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Warrior Foundation Freedom Station
Audited Financial Statements
September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Warrior Foundation Freedom Station

Opinion

We have audited the accompanying financial statements of Warrior Foundation Freedom Station (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the nine month period 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 Warrior Foundation Freedom Station as of September 30, 2023, and the changes in its net assets and its cash flows for the nine month period 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Warrior Foundation Freedom Station 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 Warrior Foundation Freedom Station's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with generally accepted auditing standards, 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 Warrior Foundation Freedom Station'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 Warrior Foundation Freedom Station'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.

January 31, 2024



Munger & Company, CPAs

WARRIOR FOUNDATION FREEDOM STATION
Statement of Financial Position
September 30, 2023

ASSETS:

Cash and Cash Equivalents	\$	632,264
Promises to Give		103,008
Rent receivables		2,679
Loan Receivables		3,000
Investments		7,634,767
Prepaid Expenses		34,995
Interest Rate Swap		263,912
Security Deposit		1,650
Property and equipment, net		<u>12,135,781</u>
Total Assets	\$	<u><u>20,812,056</u></u>

LIABILITIES:

Accounts Payable	\$	63,044
Accrued Expenses		36,792
Notes Payable		<u>4,506,404</u>
Total Liabilities		<u>4,606,240</u>

NET ASSETS:

Without Donor Restrictions		
Undesignated		14,956,655
Board designated		<u>866,543</u>
Total Net Assets Without Donor Restrictions		<u>15,823,198</u>
With Donor Restrictions		
Program		<u>382,618</u>
Total Net Assets		<u>16,205,816</u>
Total Liabilities and Net Assets	\$	<u><u>20,812,056</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

WARRIOR FOUNDATION FREEDOM STATION
Statement of Activities
For the Nine Month Period Ended September 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT and REVENUES:			
Grants and Contributions	\$ 1,329,726	\$ 181,865	\$ 1,511,591
In-kind contributions	363,879		363,879
Events, net of expense of \$7,355	54,245		54,245
Investment income, net	412,295		412,295
Gain on interest rate swap	136,885		136,885
Rental income	257,648		257,648
Other income	1,480		1,480
Net Assets Released from Restrictions - Satisfaction of Donor Restrictions	<u>493,668</u>	<u>(493,668)</u>	<u>-</u>
Total Support and Revenues	<u>3,049,826</u>	<u>(311,803)</u>	<u>2,738,023</u>
EXPENSES:			
Program Expenses	1,914,166		1,914,166
Support Services			
Management and General	174,815		174,815
Fund-Raising	<u>80,891</u>		<u>80,891</u>
Total Support Services	<u>255,706</u>		<u>255,706</u>
Total Expenses	<u>2,169,872</u>	<u>-</u>	<u>2,169,872</u>
Change In Net Assets	\$ 879,954	\$ (311,803)	568,151
Net Assets, beginning of year	<u>14,943,244</u>	<u>694,421</u>	<u>15,637,665</u>
Net Assets, end of year	<u>\$ 15,823,198</u>	<u>\$ 382,618</u>	<u>16,205,816</u>

The Accompanying Notes are an Integral Part of the Financial Statements

WARRIOR FOUNDATION FREEDOM STATION
Statement Of Functional Expenses
For the Nine Month Period Ended September 30, 2023

EXPENSES	Support Services				Total
	Program	Management & General	Fund- Raising	Support Total	
Financial assistance to warrior and families	\$ 253,035			\$ -	\$ 253,035
Donated salary	47,250	15,750	15,750	31,500	78,750
Donated services	42,725		350	350	43,075
Donated Assistance Programs	130,032			-	130,032
Adaptive Sports	271,525			-	271,525
Outdoor therapy program	70,308			-	70,308
Career transition program	234,505			-	234,505
Qualify of life program	43,746			-	43,746
Home for the holidays	59,053			-	59,053
Marketing	111,441		22,551	22,551	133,992
Depreciation	106,221			-	106,221
Special Events			7,355	7,355	7,355
Mortgage interest	148,602			-	148,602
Real estate tax	27,604			-	27,604
Volunteer recognition			5,184	5,184	5,184
Professional services		13,185		13,185	13,185
Repairs & Maintenance	14,147			-	14,147
Communications	17,009	1,894		1,894	18,903
Bank fees		9,562	1,919	11,481	11,481
Rent	38,664			-	38,664
Utilities	32,414			-	32,414
Travel			3,509	3,509	3,509
Supplies and materials	16,793		238	238	17,031
Payroll	129,260	73,115	20,332	93,447	222,707
Logistics management	82,399			-	82,399
Computer	25,716	23,761	150	23,911	49,627
Insurance		24,623		24,623	24,623
Operational expenses	11,717	12,330	3,439	15,769	27,486
Postage and shipping		230	7,469	7,699	7,699
Licenses and permits		365		365	365
Total Expenses by Function	<u>1,914,166</u>	<u>174,815</u>	<u>88,246</u>	<u>263,061</u>	<u>2,177,227</u>
Less expenses included with revenues on the statement of activities					
Special event expense			(7,355)	(7,355)	(7,355)
Total expenses included in the expense section on the statement of activities	<u>\$ 1,914,166</u>	<u>\$ 174,815</u>	<u>\$ 80,891</u>	<u>\$ 255,706</u>	<u>\$ 2,169,872</u>

The Accompanying Notes are an Integral Part of the Financial Statements

WARRIOR FOUNDATION FREEDOM STATION
Statement Of Cash Flows
For the Nine Month Period September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change In Net Assets	\$ 568,151
Adjustments to Reconcile Change in Net Assets	
To Net Cash Provided by Operating Activities:	
Depreciation	106,221
Donated Fixed Assets	(112,372)
Unrealized losses on investments	(412,295)
Unrealized gain on interest rate swap	(136,885)
(Increase) Decrease in Operating Assets:	
Promises to Give	170,169
Rent receivables	13,079
Loan Receivables	(3,000)
Prepaid Expense	(15,089)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	40,609
Accrued Expenses	(16,323)
Net Cash Provided by Operating Activities	<u>202,265</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payments for the purchase of investments	(149,980)
Purchases of property and equipment	<u>(579,521)</u>
Net Cash Used in Investing Activities	<u>(729,501)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on note payable	<u>(175,244)</u>
Net Cash Used in Financing Activities	(175,244)
Net Change in Cash & Cash Equivalents	(702,480)
Cash and Cash Equivalents at:	
Beginning of Year	<u>1,334,744</u>
End of Year	<u>\$ 632,264</u>
Supplementary Information:	
Cash Paid for Interest During the Year	<u>\$ 148,602</u>

The Accompanying Notes are an Integral Part of the Financial Statements

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Nine Month Period Ended September 30, 2023

Note 1. Nature of Organization

Warrior Foundation Freedom Station (the Foundation or WFFS) is a 501(c)(3) not-for-profit organization. WFFS is incorporated in the State of California and is an independent corporation with its own independent Board of Directors, Officers and volunteer base. WFFS provides financial and transitional assistance to wounded military warriors in a variety of ways, providing quality-of-life items and numerous support services designed to assist them and their families during recovery. WFFS supports four main groups of warriors: 1) the seriously injured returning home from war; 2) those suffering from post-traumatic stress (“PTS”) or traumatic brain injury (“TBI”); 3) those undergoing physical or occupational therapy; and 4) warriors who have been medically retired and remain in our community. To further serve these groups, WFFS pioneered a new approach and opened Freedom Station I and II – unique recovery transition centers and housing facilities that provide injured warriors with the acclimation, time, guidance, and resources to successfully make the transition from military service to civilian life. WFFS is headquartered in San Diego.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The Foundation’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are reported as cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects or other long-term purposes are excluded from this definition. There was no restricted cash for building projects or other long-term purposes as of September 30, 2023.

Receivables and Credit Policies

Receivables consist primarily of promises to give rent, and loan. Management determines the allowance for uncollectable receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivable are written off when deemed uncollectable. As of September 30, 2023, management determined that no allowance was necessary.

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Nine Month Period Ended September 30, 2023

Note 2. Summary of Significant Accounting Policies, (continued)

Property and Equipment

Property and equipment additions over \$1,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from five to seven, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the nine month period ended September 30, 2023.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve of \$866,543 as of September 30, 2023.

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Nine Month Period Ended September 30, 2023

Note 2. Summary of Significant Accounting Policies, (continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Rental income is recognized from the rental of its facilities during the period in which the related performance obligations are met. The performance obligation of providing access to rented facilities is simultaneously received and consumed by the customer. Contracts with customers for rental of facilities are combined into a single portfolio of similar contracts.

Other income is recognized from the sale of merchandise during the period in which the related performance obligations are met. The performance obligation of providing merchandise through sales is the point when it is simultaneously received and consumed by the customer. Contracts with customers for merchandise income is combined into a single portfolio of similar contracts.

Special events revenue is reported net of the cost of direct benefits to donors, and contribution revenue for the difference. The direct costs of special events, which ultimately benefit the donor rather than the Organization. The performance obligation is the delivery of the event.

Grant revenue is recognized in full when an unconditional grant is awarded. Conditional contributions and grants are not recognized until the conditions on which they depend have been substantially met. Contributions of cash, securities or other assets are recognized when received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Government grants and contracts are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Nine Month Period Ended September 30, 2023

Note 2. Summary of Significant Accounting Policies, (continued)

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods, materials, services and fixed assets are recorded at fair value at the date of donation and totaled \$363,879. The donated goods, materials, and services are listed on the statement of functional expenses. All in-kind items are recorded at fair market value upon receipt and a monetization policy will be adopted if and when the Foundation sells any in-kind items.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service as a 501 (c)(3) tax-exempt organization.

Management has evaluated the tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. The Foundation's tax returns are subject to examination by the Internal Revenue Service for three years after they are filed and the Franchise Tax Board, generally for four years after they are filed. There was no unrelated business income tax for the nine month period ended September 30, 2023.

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 and disclosures. Accordingly, actual results could differ from those estimates under different assumptions or conditions.

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Nine Month Period Ended September 30, 2023

Note 2. Summary of Significant Accounting Policies, (continued)

Financial Instruments and Credit Risk

Concentration risk is managed by placing cash and certificates of deposit with financial institutions. Amounts on deposit may exceed insured limits. To date, management has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates. Cash was in excess of FDIC limits at September 30, 2023.

Note 3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 249,646
Receivables	108,687
Investments	<u>7,634,767</u>
	<u>\$ 7,993,100</u>

Cash totaling \$382,618 resulting from with donor restrictions as of September 30, 2023 have been excluded from the amounts above.

As part of the liquidity management plan, cash in excess of daily requirements may be invested.

The board-designated reserve balance is \$866,543. Although management does not intend to spend from this board-designated reserve, these amounts could be made available if necessary. As a result, these amounts have been included in the balances above.

Note 4. Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Nine Month Period Ended September 30, 2023

Note 4. Fair Value Measurements and Disclosures, (continued)

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs. The interest rate swap is included within Level 2.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The Foundation’s investment assets are all classified within Level 1 (other than the interest rate swap) because they comprise mutual funds, equity securities and money market funds (valued at \$1 per share and have no unfunded commitments, withdrawal restrictions, redemption notice requirements or other redemption restrictions). The funds may be redeemed daily with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis as of September 30, 2023:

Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 1,295,567	\$ 1,295,567		\$ -
Equity Securities	3,470,542	3,470,542		
Interest Rate Swap	263,912		263,912	
Fixed Income	2,117,391	2,117,391		
U.S. Treasury	751,267	751,267		
Total Investment at fair value	\$ 7,898,679	\$ 7,634,767	\$ 263,912	\$ -

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Nine Month Period Ended September 30, 2023

Note 5. Promises to Give

Unconditional promises to give totaled \$103,008 as of September 30, 2023. These amounts were collected in full during 2023.

No donor accounted for 10 percent or more of promises to give as of September 30, 2023.

Note 6. Property and Equipment

Property and equipment consist of the following as of September 30, 2023:

Land	\$ 6,690,147
Buildings and Improvements	6,057,960
Equipment and fixtures	<u>260,577</u>
Total property and equipment	13,008,684
Less: accumulated depreciation	<u>(872,903)</u>
Total property and equipment, net	<u>\$ 12,135,781</u>

Depreciation expense totaled \$106,221 for the nine month period ended September 30, 2023. Construction in progress of \$420,740 is included in building and improvements. This is expected to be completed by the end of the upcoming fiscal year end.

Note 7. Notes Payable

In March 2020, the Foundation re-financed a loan for Freedom Station I secured by a building and land totaling \$925,000. The loan requires monthly payments of principal and interest of approximately \$5,046, including interest at 2.77%. Accrued interest as of September 30, 2023, was approximately \$2,000. All unpaid principal and interest is due in March 2030. The balance of the mortgage note payable was \$798,737 as of September 30, 2023.

In August 2022, the Foundation entered into a new loan Freedom Station III secured by the assets of the Foundation totaling \$3,920,000. The loan requires monthly payments of principal and interest of approximately \$16,333, including interest at the daily SOFR plus 165 basis points (1.65%) which approximated 5.5% as of September 30, 2023. Accrued interest expense was approximately \$17,000 as of September 30, 2023. All unpaid principal and interest is due in August 2032. The balance of the mortgage note payable was \$3,707,667 as of September 30, 2023.

Interest expense incurred for 2023 was approximately \$149,000 and is included in program services in the statement of functional expenses.

The Foundation has entered into an interest rate swap agreement to manage the volatility of interest rates on the Freedom Station III mortgage note payable.

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Nine Month Period Ended September 30, 2023

Note 7. Notes Payable, (continued)

The fair market value of the interest rate swap as of September 30, 2023 is \$263,912 and is to the advantage of the Foundation and not the bank. The current year impact of the change in fair value of the interest rate swap is \$136,885 on the Statement of Activities.

The fair value of the interest rate swap has been determined using Level 2 of the fair value hierarchy. The fair value of the interest rate swap is based on the bank's quote.

Expected payments for the years ending September 30, are as follows:

2024	235,244
2025	236,435
2026	237,477
2027	238,640
2028	239,837
Thereafter	<u>3,318,771</u>
Total notes payable as of September 30, 2023	<u>\$ 4,506,404</u>

Note 8. Board Designated Net Assets

The Foundation' Board of Directors designated an operating reserve of \$866,543, which is allocated from net assets without donor restrictions of September 30, 2023. The Board of Directors designated operating reserve is intended to allocate those net assets without donor restrictions that would be required to pay off the mortgage note payable plus accrued interest as of September 30, 2023.

Note 9. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods for the nine month period ended September 30, 2023:

Subject to expenditure for specified purposes:	
Program	<u>\$382,618</u>
Total Net Assets with Donor Restrictions	<u>\$382,618</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the nine month period ended September 30, 2023:

Satisfaction of purpose restrictions:	
Program	<u>\$493,668</u>
Total releases from restrictions	<u>\$493,668</u>

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Nine Month Period Ended September 30, 2023

Note 10. Related Party Transactions

The Foundation has the following related party transactions which were all arms-length transactions:

The President/Board Member was compensated \$118,750 plus employer costs of \$9,259 for the nine month period ended September 30, 2023.

The Vice President/Board Member who performs maintenance services was compensated \$17,080 for the nine month period ended September 30, 2023.

Note 11. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort and overall usage.

Note 12. Contingency

The Foundation is occasionally involved in legal proceedings in the ordinary course of business, including arbitration claims and other claims. Management does not believe there are claims that would have a material effect on the financial statement of the Foundation.

Note 13. Leases

Management of the Foundation has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. As of September 30, 2023, the Foundation only had month-to-month leases.

Note 14. Date of Management Review

The Foundation has performed an evaluation of subsequent events through January 31, 2024, which is the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require disclosure in, or adjustment to the financial statements.