

MUNGER & COMPANY, CPAs

2170 S. El Camino Real, Suite 217
Oceanside, CA 92054
(760) 730-8020
www.mungercpa.com

Warrior Foundation Freedom Station
Audited Financial Statements
December 31, 2022

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15

MUNGER & COMPANY, CPAs

2170 S. El Camino Real, Suite 217
Oceanside, CA 92054
(760) 730-8020
www.mungercpa.com

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 December 31, 2022, 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 Warrior Foundation Freedom Station as of December 31, 2022, 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. 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.

June 6, 2023



Munger & Company, CPAs

WARRIOR FOUNDATION FREEDOM STATION
Statement of Financial Position
December 31, 2022

ASSETS:

Cash and Cash Equivalents	\$ 1,334,744
Promises to Give	273,177
Receivables	15,758
Investments	7,072,492
Prepaid Expenses	19,906
Interest Rate Swap	127,027
Security Deposit	1,650
Property and equipment, net	<u>11,550,109</u>
Total Assets	<u><u>\$ 20,394,863</u></u>

LIABILITIES:

Accounts Payable	\$ 22,435
Accrued Expenses	53,115
Notes Payable	<u>4,681,648</u>
Total Liabilities	<u>4,757,198</u>

NET ASSETS:

Without Donor Restrictions	
Undesignated	14,076,701
Board designated	<u>866,543</u>
Total Net Assets Without Donor Restrictions	<u>14,943,244</u>
With Donor Restrictions	
Program	<u>694,421</u>
Total Net Assets	<u>15,637,665</u>
Total Liabilities and Net Assets	<u><u>\$ 20,394,863</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

WARRIOR FOUNDATION FREEDOM STATION
Statement of Activities
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT and REVENUES:			
Grants and Contributions	\$ 2,598,629	\$ 727,094	\$ 3,325,723
In-kind contributions	537,307		537,307
Events, net of expenses of \$23,600	137,654		137,654
Investment income, net	(1,064,751)		(1,064,751)
Gain on interest rate swap	127,027		127,027
Rental income	293,124		293,124
Merchandise income	1,786		1,786
Net Assets Released from Restrictions - Satisfaction of Donor Restrictions	<u>200,173</u>	<u>(200,173)</u>	<u>-</u>
Total Support and Revenues	<u>2,830,949</u>	<u>526,921</u>	<u>3,357,870</u>
EXPENSES:			
Program Expenses	2,476,923		2,476,923
Support Services			
Management and General	225,396		225,396
Fund-Raising	<u>137,312</u>		<u>137,312</u>
Total Support Services	<u>362,708</u>		<u>362,708</u>
Total Expenses	<u>2,839,631</u>	<u>-</u>	<u>2,839,631</u>
Change In Net Assets	\$ (8,682)	\$ 526,921	518,239
Net Assets, beginning of year	<u>14,951,926</u>	<u>167,500</u>	<u>15,119,426</u>
Net Assets, end of year	<u>\$ 14,943,244</u>	<u>\$ 694,421</u>	<u>15,637,665</u>

The Accompanying Notes are an Integral Part of the Financial Statements

WARRIOR FOUNDATION FREEDOM STATION
Statement Of Functional Expenses
For the Year Ended December 31, 2022

	Support Services				Total
	Program	Management & General	Fund- Raising	Support Total	
EXPENSES					
Financial assistance to warrior and families	\$ 227,257	\$	\$	\$ -	\$ 227,257
Donated salary	63,000	21,000	21,000	42,000	105,000
Donated Landscaping services	85,000			-	85,000
Donated Materials	287,845		2,950	2,950	290,795
Donated Assistance Programs	56,512				56,512
Wolf Pack basketball	151,169			-	151,169
PTS study/mental health program	6,506			-	6,506
Outdoor therapy program	276,785			-	276,785
Career transition program	195,956			-	195,956
Qualify of life program	121,494			-	121,494
Home for the holidays	110,373			-	110,373
Marketing	16,279			-	16,279
Paralympics	14,955			-	14,955
Depreciation	140,722			-	140,722
Special Events			23,600	23,600	23,600
Mortgage interest	105,136			-	105,136
Real estate tax	26,773			-	26,773
Promotional items and marketing			51,112	51,112	51,112
Volunteer recognition			5,201	5,201	5,201
Professional services		25,825		25,825	25,825
Repairs & Maintenance	84,377			-	84,377
Communications		2,238		2,238	2,238
Events for warriors	93,131			-	93,131
Bank fees		56,678	1,183	57,861	57,861
Rent	51,552			-	51,552
Utilities	14,463			-	14,463
Travel			964	964	964
Supplies and materials	12,296		5,463	5,463	17,759
Payroll	196,509	54,813	19,988	74,801	271,310
Logistics management	112,000			-	112,000
Computer	3,031	27,200	22,319	49,519	52,550
Insurance	1,359	23,019		23,019	24,378
Operational expenses	11,436	14,309		14,309	25,745
Postage and shipping		54	7,132	7,186	7,186
Licenses and permits		260		260	260
Merchandise	11,007			-	11,007
Total Expenses by Function	<u>2,476,923</u>	<u>225,396</u>	<u>160,912</u>	<u>386,308</u>	<u>2,863,231</u>
Less expenses included with revenues on the statement of activities					
Special event expense			<u>(23,600)</u>	<u>(23,600)</u>	<u>(23,600)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 2,476,923</u>	<u>\$ 225,396</u>	<u>\$ 137,312</u>	<u>\$ 362,708</u>	<u>\$ 2,839,631</u>

The Accompanying Notes are an Integral Part of the Financial Statements

WARRIOR FOUNDATION FREEDOM STATION
Statement Of Cash Flows
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change In Net Assets	\$ 518,239
Adjustments to Reconcile Change in Net Assets	
To Net Cash Provided by Operating Activities:	
Depreciation	140,722
SBA forgiveness of debt	
Unrealized losses on investments	1,064,751
Unrealized gain on interest rate swap	(127,027)
(Increase) Decrease in Operating Assets:	
Promises to Give	(26,012)
Receivables	(15,758)
Prepaid Expense	4,159
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	6,749
Accrued Expenses	34,219
Net Cash Provided by Operating Activities	<u>1,600,042</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from the sale of investments	764,512
Purchases of property and equipment	<u>(5,187,045)</u>
Net Cash Used in Investing Activities	<u>(4,422,533)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from the issuance of notes payable	3,920,000
Principal payments on note payable	<u>(102,099)</u>
Net Cash Provided by Financing Activities	3,817,901
Net Change in Cash & Cash Equivalents	995,410
Cash and Cash Equivalents at:	
Beginning of Year	<u>339,334</u>
End of Year	<u>\$ 1,334,744</u>
Supplementary Information:	
Cash Paid for Interest During the Year	<u>\$ 105,136</u>

The Accompanying Notes are an Integral Part of the Financial Statements

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

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 December 31, 2022.

Accounts Receivable and Credit Policies

Accounts receivable consist primarily of promises to give. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. As of December 31, 2022, management determined that no allowance was necessary. There was no bad debt expense for the year ending December 31, 2022.

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

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 year ended December 31, 2022.

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 December 31, 2022.

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

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.

Merchandise 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 Year Ended December 31, 2022

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, and services are recorded at fair value at the date of donation and totaled \$537,307. 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 year ended December 31, 2022.

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 Year Ended December 31, 2022

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 December 31, 2022.

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	\$ 640,323
Promises to Give	273,177
Investments	<u>7,072,492</u>
	<u>\$ 7,985,992</u>

Cash totaling \$694,421 resulting from with donor restrictions as of December 31, 2022 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 Year Ended December 31, 2022

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 December 31, 2022:

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	\$ 1,069,442	\$ 1,069,442	\$ -	\$ -
Equity Securities	3,401,080	3,401,080		
Interest Rate Swap	127,027		127,027	
Fixed Income	1,501,644	1,501,644		
Mutual Funds	1,100,326	1,100,326		
Total Investment at fair value	<u>\$ 7,199,519</u>	<u>\$ 7,072,492</u>	<u>\$ 127,027</u>	<u>\$ -</u>

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

Note 5. Promises to Give

Unconditional promises to give totaled \$273,177 as of December 31, 2022. These amounts were collected in full during 2023.

No donor accounted for 10 percent or more of promises to give as of December 31, 2022.

Note 6. Property and Equipment

Property and equipment consist of the following as of December 31, 2022:

Land	\$ 6,690,147
Buildings and Improvements	5,366,067
Equipment and fixtures	<u>260,577</u>
Total property and equipment	12,316,791
Less: accumulated depreciation	<u>(766,682)</u>
Total property and equipment, net	<u>\$ 11,550,109</u>

Depreciation expense totaled \$140,722 for the year ended December 31, 2022.

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 December 31, 2022 was \$2,840. All unpaid principal and interest is due in March 2030. The balance of the mortgage note payable was \$826,981 as of December 31, 2022.

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 December 31, 2022. Interest expense was approximately \$14,505 as of December 31, 2022. All unpaid principal and interest is due in August 2032. The balance of the mortgage note payable was \$3,854,667 as of December 31, 2022.

Interest expense incurred for 2022 was approximately \$105,000 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.

The fair market value of the interest rate swap as of December 31, 2022 is \$127,027 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 \$127,027 on the Statement of Activities.

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

Note 7. Notes Payable, (continued)

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 December 31, are as follows:

2023	\$	234,173
2024		235,244
2025		236,435
2026		237,477
2027		238,640
Thereafter		<u>3,499,679</u>
Total notes payable as of December 31, 2022		<u>\$ 4,681,648</u>

Note 8. Board Designated Net Assets

The Foundation's Board of Directors designated an operating reserve of \$866,543, which is allocated from net assets without donor restrictions of December 31, 2022. 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 December 31, 2022.

Note 9. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods for the year ended December 31, 2022:

Subject to expenditure for specified purposes:	
Program	<u>\$694,421</u>
Total Net Assets with Donor Restrictions	<u>\$694,421</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 year ended December 31, 2022:

Satisfaction of purpose restrictions:	
Program	<u>\$200,173</u>
Total releases from restrictions	<u>\$200,173</u>

WARRIOR FOUNDATION FREEDOM STATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

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 \$68,750 for the year ended December 31, 2022.

2 Board Members, one who is an employee and another to the Board Member's company were compensated \$102,000 for the year ended December 31, 2022.

The Vice President/Board Member who performs maintenance services was compensated \$23,668 for the year ended December 31, 2022.

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 December 31, 2022, the Foundation only had month-to-month leases.

Note 14. Date of Management Review

The Foundation has performed an evaluation of subsequent events through June 6, 2023, 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.