

Financial Statements

2022

Team Red, White & Blue, Inc.

December 31, 2022 and 2021



Financial Statements

Team Red, White & Blue, Inc.

December 31, 2022 and 2021

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Independent Auditors' Report

Members of the Board of Directors
Team Red, White & Blue, Inc.
Atlanta, Georgia

Opinion

We have audited the accompanying financial statements of Team Red, White & Blue, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Team Red, White & Blue, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Changes in Accounting Principles

As discussed in Note B, the Organization adopted the requirements of Financial Accounting Standards Board ("FASB"), Accounting Standards Update ("ASU") No. 2020-07, *Not-for-Profit Entities* (Topic 958) retroactive to 2021. Also, the Organization adopted the requirements of FASB, ASU No. 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing audits in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Strothman and Company

Louisville, Kentucky
March 6, 2023

Statements of Financial Position

Team Red, White & Blue, Inc.

	December 31	
	2022	2021
Assets		
Cash and cash equivalents	\$ 4,581,730	\$ 1,152,890
Investments	3,766,563	2,694,426
Grants receivable		37,500
Inventory	496,701	411,850
Property and equipment, net	1,420,718	1,394,241
Right-to-use asset - operating, net	137,185	
	<u>10,402,897</u>	<u>5,690,907</u>
Total Assets	\$ 10,402,897	\$ 5,690,907
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 29,752	\$ 26,345
Accrued expenses	8,302	49,996
Lease obligation - operating	142,267	
	<u>180,321</u>	<u>76,341</u>
Total Liabilities	180,321	76,341
Net Assets		
Without donor restrictions	9,972,076	5,299,833
With donor restrictions	250,500	314,733
	<u>10,222,576</u>	<u>5,614,566</u>
Total Net Assets	10,222,576	5,614,566
Total Liabilities and Net Assets	\$ 10,402,897	\$ 5,690,907

See Accompanying Notes to Financial Statements

Statements of Activities

Team Red, White & Blue, Inc.

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total
Revenues and Support						
Revenues						
Merchandise sales	\$ 249,919		\$ 249,919	\$ 100,873		\$ 100,873
Support						
Contributions	1,634,100		1,634,100	1,913,155	\$ 43,761	1,956,916
Grants	7,790,514	\$ 250,500	8,041,014	2,517,197	250,000	2,767,197
Races and events	840,886		840,886	983,923		983,923
In-kind contributions	966,556		966,556	448,610		448,610
Investment income (loss), net	(427,863)		(427,863)	223,684		223,684
Other income	20,480		20,480	12,000		12,000
Total Support	10,824,673	250,500	11,075,173	6,098,569	293,761	6,392,330
Net Assets Released From Restrictions	314,733	(314,733)		278,772	(278,772)	
Total Revenues and Support	11,389,325	(64,233)	11,325,092	6,478,214	14,989	6,493,203
Operating Expenses						
Program services	5,397,584		5,397,584	3,880,084		3,880,084
Management and general	728,399		728,399	848,468		848,468
Fundraising	591,099		591,099	248,141		248,141
Total Operating Expenses	6,717,082		6,717,082	4,976,693		4,976,693
Non-Operating Activities						
Loss on disposal of property and equipment				15,440		15,440
Increase (Decrease) in Net Assets	4,672,243	(64,233)	4,608,010	1,486,081	14,989	1,501,070
Net Assets at Beginning of Year	5,299,833	314,733	5,614,566	3,813,752	299,744	4,113,496
Net Assets at End of Year	\$ 9,972,076	\$ 250,500	\$ 10,222,576	\$ 5,299,833	\$ 314,733	\$ 5,614,566

See Accompanying Notes to Financial Statements

Statements of Functional Expenses

Team Red, White & Blue, Inc.

	Year Ended December 31, 2022				Year Ended December 31, 2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Payroll and related expenses	\$ 2,340,881	\$ 424,610	\$ 368,537	\$ 3,134,028	\$ 1,983,160	\$ 378,775	\$ 198,629	\$ 2,560,564
Miscellaneous expenses for:								
National events	331,049		86,745	417,794	192,594		130	192,724
Races and special events	64,855		11,139	75,994	26,026		4,198	30,224
Eagle expeditions and camps	110,259			110,259	138,299			138,299
Outreach	342,043			342,043	280,587			280,587
Chapter support	169,432			169,432	182,937			182,937
Travel and meetings	101,116	21,428	10,934	133,478	80,270	6,688	1,229	88,187
Firebase expenses	13,085			13,085	13,552			13,552
Merchandise operations and shipping	144,829			144,829	87,801			87,801
Advertising	290,630	93,417		384,047	151,390	83,906		235,296
Professional fees	667,000	124,947	27,311	819,258		310,353		310,353
Occupancy expense		8,382		8,382	95,899	8,443		104,342
Office expenses		2,689		2,689		1,970		1,970
Software and subscriptions	278,422			278,422	250,064			250,064
Tech support and maintenance	61,049			61,049	114,802			114,802
Depreciation and amortization	482,934	52,926	24,315	560,175	282,703	58,263	26,759	367,725
Miscellaneous expenses			62,118	62,118		70	17,196	17,266
	<u>\$ 5,397,584</u>	<u>\$ 728,399</u>	<u>\$ 591,099</u>	<u>\$ 6,717,082</u>	<u>\$ 3,880,084</u>	<u>\$ 848,468</u>	<u>\$ 248,141</u>	<u>\$ 4,976,693</u>

See Accompanying Notes to Financial Statements

Statements of Cash Flows

Team Red, White & Blue, Inc.

	Year Ended December 31	
	2022	2021
Operating Activities		
Increase in net assets	\$ 4,608,010	\$ 1,501,070
Adjustments		
Depreciation and amortization	560,175	367,725
Loss on disposal of property and equipment		15,440
Unrealized net loss (gain) on investments	520,233	(168,799)
Changes in operating assets and liabilities		
Accounts receivable		8,924
Grants receivable	37,500	(37,500)
Inventory	(84,851)	(90,622)
Accounts payable	3,407	(183,321)
Accrued expenses	(41,694)	23,437
Payments on lease obligation - operating	(81,570)	
Net Cash Provided By Operating Activities	5,521,210	1,436,354
Investing Activities		
Purchases of property and equipment	(500,000)	(570,682)
Receipts of interest and dividends reinvested	(92,370)	(54,885)
Purchase of investments	(1,500,000)	(1,500,000)
Net Cash Used In Investing Activities	(2,092,370)	(2,125,567)
Net Increase (Decrease) in Cash and Cash Equivalents	3,428,840	(689,213)
Cash and Cash Equivalents Beginning of Year	1,152,890	1,842,103
Cash and Cash Equivalents End of Year	\$ 4,581,730	\$ 1,152,890

See Accompanying Notes to Financial Statements

Notes to the Financial Statements

Team Red, White & Blue, Inc.

December 31, 2022 and 2021

Note A--Nature of Activities

Team Red, White & Blue, Inc. (the "Organization") is a non-profit organization that enriches the lives of America's veterans by connecting them to their community through physical and social activities throughout the United States. The Organization has approximately 200 local chapters operating in the United States, whose operations are included in the accompanying financial statements. The Organization's primary sources of revenue are derived from races and events, in-kind contributions of goods and services, contributions, grants and merchandise sales.

Note B--Summary of Significant Accounting Policies

The Organization follows generally accepted accounting principles as outlined in the Financial Accounting Standard Board's ("FASB") Accounting Standards Codification ("ASC"). Significant accounting policies are as follows:

Financial Statement Presentation--The Organization is required to report information regarding its financial position and activities according to two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) based upon the existence or absence of donor-imposed restrictions.

Cash and Cash Equivalents--The Organization considers all highly liquid investments with maturities when purchased of three months or less, that are not designated for a specific purpose, to be cash equivalents.

Valuation of Investments--Investments in marketable securities with readily determinable fair values are reported at their fair values. Purchases and sales are recorded on a trade-date basis. Realized and unrealized gains and losses are included in the statements of activities as support without donor restrictions. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

New Member and Store Front Inventory--New Member inventory is mainly made up of shirts and other items that are donated to the Organization by a third party. The Organization records the value of the inventory based on comparable prices found in the market. The Store Front inventory is made up of items that are purchased by the Organization. All inventory is managed by a third-party.

Property and Equipment--Property and equipment is stated at cost if purchased, or at fair value as of the date contributed. The Organization capitalizes purchases of equipment and furniture if greater than \$2,000. Depreciation and amortization is computed using the straight-line method over the estimated useful life of the related assets. Depreciation and amortization expense includes \$471,454 and \$364,097 of amortization expense associated with the Organization's website and software and \$2,069 and \$3,628 of depreciation expense on leasehold improvements and equipment during the years ended December 31, 2022 and 2021, respectively.

Continued

Team Red, White & Blue, Inc.

December 31, 2022 and 2021

Note B--Summary of Significant Accounting Policies--Continued

Impairment of Long-Lived Assets--Management of the Organization reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. There were no charges for impairments of long-lived assets during the year ended December 31, 2022 or 2021.

Revenue Recognition--The Organization generates revenues and support from various activities associated with its mission, such as races and events, merchandise sales, donations from various sources (including in-kind goods and services), and grants. The following is information about each key source of revenue.

- The Organization charges a fee for individuals to participate in Organization sponsored races and events or from events or races sponsored by others for which the Organization is the beneficiary. The Organization recognizes support in the statement of activities upon the completion of the event or race.
- Sales of merchandise consist of apparel and other items depicting the Organization's logo sold through their website. The Organization recognizes revenue related to merchandise sales at the time of shipment when persuasive evidence of a contract exists, delivery has occurred, the sales price is fixed or determinable, and collection is probable.
- Contributions and grants are earned from individual, corporate and foundation donations. Unless otherwise specified in an agreement, the Organization recognizes support when an agreement is signed and/or when a check is received. They are recorded as with or without donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, such contributions and grants are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. For multi-year grants, revenue is recognized in installments over the period specified or based on a payment schedule determined by the grantor.
- In-kind contributions consist of merchandise and athletic gear or services. They are recorded at fair value and recognized as support and program service expenses in the accounting period when they are received. Contributions of legal and advertising services and rent are likewise recorded at fair value and recognized as management and general expenses. Contributions of property and equipment are recorded at fair value and capitalized on the statements of financial position. Administrative operations are conducted in the residences of the Organization's directors and officers without cost. The Organization also receives free services from a variety of unpaid volunteers.

Continued

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2022 and 2021

Note B--Summary of Significant Accounting Policies--Continued

Allocation of Functional Expenses--Most expenses are charged directly to program services, management and general, or fundraising based on specific identification. The salaries are allocated based on the percentage of hours worked toward a specific program by each employee. Rent and other occupancy costs are allocated based on space usage.

Advertising Costs--Advertising costs are expensed as incurred. Total advertising expense was \$384,047 and \$235,296 during the years ended December 31, 2022 and 2021, respectively.

Fair Value of Financial Instruments--The carrying amounts for assets, other than property and equipment, and liabilities approximate their fair values due to their short maturity.

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

Income Taxes--The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is reflected in the accompanying financial statements. The Organization had no unrelated business income during the years ended December 31, 2022 and 2021.

Generally accepted accounting principles prescribe a comprehensive model for how an entity should measure, recognize, present and disclose in its financial statements uncertain tax positions that an entity has taken or expects to take on a tax return. The Organization determined that it had no uncertain tax positions as of December 31, 2022 or 2021.

Reclassifications--Certain amounts in the 2021 financial statements have been classified to conform to the 2022 presentation.

Adoption of New Accounting Standards--During the year ended December 31, 2022, the Organization adopted the requirements of FASB ASU No. 2020-07, *Not-for-Profit Entities* (Topic 958). This update increases the transparency about the measurement of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure.

Effective January 1, 2022, the Organization also adopted the requirements of FASB ASC 842, *Leases*. This new standard establishes a right-of-use ("ROU") model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of less than 12 months will not record a ROU asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

Continued

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2022 and 2021

Note B--Summary of Significant Accounting Policies--Continued

The Organization elected to adopt FASB ASC 842, *Leases*, optional transition method that allows the Organization to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. As a result, the Organization reporting for the comparative period (2021) is presented in the financial statements in accordance with the prior historical accounting treatment.

The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

On January 1, 2022, the Organization recorded in its January 1, 2022 statement of financial position a right-of-use asset and lease obligation for operating leases in the amount of \$223,837.

Lease--The new standard requires that leases with a lease term of more than 12 months be classified as either finance or operating leases. Leases are classified as finance leases when the Organization expects to consume a major part of the economic benefits of the leased assets over the remaining lease term. Conversely, if the Organization is not expected to consume a major part of the economic benefits of the leased assets then they are classified as operating leases. The lease classification affects both the pattern and presentation of expense recognized in the statement of activities, the categorization of assets and liabilities on the statement of financial position, and classification of cash flows in the statement of cash flows.

Total lease cost consists of two components; amortization expense related to the write-off of the right-to-use assets and interest expense from lease obligations.

For financing leases, the total lease cost is recorded on an accelerated basis whereby interest expense is recorded using the effective interest method and right-of-use assets are amortized on a straight-line basis over the remaining lease term. For operating leases, total lease cost is measured and recorded on a straight-line basis over the lease term.

Lease obligations are measured and recorded at the present value of future lease payments using a discount rate. Because the Organization generally does not have access to the rate implicit in each lease, lease obligations are measured using the risk free rate as the discount rate.

Right-of-use assets are generally measured and recorded at the sum of the lease obligation, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date.

Team Red, White & Blue, Inc.

December 31, 2022 and 2021

Note C--Investments and Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a framework to measure fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based on significant unobservable inputs. The Organization does not have any Level 2 or Level 3 financial assets as of December 31, 2022 or 2021.

Level 1 Fair Value Measurements--The fair value of mutual funds is based on quoted net asset values of the shares held at year-end. The fair values of exchanged traded funds are based on quoted market prices.

Fair values of investments are as follows:

	Value Using Level 1 Inputs	
	December 31	
	2022	2021
Cash equivalents	\$ 33,187	\$ 20,884
Exchange traded funds	3,733,376	2,673,542
	<u>\$ 3,766,563</u>	<u>\$ 2,694,426</u>

Investment income (loss), net of investment expenses was as follows:

	Year Ended December 31	
	2022	2021
Interest and dividends	\$ 92,370	\$ 54,885
Unrealized net gain (loss)	(511,554)	174,909
Investment fees	(8,679)	(6,110)
	<u>\$ (427,863)</u>	<u>\$ 223,684</u>

Continued

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2022 and 2021

Note C--Investments and Fair Value Measurements--Continued

The cost and fair value of investments are as follows:

	December 31, 2022		
	Cost	Fair Value	Net Unrealized Losses
Cash equivalents	\$ 33,187	\$ 33,187	
Exchange traded funds	3,743,997	3,733,376	\$ (10,621)
	<u>\$ 3,777,184</u>	<u>\$ 3,766,563</u>	<u>\$ (10,621)</u>
	December 31, 2021		
	Cost	Fair Value	Net Unrealized Gains
Cash equivalents	\$ 20,884	\$ 20,884	
Exchange traded funds	2,406,609	2,673,542	\$ 266,933
	<u>\$ 2,427,493</u>	<u>\$ 2,694,426</u>	<u>\$ 266,933</u>

Note D--Conditional Grant

In January 2020, the Organization received a grant to be used in support of general programs of the Organization over a three-year period from January 2020 through December 2022. This grant contained certain annual milestones and commitments that the Organization was required to meet to obtain each annual installment payment. The grant is in the amount of \$4,750,000, receivable in three annual installments based on the Organization's ability to meet the requirements of this grant. The first installment was earned and received in February 2020 in the amount of \$1,750,000 and was recorded on that date as unrestricted grant support. The second installment was received in January 2021, and the third installment was received in January 2022, each in the amount of \$1,500,000, subject to the Organization meeting the grant requirements for each year. The second installment was recorded as unrestricted grant support in the 2021 financial statements. The third installment was recorded as unrestricted grant support in the 2022 financial statements.

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2022 and 2021

Note E--Property and Equipment

Property and equipment consists of the following:

	December 31	
	2022	2021
Office equipment and furniture	\$ 6,407	\$ 21,877
Leasehold improvements	110,494	110,494
Software and website	<u>2,245,375</u>	<u>2,155,449</u>
	2,362,276	2,287,820
Less accumulated depreciation and amortization	<u>941,558</u>	<u>893,579</u>
Property and Equipment, net	<u><u>\$ 1,420,718</u></u>	<u><u>\$ 1,394,241</u></u>

Note F--Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

	January 1, 2022	Contributions and Grants	Released from Restrictions	December 31, 2022
Restricted for specific purposes: Regional Chapter operations	<u>\$ 314,733</u>	<u>\$ 250,500</u>	<u>\$ 314,733</u>	<u>\$ 250,500</u>
	January 1, 2021	Contributions and Grants	Released from Restrictions	December 31, 2021
Restricted for specific purposes: Regional Chapter operations	<u>\$ 299,744</u>	<u>\$ 293,761</u>	<u>\$ 278,772</u>	<u>\$ 314,733</u>

Team Red, White & Blue, Inc.

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Note G--Paycheck Protection Program

In May 2020, the Organization obtained its first round of the U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loan of \$655,695. In February 2021, the Organization obtained its second round of the PPP loan of \$655,695. The PPP loan, when used for certain expenses (payroll, retirement contributions, health insurances costs, rent and utilities), can be forgiven.

In June 2020, the American Institute of Certified Public Accountants and the FASB provided technical guidance which stated that the proceeds from SBA PPP loans could be accounted for as either debt or a government grant. Management elected to account for this unique lending vehicle as a government grant due to their belief that the Organization has incurred eligible costs in an amount large enough during the specified period to qualify for 100% forgiveness on each one of the rounds of this loan. Under this method, the Organization recognized grant support of \$655,695 for the expenses eligible for debt forgiveness incurred through December 31, 2021 and 2020, respectively.

In May 2021 and August 2021, the Organization received a forgiveness approval on the first and second round of the PPP loan, respectively.

Note H--Liquidity and Availability of Financial Assets

The Organization's major sources of support are corporate grants and contributions, and even though this support can fluctuate significantly from year to year, the Organization has a strong cash position to cover its monthly financial obligations.

The following table reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

	December 31	
	2022	2021
Cash and cash equivalents	\$ 4,581,730	\$ 1,152,890
Grants receivable, to be collected in less than one year		37,500
Investments	<u>3,766,563</u>	<u>2,694,426</u>
Total Financial Assets , excluding noncurrent receivables	8,348,293	3,884,816
Less contractual or donor-imposed restrictions:		
Cash restricted by donors for specific uses	<u>250,500</u>	<u>314,733</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u><u>\$ 8,097,793</u></u>	<u><u>\$ 3,570,083</u></u>

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2022 and 2021

Note I--In-Kind Contributions

The Organization received contributed goods and services for the following:

	Year Ended December 31	
	2022	2021
Merchandise and athletic gear	\$ 14,695	\$ 145,910
Chapter expenses	94,563	2,400
Advertising and marketing services	158,298	90,300
Strategy consulting services	667,000	
Legal services	32,000	210,000
Total In-Kind Contributions	\$ 966,556	\$ 448,610

In-kind expenses have been charged to the following categories: national events, outreach, chapter support, professional fees and advertising.

Note J--Leases

Amounts recognized as right-of-use assets related to operating leases are included in property and equipment on the statement of financial position, while related lease liabilities are included in current and long-term debt.

As of December 31, 2022, right-of-use assets related to operating leases were as follows:

Right-of-use assets - operating	
Cost	\$ 223,837
Less: accumulated amortization	<u>86,652</u>
Right-of-use Assets, net	<u>\$ 137,185</u>

The Organization leases office space under a non-cancellable operating lease agreement which expires July 31, 2024.

Total operating lease expenses for 2022 and 2021 were \$82,246 and \$104,342, respectively.

Weighted-average remaining lease term:	
Operating leases (in year)	1.58
Weighted-average discount rate:	
Operating leases	0.4%

Continued

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2022 and 2021

Note J--Leases--Continued

A summary of the future lease payments for operating leases, reconciled to the lease liability recorded at December 31, 2022 is as follows:

2023	\$	89,400
2024		<u>53,347</u>
		142,747
Less effects of discounting		<u>480</u>
		<u><u>\$ 142,267</u></u>

Lease Obligation - Operating as of December 31, 2022

Note K--Concentrations

The Organization maintains its cash and cash equivalents at two financial institutions. The Federal Deposit Insurance Corporation ("FDIC") insures these balances up to \$250,000 at each institution. At December 31, 2022 and 2021, the Organization's cash account at one bank exceeded the FDIC insured amount by approximately \$4,478,000 and \$916,000, respectively.

Note L--Retirement Plan

The Organization has a defined contribution 401(k) plan covering all employees after attaining the age of eighteen. The plan is subject to the provisions of the Employment Income Security Act of 1974 ("ERISA"). The Organization made discretionary or matching contributions of \$37,961 and \$34,589 to the plan for the years ended December 31, 2022 and 2021, respectively.

Note M--Subsequent Events

On February 1, 2023, the Organization received notification from a grantor that they were awarded a \$4.5 million grant to be used in support for community programming, media awareness and technology development over a three-year period from January 2023 through December 2025.

Events that occur after the statement of financial position date, but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Organization through March 6, 2023, the date the financial statements were available to be issued.