

FREEDOMS FOUNDATION AT VALLEY FORGE
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020



CLAcconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

**FREEDOMS FOUNDATION AT VALLEY FORGE
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2020**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



INDEPENDENT AUDITORS' REPORT

Board of Directors
Freedoms Foundation at Valley Forge
Valley Forge, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Freedoms Foundation at Valley Forge (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.

Auditors' 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 auditors' 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.

Board of Directors
Freedoms Foundation at Valley Forge

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Freedoms Foundation at Valley Forge 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
June 11, 2021

**FREEDOMS FOUNDATION AT VALLEY FORGE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

ASSETS

CURRENT ASSETS

Cash - Operations	\$ 525,177
Accounts Receivable, Net	38,317
Bequest Receivable, Net	13,538
Operating Investments	8,941,417
Prepaid Expenses and Other Assets	61,694
Total Current Assets	9,580,143

NON-CURRENT ASSETS

Endowment Investments	\$ 1,995,138
Long-Term Investments	426,873
Real Estate and Equipment	2,789,806
Beneficial Interest in Perpetual Trusts	321,974
Total Non-Current Assets	5,533,791

Total Assets	\$ 15,113,934
--------------	---------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Capital Lease, Current Portion	\$ 5,039
Accrued Expenses	66,324
Deferred Revenue	29,046
Accounts Payable	69,192
Paycheck Protection Program Loan - Refundable Advance	211,099
Total Current Liabilities	380,700

LONG-TERM LIABILITIES

Capital Lease, Net of Current Portion	3,732
Accrued Asbestos Removal Liability	73,995
Total Long-Term Liabilities	77,727

Total Liabilities	458,427
-------------------	---------

NET ASSETS

Without Donor Restrictions	11,899,257
With Donor Restrictions	2,756,250
Total Net Assets	14,655,507

Total Liabilities and Net Assets	\$ 15,113,934
----------------------------------	---------------

See accompanying Notes to Financial Statements.

**FREEDOMS FOUNDATION AT VALLEY FORGE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and Bequests	\$ 1,036,003	\$ 436,944	\$ 1,472,947
Investment Income	119,573	21,144	140,717
Net Unrealized and Realized Gain on Investments	1,070,373	178,325	1,248,698
Increase in Value of Beneficial Interest in Perpetual Trusts	-	27,336	27,336
Educational, Youth, and Special Programs	302,617	-	302,617
Facilities Rental	34,983	-	34,983
Patriot Shop	2,198	-	2,198
Other	18,795	-	18,795
Subtotal	2,584,542	663,749	3,248,291
NET ASSETS RELEASED FROM RESTRICTIONS			
Release of Donor Restrictions	2,000,000	(2,000,000)	-
Satisfaction of Program Restrictions	360,170	(360,170)	-
Satisfaction of Facility/Maintenance Restrictions	760	(760)	-
Total Net Assets Released from Restrictions	2,360,930	(2,360,930)	-
Total Support and Revenue	4,945,472	(1,697,181)	3,248,291
EXPENSES			
Functional Expenses:			
Program Services:			
Educational, Youth, and Special Programs	1,339,446	-	1,339,446
Awards Programs	119,701	-	119,701
Total Program Services	1,459,147	-	1,459,147
Supporting Services:			
Administration	198,816	-	198,816
Fund Development	313,679	-	313,679
Total Supporting Services	512,495	-	512,495
Total Functional Expenses	1,971,642	-	1,971,642
CHANGE IN NET ASSETS	2,973,830	(1,697,181)	1,276,649
Net Assets - Beginning of Year	8,925,427	4,453,431	13,378,858
NET ASSETS - END OF YEAR	\$ 11,899,257	\$ 2,756,250	\$ 14,655,507

See accompanying Notes to Financial Statements.

**FREEDOMS FOUNDATION AT VALLEY FORGE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services			Supporting Services			Total
	Educational Program	Awards Programs	Total Program Services	Administration	Fund Development	Total Supporting Services	
Awards	\$ -	\$ 45,621	\$ 45,621	\$ -	\$ -	\$ -	\$ 45,621
Bad Debt Expense	-	-	-	3,350	-	3,350	3,350
Instructors' Fees and Travel	36,706	-	36,706	-	-	-	36,706
Insurance	77,255	398	77,653	1,593	398	1,991	79,644
Interest	-	-	-	5,117	-	5,117	5,117
Office Expense and Supplies	15,797	465	16,262	12,567	1,799	14,366	30,628
Other Fees	67,724	859	68,583	81,397	56,401	137,798	206,381
Other	1,684	-	1,684	1,419	17,590	19,009	20,693
Plant Repairs and Maintenance	55,351	272	55,623	1,088	272	1,360	56,983
Postage and Freight	5,242	401	5,643	1,311	5,883	7,194	12,837
Printing and Publications	4,949	3,022	7,971	1,753	6,419	8,172	16,143
Professional Services	25,687	1,861	27,548	6,236	4,100	10,336	37,884
Rental and Maintenance Contracts	66,254	342	66,596	1,589	342	1,931	68,527
Salaries, Taxes, and Benefits	628,552	62,550	691,102	69,018	210,844	279,862	970,964
Student Meals	47,402	-	47,402	-	-	-	47,402
Telephone	18,145	1,389	19,534	4,536	4,145	8,681	28,215
Travel	52,486	1,303	53,789	2,873	4,268	7,141	60,930
Utilities	45,327	234	45,561	934	234	1,168	46,729
Subtotal	<u>1,148,561</u>	<u>118,717</u>	<u>1,267,278</u>	<u>194,781</u>	<u>312,695</u>	<u>507,476</u>	<u>1,774,754</u>
Depreciation	190,885	984	191,869	3,936	984	4,920	196,789
Amortization	-	-	-	99	-	99	99
Total	<u>\$ 1,339,446</u>	<u>\$ 119,701</u>	<u>\$ 1,459,147</u>	<u>\$ 198,816</u>	<u>\$ 313,679</u>	<u>\$ 512,495</u>	<u>\$ 1,971,642</u>

See accompanying Notes to Financial Statements.

**FREEDOMS FOUNDATION AT VALLEY FORGE
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,276,649
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation	196,789
Amortization	99
Net Unrealized Loss on Investments	490,754
Increase in Value of Beneficial Interest in Perpetual Trusts	(27,336)
Net Realized Gain on Sale of Investments	(1,739,452)
Decrease in:	
Accounts Receivable	9,771
Bequest Receivable	209
Prepaid Expenses and Other Assets	13,077
Increase (Decrease) in:	
Accounts Payable	(30,310)
Accrued Expenses	6,428
Deferred Revenue	(25,364)
Proceeds from Paycheck Protection Program Loan - Refundable Advance	211,099
Net Cash Provided by Operating Activities	382,413

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Equipment	(23,574)
Investment Purchases	(12,888,269)
Proceeds from the Sale of Investments	12,834,137
Net Cash Used by Investing Activities	(77,706)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments of Capital Lease Obligation	(4,440)
Net Cash Provided by Financing Activities	(4,440)

NET INCREASE IN CASH

300,267

Cash - Beginning of Year

224,910

CASH - END OF YEAR

\$ 525,177

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest Paid	\$ 1,428
---------------	----------

See accompanying Notes to Financial Statements.

**FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Freedoms Foundation at Valley Forge (FFVF) was founded in 1949 as a nonprofit, nonpolitical, nonsectarian organization to carry out programs aimed at stimulating a better national understanding and appreciation of our American heritage of personal freedoms and responsibilities.

Toward this end, FFVF conducts a multifaceted operation which includes: conferences structured to teach principles of leadership to youth; college credit seminars, and workshops on freedoms as they relate to a variety of subjects for teachers and other interested individuals; cash awards presented to high school and college level instructors for presentations independently judged for excellence in private enterprise and education; and annual awards presented to individuals, organizations, schools, and armed forces personnel for contributions in the development of responsible citizenship. In addition, FFVF conducts programs and provides materials on responsible citizenship; and maintains 52 acres, dedicated by the state or territory, honoring recipients of the Medal of Honor.

FFVF receives funding from private contributions, educational institutions, as well as government grants.

Programs are conducted from Valley Forge, Pennsylvania, and assistance is provided by approximately 1,200 volunteers who are members of 23 chapters located in 15 states.

Condensed Chapter Financial Information

The accompanying financial statements include the assets, liabilities, net assets, and activities of FFVF only and do not include those of its chapters.

The chapters operate independently under charters granted by FFVF. The charters provide that upon dissolution, all chapter assets (and liabilities, if any) revert to FFVF. In this context, generally accepted accounting principles permit, but do not require, FFVF to consolidate its chapters. Management of FFVF is responsible for the balances of and changes in Foundation net assets and, therefore, presents its financial statements on a stand-alone basis, without consolidating the chapters.

Summarized unaudited information regarding the chapters as of and for the year ended December 31, 2020 is as follows:

Total Assets	\$ 1,920,004
Total Net Assets	1,920,004
Total Revenues	352,384
Total Expenses	323,493

FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

FFVF follows ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The standard requires FFVF to classify its net assets into two categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions include amounts restricted in perpetuity by the donor in accordance with the original or amended gift documents. It also includes monies donated and specifically restricted by the donor for certain purposes. When such restrictions are satisfied, net assets are then reclassified to net assets without donor restrictions. All other activities of FFVF are considered net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 could differ from those estimates.

Cash

Cash includes amounts in checking accounts and money market funds.

Accounts Receivable

FFVF provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. Accounts past due 90 days are individually analyzed for collectibility. In addition, an allowance is provided for other accounts when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written off. At December 31, 2020, an allowance of \$7,850 was warranted.

Investments

Investments are stated at fair value, as described below. Investments in money market funds are valued at cost which approximates fair value, and mutual funds are valued at their net asset value at year-end.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities could occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

**FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate and Equipment and Depreciation

Land and land improvements are stated at appraised value determined by management on February 13, 1959, plus subsequent additions at cost. Buildings, furniture, fixtures, and equipment are stated at cost. Donated assets are stated at the fair market value as of the date the donation was received. Assets with a cost of \$5,000 or greater and an estimated useful life of greater than one year are capitalized. Depreciation is provided for on the straight-line basis over the estimated useful lives of the assets.

Income Recognition

Educational programs and seminars are recognized as the related programs are provided. Any deposits received for the following fiscal year are deferred to the assessment period in which they relate or when the event takes place.

Donated Assets

Donated assets are recorded at the fair market or appraisal value at the date the gift is received. If values are not reasonably determinable, the donations are not recorded.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. All donor-restricted contributions are reported as increases in net assets with donor restrictions depending upon the nature of the restrictions. When a restriction expires, (i.e. the donor-stipulated purposes has been fulfilled and/or the stipulated time period has elapsed) net assets with donor restrictions are reported as net assets released from restrictions.

Some net assets are restricted by the donor in perpetuity. However, there are certain instances (see Note 10) in which the principal may be released from restriction and utilized by FFVF. All principal released from restriction by the donor is reported in the statement of activities as net assets released from restrictions.

Functional Expenses

Where applicable, expenses are attributed to the specific program or supporting functions to which they relate. When expenses are attributable to one or more program or supporting functions they are allocated using the most appropriate of several methodologies, including principally estimates of time and effort by staff and relative usage of the various buildings on FFVF's campus. All staff compensation, computer support, office supplies, payroll processing, telephone, and similar expenses are allocated based on estimates of time and effort by staff. Depreciation, insurance, building and grounds maintenance, and similar expenses are allocated based on relative usage of the various buildings on FFVF's campus.

**FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

FFVF qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal or state income taxes. FFVF follows the income tax standard for uncertain tax positions. The application of this standard has no impact on FFVF's financial statements. FFVF's informational tax returns are subject to review and examination by federal, state, and local authorities. FFVF is not aware of any activities that would jeopardize its tax-exempt status.

Fair Value Measurements

FFVF has categorized its financial instruments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that FFVF has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include among others, quoted prices for similar assets or liabilities in active market or nonactive market.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following table presents FFVF's fair value for those assets measured at fair value on a recurring basis as of December 31, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ -	\$ 164,960	\$ -	\$ 164,960
Fixed Income Mutual Funds	3,876,264	-	-	3,876,264
Equity Mutual Funds	7,201,980	-	-	7,201,980
Mutual Funds	116,495	-	-	116,495
Beneficial Interest in Perpetual Trusts	-	-	321,974	321,974
Total	<u>\$ 11,194,739</u>	<u>\$ 164,960</u>	<u>\$ 321,974</u>	<u>\$ 11,681,673</u>

**FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The following table provides a summary of changes in the fair value of FFVF's Level 3 financial assets for the year ended December 31, 2020:

Balance - January 1, 2020	\$ 294,638
Change in Value of Beneficial Interest in Perpetual Trusts	<u>27,336</u>
Balance - December 31, 2020	<u>\$ 321,974</u>

There have been no changes in the valuation methodologies used at December 31, 2020. FFVF has recorded \$3,729 of money market accounts at cost, which management believes approximates fair value.

Subsequent Events

In preparing these financial statements, FFVF has evaluated events and transactions for potential recognition or disclosure through June 11, 2021, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS

Investments, by type, at December 31, 2020 consist of:

	<u>Cost</u>	<u>Fair Value</u>
Money Markets	\$ 3,729	\$ 3,729
Equities	180,000	164,960
Fixed Income Mutual Funds	3,882,430	3,876,264
Equity Mutual Funds	6,838,332	7,201,980
Mutual Funds	99,146	116,495
Total	<u>\$ 11,003,637</u>	<u>\$ 11,363,428</u>

NOTE 3 REAL ESTATE AND EQUIPMENT AND DEPRECIATION

Real estate and equipment at December 31, 2020 consist of the following:

Land and Land Improvements	\$ 306,696
Buildings and Improvements	4,089,620
Equipment, Furniture, and Fixtures	1,509,166
Medal of Honor Grove and Monuments	784,843
Construction in Progress	<u>23,575</u>
Total	6,713,900
Less: Accumulated Depreciation	<u>(3,924,094)</u>
Total Real Estate and Equipment	<u>\$ 2,789,806</u>

Depreciation expense for the year ended December 31, 2020 was \$196,789.

**FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 4 LINE OF CREDIT

FFVF has a \$1,000,000 line of credit available, which is secured by all of FFVF's assets. Borrowings under the line of credit, which are payable on demand, bear interest at the Wall Street Journal prime rate (3.25% at December 31, 2020). The line of credit expires December 1, 2022. The loan agreement requires FFVF to maintain certain financial ratios. There were no borrowings outstanding under the line of credit at December 31, 2020.

NOTE 5 CAPITAL LEASE OBLIGATION

FFVF entered into a long-term lease for an office copier in 2017. At December 31, 2020, the cost of equipment and accumulated depreciation related to the capital lease obligation was \$21,626 and \$12,975, respectively. At December 31, 2020, future minimum rental payments required under the capital lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 5,868
2022	<u>3,912</u>
Total Minimum Lease Payments	9,780
Less: Amount Representing Interest	<u>1,009</u>
Present Value of Minimum Lease Payments	8,771
Less: Current Portion	<u>5,039</u>
Total	<u><u>\$ 3,732</u></u>

NOTE 6 PAYCHECK PROTECTION PROGRAM LOAN

On April 14, 2020 FFVF received an unsecured Paycheck Protection Program (PPP) Loan of \$211,099 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The PPP loan may be forgiven by the SBA if the organization satisfies certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, FFVF has classified this loan as a conditional contribution for accounting purposes. FFVF recognized the PPP loan as a refundable advance for the year ended December 31, 2020 due to performance barriers that have not been met as of December 31, 2020. The SBA has not formally forgiven any portion of FFVF's obligation under this PPP loan.

If the SBA determines that a portion of the PPP loan proceeds will not be forgiven, FFVF would be obligated to repay those funds to the SBA at an interest rate of 1% over a period of two years, with payments deferred for up to six months.

On May 28, 2021, FFVF received notice from the financial institution facilitating the PPP loan that the loan has been forgiven in full by the SBA. Based on this full forgiveness determination, FFVF will recognize the funds from the SBA as contributions in 2021.

**FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 6 PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

In February 2021 FFVF received a second PPP loan in the amount of \$211,730. The loan bears interest at a fixed rate of 1%, with the first six months of interest deferred, has a term of five years, is unsecured and is guaranteed by the SBA. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if FFVF fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval in accordance with the terms of the program.

NOTE 7 RETIREMENT PLAN

FFVF has a voluntary contribution annuity pension plan covering all eligible employees. FFVF's contribution varies according to length of employee service. Pension expense under the plan was \$70,335 for the year ended December 31, 2020.

NOTE 8 LEASE COMMITMENTS

FFVF leases a postage meter which is considered an operating lease. This lease term expires in 2023. Total rent expense under this agreement amounted to \$1,902 for the year ended December 31, 2020.

Minimum lease commitments under this lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 1,902
2022	1,902
2023	1,427
Total	<u>\$ 5,231</u>

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets at December 31, 2020 are restricted as to purpose and are available for the following purposes:

Programs	\$ 810,940
Building and Campus Renovations and Maintenance	166,735
Total	<u>\$ 977,675</u>

**FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets held in perpetuity at December 31, 2020 consist of the following:

Leavey Operating	\$ 1,000,000
Beneficial Interest in Perpetual Trusts	321,974
George Washington Honor Medal	81,590
Other Endowment Funds	375,011
Total	<u>\$ 1,778,575</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 2,756,250</u>

NOTE 10 ENDOWMENTS

Leavey Foundation

In April 1982, FFVF received a \$2,000,000 award grant from the Leavey Foundation which was restricted in perpetuity until June 2020 when FFVF and the Leavey Foundation entered into a Termination Agreement.

Activity Prior to Termination Agreement

FFVF could use amounts of principal, with prior approval of the Leavey Foundation Trustees. The interest, dividends, realized gains, and unrealized gains were available for FFVF to distribute awards to high school teachers and faculty who excel in teaching the private enterprise system, and to defray expenses of administering the program. Amounts earned in excess of the expenses permitted were available for the future awards to be distributed within a five-year period or returned to the grantor.

The Leavey Foundation required FFVF to provide an annual accounting of the Leavey Awards investment account. That accounting, along with an annual planning document and budget prepared by FFVF, was discussed with the Trustees of the Leavey Foundation, and each year's expenditure of funds in support of the award program is determined with their prior approval.

Effect of the Termination Agreement

The Leavey Awards program was concluded after the 2020 awards. The Leavey Foundation released all right, title and interest in the associated funds and agreed that FFVF could use such funds for all purposes consistent with its governing documents and charitable purposes.

**FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 10 ENDOWMENTS (CONTINUED)

George Washington Honor Medal Endowment

In March 2016, The HBE Foundation offered a five-year gift in the total amount of \$50,000 requiring 1-1 matching to create a permanent endowment for the George Washington Honor Medal program. FFVF accepted the offer and its associated terms and committed to fund any shortfall in matching contributions from unrestricted gifts if that situation were to occur. As of December 31, 2020 HBE has contributed \$50,000 (including \$20,000 during the current fiscal year) and \$31,950 matching contributions have been received (including \$1,590 during the current fiscal year). Investment earnings on funds received are available to support the program.

Management and Accounting

All endowment investments are managed by a reputable investment advisory firm. Fluctuations in market value of related investments in excess of original restricted principal amounts (\$1,000,000, \$2,000,000 and \$60,000 respectively for the Leavey and HBE endowments) are reflected through net assets with donor restrictions (if any) and then through net assets without donor restrictions. The documents governing the assets discussed above do not contain any obligation on the part of FFVF to restore losses resulting from declines in market value in these investments.

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires FFVF to retain as a fund of perpetual duration. No such deficiency existed as of December 31, 2020.

In accordance with the release of all restrictions described above related to the Leavey Awards the \$2,000,000 original principal amount together with all other related amounts in excess of the original principal were transferred from net assets with donor restrictions to net assets without donor restrictions.

A summary of the endowment activity by net asset class for the year ended December 31, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Assets - Beginning of Year	\$ 247,228	\$ 3,665,576	\$ 3,912,804
Investment Return:			
Investment Income	11,296	21,144	32,440
Realized Gain	160,307	302,111	462,418
Unrealized Loss	<u>(84,547)</u>	<u>(137,560)</u>	<u>(222,107)</u>
Total Investment Return	87,056	185,695	272,751
Additions		21,490	
Release of Restrictions by Donor	-	(2,000,000)	(2,000,000)
Appropriations for Expenditure	<u>(2,642)</u>	<u>(187,775)</u>	<u>(190,417)</u>
Endowment Assets - End of Year	<u>\$ 331,642</u>	<u>\$ 1,684,986</u>	<u>\$ 1,995,138</u>

**FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 10 ENDOWMENTS (CONTINUED)

Management and Accounting (Continued)

The above endowment activity does not include \$321,974 of beneficial interest in perpetual trust shown on the statement of financial position.

NOTE 11 CONCENTRATION OF CREDIT RISK

FFVF maintains its cash accounts at a Pennsylvania commercial bank. At times during the year, the amount on deposit with that bank may have exceeded the \$250,000 federally insured limit.

NOTE 12 BENEFICIAL INTEREST IN PERPETUAL TRUSTS

FFVF has been named as the beneficiary in two trust agreements. The investment principal remains part of the trusts and is not the property of FFVF. Therefore, FFVF has no right to the investment principal.

Because FFVF will receive a perpetual stream of income from the trusts, the projected contributions are classified as part of net assets with donor restrictions at December 31, 2020.

Given the nature of the promises as well as the inability to compute the present value of the income stream, the beneficial interests have been recorded on the statement of financial position at the fair value of FFVF's proportionate share of the trusts as of the statement of financial position date.

FFVF's share of the appropriate fair value of \$4,010,507 in these trusts amounted to \$321,974 at December 31, 2020. The fluctuation in the fair value of the trusts from year to year is included as restricted support and revenue in the statement of activities.

NOTE 13 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about the significant changes in FFVF's deferred revenue for the year ended December 31, 2020.

Deferred Revenue, Beginning of Year	\$ 54,410
Program Fees Recognized	(302,617)
Collections of Program Fees	<u>277,253</u>
Deferred Revenue, End of Year	<u><u>\$ 29,046</u></u>

**FREEDOMS FOUNDATION AT VALLEY FORGE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 14 LIQUIDITY

As part of FFVF'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 while also providing investment returns. Accordingly, FFVF invests cash in excess of short term requirements in a range of investment instruments (see Note 2 for disclosures about investments).

FFVF receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Donor-restricted endowment funds are not available to meet cash needs for general expenditures except to the extent of investment earnings and distributions restricted for programs which are ongoing, major, and central to FFVF's annual operations (see Note 10 for disclosures about endowments). FFVF's Beneficial Interest in Perpetual Trusts are not available to meet cash needs for general expenditures (see Note 12 for disclosures about beneficial interests).

The following tables show the total financial assets held by FFVF at December 31, 2020 and the amounts of those financial assets that are available within one year to meet cash needs for general expenditures.

Financial Assets at Year-End:

Cash and Cash Equivalents	\$ 525,177
Short-Term Investments	9,368,282
Accounts Receivable	51,855
Other Investments	1,995,146
Beneficial Interest in Perpetual Trusts	321,974
Total	<u>\$ 12,262,434</u>

Financial Assets Available to Meet General Expenditures Over the Next 12 Months:

Cash and Cash Equivalents	\$ 525,177
Short-Term Investments	8,941,417
Accounts Receivable	38,317
Other Investments Appropriated for Current Use	2,139,054
Total	<u>\$ 11,643,965</u>

