan and qualifying for the forgiveness of such loan based on the Foundation's future adherence to the forgiveness criteria. The PPP Loan is subject to any new guidance and new requirements released by the Department of the Treasury who has indicated that all entities that have received funds in excess of $2.0 million will be subject to SBA audit to further ensure SBA loans are limited to eligible borrowers in need.

11. Related Party Transactions

During the year ending December 31, 2020 and 2019, members of the Foundation's board of directors made cash donations of $134,780 and $0, respectively.

12. Subsequent Events

Management of the Foundation has evaluated subsequent events through August 31, 2021, which is the date the financial statements were available to be issued, and has concluded that there were no significant events to be reported.