

**FREEDOMS FOUNDATION AT VALLEY FORGE**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**



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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of Freedoms Foundations at Valley Forge, which comprises the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 Freedoms Foundation at Valley Forge as of December 31, 2021, 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.

#### ***Basis for Opinion***

We conducted our audit 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 Freedoms Foundation at Valley Forge and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***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 Freedoms Foundation at Valley Forge's ability to continue as a going concern for one year after the date 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 an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 Freedoms Foundation at Valley Forge'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 Freedoms Foundation at Valley Forge'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 audit.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
June 20, 2022

**FREEDOMS FOUNDATION AT VALLEY FORGE  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 619,646
Accounts Receivable, Net	37,426
Bequest Receivable, Net	14,558
Operating Investments	9,418,870
Prepaid Expenses and Other Assets	116,825
Total Current Assets	<u>10,207,325</u>

**NON-CURRENT ASSETS**

Endowment Investments	2,221,593
Long-Term Investments	323,005
Real Estate and Equipment	2,929,877
Beneficial Interest in Perpetual Trusts	348,712
Total Noncurrent Assets	<u>5,823,187</u>

Total Assets	<u><u>\$ 16,030,512</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Capital Lease, Current Portion	\$ 3,732
Accrued Expenses	77,751
Deferred Revenue	17,779
Accounts Payable	73,972
Paycheck Protection Program Loan - Refundable Advance	211,730
Total Current Liabilities	<u>384,964</u>

**LONG-TERM LIABILITIES**

Accrued Asbestos Removal Liability	<u>77,866</u>
Total Long-Term Liabilities	<u>77,866</u>

Total Liabilities	462,830
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**NET ASSETS**

Without Donor Restrictions	12,594,608
With Donor Restrictions	2,973,074
Total Net Assets	<u>15,567,682</u>

Total Liabilities and Net Assets	<u><u>\$ 16,030,512</u></u>
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See accompanying Notes to Financial Statements.

**FREEDOMS FOUNDATION AT VALLEY FORGE  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions and Bequests	\$ 925,027	\$ 616,576	\$ 1,541,603
Investment Income	221,880	10,351	232,231
Net Unrealized and Realized Gain on Investments	1,058,333	7,359	1,065,692
Increase in Value of Beneficial Interest in Perpetual Trusts	-	26,738	26,738
Educational, Youth, and Special Programs	169,317	-	169,317
Facilities Rental	48,102	-	48,102
Patriot Shop	3,907	-	3,907
Other	(203)	-	(203)
Subtotal	<u>2,426,363</u>	<u>661,024</u>	<u>3,087,387</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of Program Restrictions	422,955	(422,955)	-
Satisfaction of Facility/Maintenance Restrictions	21,245	(21,245)	-
Total Net Assets Released from Restrictions	<u>444,200</u>	<u>(444,200)</u>	<u>-</u>
 Total Support and Revenue	 2,870,563	 216,824	 3,087,387
<b>EXPENSES</b>			
Functional Expenses:			
Program Services:			
Educational, Youth, and Special Programs	1,635,199	-	1,635,199
Awards Programs	20,735	-	20,735
Total Program Services	<u>1,655,934</u>	<u>-</u>	<u>1,655,934</u>
Supporting Services:			
Administration	192,458	-	192,458
Fund Development	287,803	-	287,803
Facilities	39,017	-	39,017
Total Supporting Services	<u>519,278</u>	<u>-</u>	<u>519,278</u>
Total Functional Expenses	<u>2,175,212</u>	<u>-</u>	<u>2,175,212</u>
<b>CHANGE IN NET ASSETS</b>	695,351	216,824	912,175
Net Assets - Beginning of Year	<u>11,899,257</u>	<u>2,756,250</u>	<u>14,655,507</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 12,594,608</u>	<u>\$ 2,973,074</u>	<u>\$ 15,567,682</u>

See accompanying Notes to Financial Statements.

**FREEDOMS FOUNDATION AT VALLEY FORGE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021**

	Program Services			Supporting Services				Total
	Educational Program	Awards Programs	Total Program Services	Administration	Fund Development	Facilities	Total Supporting Services	
Bad Debt Expense	\$ -	\$ -	\$ -	\$ 253	\$ -	\$ -	\$ 253	\$ 253
Instructors' Fees and Travel	76,830	-	76,830	-	-	-	-	76,830
Insurance	61,724	318	62,042	1,273	318	-	1,591	63,633
Interest	-	-	-	4,700	-	-	4,700	4,700
Office Expense and Supplies	32,229	257	32,486	4,546	2,761	706	8,013	40,499
Other Fees	116,368	302	116,670	32,145	77,094	816	110,055	226,725
Other	563	-	563	13,108	11,629	-	24,737	25,300
Plant Repairs and Maintenance	66,329	342	66,671	1,368	342	-	1,710	68,381
Postage and Freight	23,905	414	24,319	3,208	4,450	1,138	8,796	33,115
Printing and Publications	4,856	3,173	8,029	3,270	6,984	-	10,254	18,283
Professional Services	28,578	95	28,673	19,889	4,100	262	24,251	52,924
Rental and Maintenance Contracts	73,282	378	73,660	1,511	378	-	1,889	75,549
Salaries, Taxes, and Benefits	690,457	13,872	704,329	90,662	166,365	35,227	292,254	996,583
Student Meals	79,232	-	79,232	-	-	-	-	79,232
Telephone	16,333	283	16,616	2,192	3,040	778	6,010	22,626
Travel	118,605	33	118,638	9,164	9,074	90	18,328	136,966
Utilities	57,761	298	58,059	1,191	298	-	1,489	59,548
Subtotal	1,447,052	19,765	1,466,817	188,480	286,833	39,017	514,330	1,981,147
Depreciation	188,147	970	189,117	3,879	970	-	4,849	193,966
Amortization	-	-	-	99	-	-	99	99
<b>Total</b>	<b>\$ 1,635,199</b>	<b>\$ 20,735</b>	<b>\$ 1,655,934</b>	<b>\$ 192,458</b>	<b>\$ 287,803</b>	<b>\$ 39,017</b>	<b>\$ 519,278</b>	<b>\$ 2,175,212</b>

See accompanying Notes to Financial Statements.

**FREEDOMS FOUNDATION AT VALLEY FORGE  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$	912,175
Adjustments to Reconcile Change in Net Assets to Net Cash		
Used by Operating Activities:		
Depreciation		193,966
Amortization		99
Net Unrealized Gain on Investments		(897,181)
Increase in Value of Beneficial Interest in Perpetual Trusts		(26,738)
Net Realized Gain on Sale of Investments		(168,511)
Forgiveness of Paycheck Protection Program Loan - Refundable Advance		(211,099)
Decrease in:		
Accounts Receivable		891
Bequest Receivable		(1,020)
Prepaid Expenses and Other Assets		(55,230)
Increase (Decrease) in:		
Accounts Payable		4,780
Accrued Expenses		15,298
Deferred Revenue		(11,267)
Proceeds from Paycheck Protection Program Loan - Refundable Advance		211,730
Net Cash Used by Operating Activities		<u>(32,107)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Equipment		(334,037)
Donated Stock		(51,664)
Investment Purchases		(436,658)
Proceeds from the Sale of Investments		953,974
Net Cash Provided by Investing Activities		<u>131,615</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments of Capital Lease Obligation		(5,039)
Net Cash Used by Financing Activities		<u>(5,039)</u>

**NET CHANGE IN CASH**

94,469

Cash - Beginning of Year

525,177

**CASH - END OF YEAR**

\$ 619,646

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Interest Paid		<u><u>\$ 1,011</u></u>
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See accompanying Notes to Financial Statements.



**FREEDOMS FOUNDATION AT VALLEY FORGE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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 3,000 volunteers who are members of over 20 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, 2021 is as follows:

Total Assets	\$ 2,223,261
Total Net Assets	2,223,261
Total Revenues	472,063
Total Expenses	168,807

**FREEDOMS FOUNDATION AT VALLEY FORGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**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, 2021, 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**  
**DECEMBER 31, 2021**

**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  
DECEMBER 31, 2021**

**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, 2021:

	Level 1	Level 2	Level 3	Total
Fixed Income Mutual Funds	\$ 3,787,879	\$ -	\$ -	\$ 3,787,879
Equity Mutual Funds	7,838,654	-	-	7,838,654
Mutual Funds	125,156	-	-	125,156
Beneficial Interest in Perpetual Trusts	-	-	348,712	348,712
Total	<u>\$ 11,751,689</u>	<u>\$ -</u>	<u>\$ 348,712</u>	<u>\$ 12,100,401</u>

**FREEDOMS FOUNDATION AT VALLEY FORGE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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, 2021.

Balance - January 1, 2021	\$ 321,974
Change in Value of Beneficial Interest in Perpetual Trusts	<u>26,738</u>
Balance - December 31, 2021	<u><u>\$ 348,712</u></u>

There have been no changes in the valuation methodologies used at December 31, 2021. FFVF has recorded \$211,779 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 20, 2022, the date the financial statements were available to be issued.

**NOTE 2 INVESTMENTS**

Investments, by type, at December 31, 2021 consist of:

	<u>Cost</u>	<u>Fair Value</u>
Money Markets	\$ 211,779	\$ 211,779
Fixed Income Mutual Funds	3,970,426	3,787,879
Equity Mutual Funds	6,426,844	7,838,654
Mutual Funds	<u>98,467</u>	<u>125,156</u>
Total	<u><u>\$ 10,707,516</u></u>	<u><u>\$ 11,963,468</u></u>

**NOTE 3 REAL ESTATE AND EQUIPMENT AND DEPRECIATION**

Real estate and equipment at December 31, 2021 consist of the following:

Land and Land Improvements	\$ 306,696
Buildings and Improvements	4,110,620
Equipment, Furniture, and Fixtures	1,509,166
Medal of Honor Grove and Monuments	784,843
Construction in Progress	<u>336,611</u>
Total	7,047,936
Less: Accumulated Depreciation	<u>(4,118,059)</u>
Total Real Estate and Equipment	<u><u>\$ 2,929,877</u></u>

Depreciation expense for the year ended December 31, 2021 was \$193,966.

**FREEDOMS FOUNDATION AT VALLEY FORGE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**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, 2021). 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, 2021.

**NOTE 5 CAPITAL LEASE OBLIGATION**

FFVF entered into a long-term lease for an office copier in 2017. At December 31, 2021, the cost of equipment and accumulated depreciation related to the capital lease obligation was \$21,626 and \$17,301, respectively. At December 31, 2021, future minimum rental payments required under the capital lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	<u>\$ 3,912</u>
Total Minimum Lease Payments	3,912
Less: Amount Representing Interest	<u>180</u>
Present Value of Minimum Lease Payments	3,732
Less: Current Portion	<u>3,732</u>
Total	<u><u>\$ -</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). FFVF has classified this loan as a conditional contribution for accounting purposes and recognized revenue once the underlying conditions are met. 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 has recognized the funds from the SBA as contributions in 2021.

In February 2021, FFVF received a second unsecured Paycheck Protection Program (PPP) Loan of \$211,730 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 as of and for the year ended December 31, 2021 due to performance barriers that have not been met as of December 31, 2021.

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.

**FREEDOMS FOUNDATION AT VALLEY FORGE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 6 PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)**

On March 16, 2022, 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 contribution revenue in 2022.

The total forgiveness of debt during 2021 of \$211,099 is recorded on the accompanying statement of activities as Contributions and Bequests. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on FFVF's financial position.

**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 \$63,412 for the year ended December 31, 2021.

**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, 2021.

Minimum lease commitments under this lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 1,902
2023	1,427
Total	\$ 3,329

**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets at December 31, 2021 are restricted as to purpose and are available for the following purposes:

Programs	\$ 1,006,377
Building and Campus Renovations and Maintenance	161,384
Total	\$ 1,167,761

**FREEDOMS FOUNDATION AT VALLEY FORGE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets held in perpetuity at December 31, 2021 consist of the following:

Leavey Operating	\$ 1,000,000
Beneficial Interest in Perpetual Trusts	348,712
George Washington Honor Medal	81,590
Other Endowment Funds	375,011
Total	<u>\$ 1,805,313</u>
Total Net Assets with Donor Restrictions	<u>\$ 2,973,074</u>

**NOTE 10 ENDOWMENTS**

**Leavey Foundation**

The Leavey Foundation made a gift of \$1,000,000 in a prior year to be restricted in perpetuity and support an operating endowment.

**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 had contributed \$50,000 and \$31,950 matching contributions had been received. 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 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, 2021.



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**NOTE 10 ENDOWMENTS (CONTINUED)**

**Management and Accounting (Continued)**

A summary of the endowment activity by net asset class for the year ended December 31, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Assets - Beginning of Year	\$ 331,642	\$ 1,663,496	\$ 1,995,138
Investment Return:			
Investment Income	32,586	10,351	42,937
Realized Gain	6,195	(4)	6,191
Unrealized Loss	175,354	7,363	182,717
Total Investment Return	<u>214,135</u>	<u>17,710</u>	<u>231,845</u>
Appropriations for Expenditure	<u>27,181</u>	<u>(32,571)</u>	<u>(5,390)</u>
Endowment Assets - End of Year	<u>\$ 572,958</u>	<u>\$ 1,648,635</u>	<u>\$ 2,221,593</u>

The above endowment activity does not include \$348,712 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, 2021.

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 \$4,285,742 in these trusts amounted to \$348,712 at December 31, 2021. 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.

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**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, 2021.

Deferred Revenue - Beginning of Year	\$ 29,046
Program Fees Recognized	(169,317)
Collections of Program Fees	158,050
Deferred Revenue - End of Year	<u>\$ 17,779</u>

**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, 2021 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	\$ 619,646
Short-Term Investments	9,741,882
Accounts Receivable	51,410
Other Investments	2,221,586
Beneficial Interest in Perpetual Trusts	348,712
Total	<u>\$ 12,983,236</u>

Financial Assets Available to Meet General Expenditures Over the Next 12 Months:	
Cash and Cash Equivalents	\$ 619,646
Short-Term Investments	9,418,870
Accounts Receivable	51,410
Other Investments Appropriated for Current Use	2,536,511
Total	<u>\$ 12,626,437</u>