

Financial Statements

Team Red, White & Blue, Inc.

December 31, 2023 and 2022

LBMC

Financial Statements

Team Red, White & Blue, Inc.

December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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.

Prior Period Financial Statements

The financial statements as of December 31, 2022, were audited by Strothman and Company, who merged with LBMC, PC as of November 1, 2023, and whose report dated March 6, 2023, expressed an unmodified opinion on those statements.

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. 2016-13, *Financial Instruments – Credit Losses* (Topic 326). 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 GAAP, 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 GAAS 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 GAAS, 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.

LBMC, PC

Louisville, Kentucky
February 16, 2024

Statements of Financial Position

Team Red, White & Blue, Inc.

	December 31	
	2023	2022
Assets		
Cash and cash equivalents	\$ 856,812	\$ 4,581,730
Investments	6,883,646	3,766,563
Accounts receivable	115,000	
Inventory	642,928	496,701
Property and equipment, net	1,515,026	1,420,718
Right-to-use asset - operating, net	50,533	137,185
	<u>\$ 10,063,945</u>	<u>\$ 10,402,897</u>
	Total Assets	
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 41,596	\$ 29,752
Accrued expenses	14,641	8,302
Lease obligation - operating	53,276	142,267
	<u>109,513</u>	<u>180,321</u>
	Total Liabilities	
Net Assets		
Without donor restrictions	9,742,082	9,972,076
With donor restrictions	212,350	250,500
	<u>9,954,432</u>	<u>10,222,576</u>
	Total Net Assets	
	<u>\$ 10,063,945</u>	<u>\$ 10,402,897</u>
	Total Liabilities and Net Assets	

See Accompanying Notes to Financial Statements

Statements of Activities

Team Red, White & Blue, Inc.

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	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	\$ 177,672		\$ 177,672	\$ 249,919		\$ 249,919
Support						
Contributions	1,792,979		1,792,979	1,634,100		1,634,100
Grants	2,210,650	\$ 212,350	2,423,000	7,790,514	\$ 250,500	8,041,014
Races and events	876,095		876,095	840,886		840,886
In-kind contributions	590,112		590,112	966,556		966,556
Investment income (loss), net	517,083		517,083	(427,863)		(427,863)
Other income	31,995		31,995	20,480		20,480
Total Support	6,018,914	212,350	6,231,264	10,824,673	250,500	11,075,173
Net Assets Released From Restrictions	250,500	(250,500)		314,733	(314,733)	
Total Revenues and Support	6,447,086	(38,150)	6,408,936	11,389,325	(64,233)	11,325,092
Operating Expenses						
Program services	5,100,528		5,100,528	5,397,584		5,397,584
Management and general	694,260		694,260	728,399		728,399
Fundraising	882,292		882,292	591,099		591,099
Total Operating Expenses	6,677,080		6,677,080	6,717,082		6,717,082
Increase (Decrease) in Net Assets	(229,994)	(38,150)	(268,144)	4,672,243	(64,233)	4,608,010
Net Assets at Beginning of Year	9,972,076	250,500	10,222,576	5,299,833	314,733	5,614,566
Net Assets at End of Year	\$ 9,742,082	\$ 212,350	\$ 9,954,432	\$ 9,972,076	\$ 250,500	\$ 10,222,576

See Accompanying Notes to Financial Statements

Statements of Functional Expenses

Team Red, White & Blue, Inc.

	Year Ended December 31, 2023				Year Ended December 31, 2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Payroll and related expenses	\$ 2,350,174	\$ 501,956	\$ 716,784	\$ 3,568,914	\$ 2,340,881	\$ 424,610	\$ 368,537	\$ 3,134,028
Miscellaneous expenses for:								
National events	206,767		27,231	233,998	331,049		86,745	417,794
Races and special events	152,794		9,406	162,200	64,855		11,139	75,994
Eagle expeditions and camps	87,605			87,605	110,259			110,259
Outreach	286,404			286,404	342,043			342,043
Chapter support	253,408			253,408	169,432			169,432
Travel and meetings	149,304	4,076	41,201	194,581	101,116	21,428	10,934	133,478
Firebase expenses	6,645			6,645	13,085			13,085
Merchandise operations and shipping	203,926		17,770	221,696	144,829			144,829
Advertising	388,853	49,113		437,966	290,630	93,417		384,047
Professional fees	48,071	76,622	47,655	172,348	667,000	124,947	27,311	819,258
Occupancy expense		5,238		5,238		8,382		8,382
Office expenses		2,817		2,817		2,689		2,689
Software and subscriptions	272,594	29,198		301,792	278,422			278,422
Tech support and maintenance	121,410	13,490		134,900	61,049			61,049
Depreciation and amortization	572,573	11,750	7,915	592,238	482,934	52,926	24,315	560,175
Miscellaneous expenses			14,330	14,330			62,118	62,118
	<u>\$ 5,100,528</u>	<u>\$ 694,260</u>	<u>\$ 882,292</u>	<u>\$ 6,677,080</u>	<u>\$ 5,397,584</u>	<u>\$ 728,399</u>	<u>\$ 591,099</u>	<u>\$ 6,717,082</u>

See Accompanying Notes to Financial Statements

Statements of Cash Flows

Team Red, White & Blue, Inc.

	Year Ended December 31	
	2023	2022
Operating Activities		
(Increase) decrease in net assets	\$ (268,144)	\$ 4,608,010
Adjustments		
Depreciation and amortization	592,238	560,175
Realized gain on investments	(112,272)	
Unrealized (gain) loss on investments	(280,788)	520,233
Changes in operating assets and liabilities		
Accounts receivable	(115,000)	
Grants receivable		37,500
Inventory	(146,227)	(84,851)
Accounts payable	11,844	3,407
Accrued expenses	6,339	(41,694)
Payments on lease obligation - operating	(88,885)	(81,570)
Net Cash Provided By (Used In) Operating Activities	(400,895)	5,521,210
Investing Activities		
Purchases of property and equipment	(600,000)	(500,000)
Receipts of interest and dividends reinvested, net of fees	(124,023)	(92,370)
Proceeds from investments	3,864,950	
Purchase of investments	(6,464,950)	(1,500,000)
Net Cash Used In Investing Activities	(3,324,023)	(2,092,370)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,724,918)	3,428,840
Cash and Cash Equivalents Beginning of Year	4,581,730	1,152,890
Cash and Cash Equivalents End of Year	\$ 856,812	\$ 4,581,730

See Accompanying Notes to Financial Statements

Notes to the Financial Statements

Team Red, White & Blue, Inc.

December 31, 2023 and 2022

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, which range from 5 to 15 years. Depreciation and amortization expense includes \$504,411 and \$471,454 of amortization expense associated with the Organization's website and software and \$1,281 and \$2,069 of depreciation expense on leasehold improvements and equipment during the years ended December 31, 2023 and 2022, respectively. Repairs and maintenance costs are expensed as incurred.

Continued

Team Red, White & Blue, Inc.

December 31, 2023 and 2022

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, 2023 or 2022.

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, 2023 and 2022

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 \$437,966 and \$384,087 during the years ended December 31, 2023 and 2022, 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 GAAP 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, 2023 and 2022.

GAAP prescribes 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, 2023 or 2022.

Reclassifications--Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation.

Lease--Leases with a lease term of more than 12 months are 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.

Continued

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2023 and 2022

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

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.

Allowance for Credit Losses--In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that are subject to the guidance in FASB ASC 326 were trade accounts receivable. We adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Subsequent Events--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 February 16, 2024, the date the financial statements were available to be issued.

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2023 and 2022

Note C--Investments and Fair Value Measurements

GAAP establishes 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, 2023 or 2022.

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	
	2023	2022
Cash equivalents	\$ 3,632,847	\$ 33,187
Exchange traded funds	3,250,799	3,733,376
	<u>\$ 6,883,646</u>	<u>\$ 3,766,563</u>

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

	Year Ended December 31	
	2023	2022
Interest and dividends, net of fees	\$ 124,023	\$ 92,370
Realized gain (loss)	112,272	
Unrealized net gain (loss)	289,981	(511,554)
Investment fees	(9,193)	(8,679)
	<u>\$ 517,083</u>	<u>\$ (427,863)</u>

Continued

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2023 and 2022

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

The cost and fair value of investments are as follows:

	December 31, 2023		
	Cost	Fair Value	Net Unrealized Gains
Cash equivalents	\$ 3,632,847	\$ 3,632,847	
Exchange traded funds	2,944,451	3,250,799	\$ 306,348
	<u>\$ 6,577,298</u>	<u>\$ 6,883,646</u>	<u>\$ 306,348</u>
	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>

Note D--Conditional Grant

In February 2023, the Organization received a grant to be used in support of general programs of the Organization over a three-year period from January 2023 through December 2025. 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 \$4,500,000, 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 2023 in the amount of \$1,750,000 and was recorded on that date as unrestricted grant support on the 2023 Statement of Activities. The second installment was received in January 2024 for \$1,500,000, and the third installment will be received in January 2025, in the amount of \$1,250,000, subject to the Organization meeting the grant requirements for each year.

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2023 and 2022

Note E--Property and Equipment

Property and equipment consists of the following:

	December 31	
	2023	2022
Office equipment and furniture	\$ 6,407	\$ 6,407
Leasehold improvements	110,494	110,494
Software and website	2,728,587	2,245,375
	<u>2,845,488</u>	<u>2,362,276</u>
Less accumulated depreciation and amortization	1,330,462	941,558
	<u>1,515,026</u>	<u>1,420,718</u>
Property and Equipment, net	\$ 1,515,026	\$ 1,420,718

Note F--Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

	January 1, 2023	Contributions and Grants	Released from Restrictions	December 31, 2023
	Restricted for specific purposes: Regional Chapter operations	<u>\$ 250,500</u>	<u>\$ 212,350</u>	<u>\$ 250,500</u>
	<u>314,733</u>	<u>250,500</u>	<u>314,733</u>	<u>250,500</u>
Restricted for specific purposes: Regional Chapter operations	<u>\$ 314,733</u>	<u>\$ 250,500</u>	<u>\$ 314,733</u>	<u>\$ 250,500</u>

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2023 and 2022

Note G--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	
	2023	2022
Cash and cash equivalents	\$ 856,812	\$ 4,581,730
Accounts receivable, to be collected in less than one year	115,000	
Investments	<u>6,883,646</u>	<u>3,766,563</u>
Total Financial Assets , excluding noncurrent receivables	7,855,458	8,348,293
Less contractual or donor-imposed restrictions:		
Cash restricted by donors for specific uses	<u>212,350</u>	<u>250,500</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u><u>\$ 7,643,108</u></u>	<u><u>\$ 8,097,793</u></u>

Note H--In-Kind Contributions

The Organization received contributed goods and services for the following:

	Year Ended December 31	
	2023	2022
Merchandise and athletic gear	\$ 354,085	\$ 14,695
Chapter expenses	86,374	94,563
Advertising and marketing services	114,653	158,298
Strategy consulting services		667,000
Legal services	<u>35,000</u>	<u>32,000</u>
Total In-Kind Contributions	<u><u>\$ 590,112</u></u>	<u><u>\$ 966,556</u></u>

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

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2023 and 2022

Note I--Leases

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

As of December 31, 2023, right-of-use assets related to operating leases were as follows:

Right-of-use assets - operating	
Cost	\$ 223,837
Less: accumulated amortization	<u>173,304</u>
Right-of-use Assets, net	<u><u>\$ 50,533</u></u>

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

Total operating lease expenses for 2023 and 2022 were \$89,400 and \$82,246, respectively.

Weighted-average remaining lease term:	
Operating leases (in year)	0.58
Weighted-average discount rate:	
Operating leases	0.4%

A summary of the future lease payments for operating leases, reconciled to the lease liability recorded at December 31, 2023 is as follows:

2024	\$ 53,347
Less effects of discounting	<u>71</u>
Lease Obligation - Operating as of December 31, 2023	<u><u>\$ 53,276</u></u>

Note J--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, 2023 and 2022, the Organization's cash account at one bank exceeded the FDIC insured amount by approximately \$622,000 and \$4,478,000, respectively.

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2023 and 2022

Note K--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 \$37,918 and \$37,961 to the plan for the years ended December 31, 2023 and 2022, respectively.