

**Woody Williams Foundation, Inc.
(Non-Profit)**

**Financial Report
(Audit)**

December 31, 2020

Woody Williams Foundation, Inc.

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& C O M P A N Y

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Independent Auditor's Report

To the Board of Directors
Woody Williams Foundation, Inc.
Louisville, Kentucky

We have audited the accompanying financial statements of Woody Williams Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 Woody Williams Foundation, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CORWIN & COMPANY

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Wadsworth, Ohio

May 18, 2021

Woody Williams Foundation, Inc.
Statement of Financial Position
December 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 88,306	
Restricted cash	628,218	
Total Cash and Cash Equivalents	716,524	

Other Current Assets		
Investments	36,773	
Total Other Current Assets	36,773	

Property, Plant, & Equipment		
Equipment	7,563	
Less: Accumulated depreciation	(1,595)	
Net Property, Plant, and Equipment	5,968	

TOTAL ASSETS		\$ 759,265
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 8,273	
Accrued payroll	3,144	
Accrued expenses	3,800	
Loan payable	44,000	
Other current liabilities	17,749	
TOTAL CURRENT LIABILITIES	76,966	

LONG TERM LIABILITIES

Long term debt	10,000	
TOTAL LONG TERM LIABILITIES	10,000	
TOTAL LIABILITIES	86,966	

NET ASSETS

Unrealized gains on investments	9,965	
Without donor restrictions	78,116	
With donor restrictions	584,218	
Total Net Assets	672,299	

TOTAL LIABILITIES AND NET ASSETS		\$ 759,265
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The accompanying notes are an integral part of these financial statements.

Woody Williams Foundation, Inc.
Statement of Activities
December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES			
Contributions			
In-Kind	\$ 530	\$ 28,685	\$ 29,215
Grants	100,000	15,500	115,500
Gov't and Non-Profits	51,082	328,918	380,000
Businesses	33,658	260,775	294,433
Individuals	187,876	220,790	408,666
Transfers	(100,709)	100,709	-
Total Direct Public Support	<u>272,437</u>	<u>955,377</u>	<u>1,227,814</u>
Miscellaneous Revenue			
Interest Income	188	-	188
PPP Loan	28,385	-	28,385
Sales Income	242	-	242
Total Miscellaneous Revenue	<u>28,815</u>	<u>-</u>	<u>28,815</u>
TOTAL REVENUES	301,252	955,377	1,256,629
EXPENSES			
Accounting and Audit Fees	23,350	-	23,350
Banking and Processing Fees	703	1,678	2,381
Contributions	1,450	1,000	2,450
Community Outreach Promotional	6,393	2,309	8,702
Community Outreach Material	22,046	(6,778)	15,268
Community Outreach Events	3,249	6,994	10,243
Depreciation	856	-	856
Donor Drives and Expenses	502	-	502
Gold Star Family Memorials	8,700	791,628	800,328
In Kind	530	28,685	29,215
Liability Insurance	1,629	-	1,629
Marketing and Media	14,079	-	14,079
Meals	3,172	408	3,580
Office	9,962	52	10,014
Payroll Taxes and Insurance	16,680	-	16,680
Postage	1,260	295	1,555
Printing and Copying	6,276	-	6,276
Rent	15,194	-	15,194
Salaries and Wages	174,456	-	174,456
Special Events	-	818	818
State Business Registrations	8,281	-	8,281
Travel	32,668	1,682	34,350
Website Maintenance	16,525	-	16,525
Total Expenses	<u>367,961</u>	<u>828,771</u>	<u>1,196,732</u>
Other (Income) Expense			
Other (Income) Expense	-	-	-
Total Other (Income) Expense	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	\$ (66,709)	\$ 126,606	\$ 59,897
NET ASSETS - BEGINNING OF YEAR	<u>144,825</u>	<u>457,612</u>	<u>602,437</u>
NET ASSETS - END OF YEAR	<u>\$ 78,116</u>	<u>\$ 584,218</u>	<u>\$ 662,334</u>

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

Woody Williams Foundation, Inc.
Statement of Functional Expenses
December 31, 2020

	<u>Fundraising</u>	<u>Administrative</u>	<u>Program</u>	<u>Total</u>
Accounting and Audit Fees	\$ -	\$ 9,340	\$ 14,010	\$ 23,350
Banking and Processing Fees		2,381		2,381
Contributions			2,450	2,450
Community Outreach Promotional			8,702	8,702
Community Outreach Material			15,268	15,268
Community Outreach Events			10,243	10,243
Depreciation			856	856
Donor Drives and Expenses	502			502
Gold Star Family Memorials			800,328	800,328
In Kind			29,215	29,215
Liability Insurance		1,629		1,629
Marketing and Media		14,079		14,079
Meals	124	1,791	1,665	3,580
Office		10,014		10,014
Payroll Taxes and Insurance	432	892	15,356	16,680
Postage		1,555		1,555
Printing and Copying		628	5,648	6,276
Rent		15,194		15,194
Salaries and Wages	3,463	7,342	163,651	174,456
Special Events	818			818
State Business Registrations		8,281		8,281
Travel	1,613	5,926	26,811	34,350
Website Maintenance	1,653	3,305	11,567	16,525
TOTAL	<u>\$ 8,605</u>	<u>\$ 82,357</u>	<u>\$ 1,105,770</u>	<u>\$ 1,196,732</u>

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

Woody Williams Foundation, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from contributors	\$ 1,256,441
Cash paid to vendors	(1,087,106)
Cash paid to employees	(189,249)
Interest/dividends received	188
CASH USED IN OPERATING ACTIVITIES	<u>(19,726)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investments	(23,702)
Purchase of property, plant and equipment	(1,344)
CASH USED IN INVESTING ACTIVITIES	<u>(25,046)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Loan payable	44,000
CASH PROVIDED BY FINANCING ACTIVITIES	<u>44,000</u>

NET DECREASE IN CASH, CASH EQUIVALENTS & RESTRICTED CASH (772)

CASH, CASH EQUIVALENTS & RESTRICTED CASH - BEGINNING OF YEAR 717,296

CASH, CASH EQUIVALENTS & RESTRICTED CASH - END OF YEAR \$ 716,524

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

Woody Williams Foundation, Inc.
Notes to Financial Statements
December 31, 2020

1. Nature of Operations

Woody Williams Foundation, Inc. (the "Foundation") is 501(c)(3) which began operations in October 2010. The Foundation pursues specific endeavors and goals through the vision of Medal of Honor recipient Hershel "Woody" Williams. The Foundation encourages, with the assistance of the American public and community, the recognition of Gold Star Families and the tremendous sacrifices each has endured. The Foundation pursues establishing permanent Gold Star Families Memorial Monuments in communities throughout the country, providing scholarships to eligible Gold Star Families, as well as sponsoring and hosting outreach programs for Gold Star Families.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. A summary of the Foundation's accounting policies are as follows:

Cash, Cash Equivalents and Restricted Cash - The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The following tables provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the statement of cash flows.

Cash and cash equivalents	\$ 88,306
Restricted funds	<u>628,218</u>
Total cash, cash equivalents, and restricted cash as shown on the statement of cash flows	<u>\$ 716,524</u>

Statement of Cash Flows - The Foundation did not pay any interest or Federal or State income taxes during 2020. In accordance with ASU 2018-16, "Statement of Cash Flows", restricted cash has been included in cash and cash equivalents in the accompanying Statement of Cash Flows.

Accounts Receivable and Revenue – Accounts receivable and revenue are recorded in the month the contribution is received.

Property, Equipment, and Depreciation – Property and equipment are recorded at cost. Donated assets are recorded at fair value at the date of donation. The Foundation capitalizes acquisitions of property and equipment over \$500. Repairs and maintenance costs are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful life of the asset, ten years for furniture and equipment.

Depreciation expense was \$856 for the year ended December 31, 2020.

Income Taxes – The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for federal, state, or local income taxes have been made in the accompanying financial statements.

The Financial Accounting Standards Board has provided guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are more-likely-than-not to be

See independent accountant's audit report.

Woody Williams Foundation, Inc.
Notes to Financial Statements
December 31, 2020

sustained when challenged or when examined by the applicable taxing authority. There are no uncertain tax positions requiring recognition.

The Company has made a reasonable estimate of the tax impact of the CARES Act in its financial statements, and while the Company does not believe that there will be further material impacts to the financial statements related to the CARES Act tax provisions, the Company will continue to evaluate the impact of the CARES Act and any guidance provided by the U.S. Treasury and the IRS on its financial statements. It is possible our estimates could differ materially from the actual tax impact to us of the CARES Act.

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

Classification of Net Assets – The Foundation has adopted ASU 2016-14, “Not-For-Profit Entities: Presentation of Financial Statements of Not-For-Profit Entities.” This requires that net assets be reported in two classes as follows:

- Net assets without restrictions represent the portion of expendable funds that are available for support of the Foundation’s operations or that have been designated by the Board for a particular purpose.
- Net assets with donor restrictions represent donations requiring that the amount be used for a particular memorial to be built in a particular location.

Expenses are summarized and categorized based upon their functional classification as either program, administrative services or fundraising. Specific expenses that are readily identifiable to the program or service are charged directly to that function. Certain categories of expenses are attributable to more than one function; therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated on the basis of estimates of time and effort.

3. Concentrations of Credit Risk

At various times during the year ended December 31, 2020, bank balances have exceeded federally insured limits. At December 31, 2020, bank balances exceeded federally insured limits by \$456,697. The Foundation’s policy is to limit credit exposure on financial instruments and to place cash, cash equivalents and restricted cash with financial institutions that are credit worthy.

4. Restricted Contribution Policy

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

See independent accountant’s audit report.

Woody Williams Foundation, Inc.
Notes to Financial Statements
December 31, 2020

5. Investments

Investments in securities are recorded at fair value and consist of common stock. The approximate fair value of these investments was \$36,773 at December 31, 2020 based on quoted market prices. The original basis of these investments was \$26,808. All investments are Level 1 investments based on the frequency and availability of market pricing and the ability to directly control the investment.

6. SBA PPP Loan

Woody Williams Foundation, Inc. was granted a loan ("Loan") in the amount of \$28,385 pursuant to the Paycheck Protection Program ("PPP") under the CARES Act. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent and utilities. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. As of December 31, 2020, the Company has recognized the full amount of the Loan as other income based upon its estimates of its satisfaction of the conditions of the Loan.

7. Loan Payable

The Foundation has a loan payable to the Calvin H. Reed Family Foundation for \$44,000 at December 31, 2020. The loan bears no interest rate and has no maturity date. The loan was an advance to pay a vendor for a specific project.

8. Long Term Debt

The Foundation has a loan payable to Hershel "Woody" Williams for \$10,000 at December 31, 2020. The loan bears no interest rate and has no maturity date. The original loan was for the purpose of funding a matching requirement for a fundraiser held by The Matching Fund.

9. Donation of Airline Miles

The Foundation received 3 million airline miles from a donor in 2020. The Foundation has 2,147,500 miles remaining at December 31, 2020. Because the value of the airline miles cannot be reasonably estimated, they are not recorded on the financial statements at December 31, 2020. The Foundation will use these miles for traveling to and from each memorial build.

10. Liquidity

The Foundation's primary source of revenue are contributions from donors. Because the Foundation's has an unrestricted revenue stream, the Foundation anticipates it will have no difficulty maintaining sufficient resources to meet any restrictions imposed by its donors during the upcoming year. The Foundation had \$628,218 in restricted cash at December 31, 2020. The Foundation also had \$88,306 in unrestricted cash and cash equivalents available to meet obligations for general expenditures.

11. COVID-19 Pandemic

The United States broadly continues to experience the COVID-19 pandemic, which has significantly disrupted, and likely will continue to significantly disrupt for some period, the nation's economy and the senior living industry. The extent to which the COVID-19 pandemic impacts the Company's operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact and the direct and indirect economic effects of the pandemic and containment measures, among others. Management cannot predict if the COVID-19 pandemic will

See independent accountant's audit report.

Woody Williams Foundation, Inc.
Notes to Financial Statements
December 31, 2020

have a material or adverse effects on the Company's financial condition, results of operations or cash flows in the future.

12. Subsequent Events

Subsequent events were evaluated through May 27, 2021, which is the date the financial statements were available to be issued.

The Company has applied for forgiveness of the Paycheck Protection Program (PPP) loan and received approval in March 2021.

See independent accountant's audit report.