

MILITARY FAMILY ADVISORY NETWORK
(a nonprofit organization)

FINANCIAL STATEMENTS

Year Ended December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Military Family Advisory Network
Alexandria, VA

We have audited the accompanying financial statements of Military Family Advisory Network (MFAN), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MFAN as of December 31, 2018, 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.

Renner and Company, CPA, P.C.

Alexandria, Virginia
December 18, 2019

MILITARY FAMILY ADVISORY NETWORK

STATEMENT OF FINANCIAL POSITION

December 31, 2018

ASSETS

CURRENT ASSETS

Cash	<u>\$ 241,249</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Credit card payable	<u>\$ 2,307</u>
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NET ASSETS

Without donor restrictions	53,496
With donor restrictions	<u>185,446</u>

TOTAL NET ASSETS

238,942

TOTAL LIABILITIES AND NET ASSETS

\$ 241,249

See Notes to Financial Statements.

MILITARY FAMILY ADVISORY NETWORK

STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 15,029	\$ 252,000	\$ 267,029
Donated services	664,553	-	664,553
Net assets with donor restrictions released from restrictions	<u>204,575</u>	<u>(204,575)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>884,157</u>	<u>47,425</u>	<u>931,582</u>
EXPENSES			
Program	823,492	-	823,492
Management and general	97,274	-	97,274
Fundraising	<u>8,866</u>	<u>-</u>	<u>8,866</u>
TOTAL EXPENSES	<u>929,632</u>	<u>-</u>	<u>929,632</u>
CHANGE IN NET ASSETS	(45,475)	47,425	1,950
NET ASSETS, beginning of year	<u>98,971</u>	<u>138,021</u>	<u>236,992</u>
NET ASSETS, end of year	<u>\$ 53,496</u>	<u>\$ 185,446</u>	<u>\$ 238,942</u>

See Notes to Financial Statements.

MILITARY FAMILY ADVISORY NETWORK

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salary	\$ 51,819	\$ 7,500	\$ -	\$ 59,319
Payroll taxes	3,964	574	-	4,538
Accounting fee	-	750	-	750
Bank charges	-	297	-	297
Consulting	25,000	-	-	25,000
Donated services	579,180	85,373	-	664,553
Insurance	1,005	146	-	1,151
Marketing	37,412	230	-	37,642
Meals	7,565	627	-	8,192
Meetings	68,490	-	-	68,490
Office supplies	227	-	-	227
Postage and printing	501	59	157	717
Professional fees	60	467	-	527
Registration and licensing	-	163	8,709	8,872
Technology	2,514	68	-	2,582
Telecommunication	160	900	-	1,060
Travel	45,595	120	-	45,715
TOTAL EXPENSES	<u>\$ 823,492</u>	<u>\$ 97,274</u>	<u>\$ 8,866</u>	<u>\$ 929,632</u>

See Notes to Financial Statements.

MILITARY FAMILY ADVISORY NETWORK

STATEMENT OF CASH FLOWS

Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from operations	
Support and revenue	<u>\$ 931,582</u>
Cash used in operations	
Payments to employees and suppliers	<u>931,402</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>180</u>
NET INCREASE IN CASH	180
CASH, beginning of year	<u>241,069</u>
CASH, end of year	<u><u>\$ 241,249</u></u>

See Notes to Financial Statements.

MILITARY FAMILY ADVISORY NETWORK

STATEMENT OF CASH FLOWS

Year Ended December 31, 2018

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

CHANGE IN NET ASSETS	<u>\$ 1,950</u>
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS USING CASH	
LIABILITIES	
Credit card payable	<u>(1,770)</u>
NET CHANGES IN ASSETS AND LIABILITIES	<u>(1,770)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 180</u></u>

See Notes to Financial Statements.

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE

Nature of Activities

The Military Family Advisory Network (MFAN), a 501(c)(3) organization, was founded in 2013 to develop a community of military and veteran families, at home and abroad, who are well informed about important resources designed to serve them, equipped with tools for success, connected to leaders who serve the military family community, and embraced by the general public.

MFAN's mission is to connect military families to impact-driven resources through social and interactive programs.

A brief description of major programs include:

Advisory Board Peer-to-Peer Network

Since 2013, MFAN has convened a group of military and veteran spouses who are also leaders in their communities, in order to form a fuller understanding of what military families need and value. Advisors serve for a two-year term and meet on a monthly basis through video conferences and three times a year for in-person meetings. We talk about what we are seeing, hearing, and experiencing in our military communities, and when a challenge is raised, we work together to find the best solution. During these meetings, advisors also regularly review programs and resources presented by other organizations, providing candid feedback informed by their experiences as members of a military family. Through the diverse networks of each advisory board member, MFAN is able to implement a peer influencer model, which allows for real, authentic connection and information sharing across the military and veteran community.

Research and Program Evaluation

In order to effectively develop programs that drive meaningful impact and better inform lawmakers, leaders, decision-makers and communities, we must first understand military families' current needs. MFAN leverages its internal capability to listen to families' stories and experiences in their own words through rigorous qualitative research. This evidence-based information gathering supplements the quantitative research conducted by the Department of Defense and other research organizations in a meaningful way, as learning about military families' needs in their own words has been the most effective way to provide a fuller picture of the realities faced by military families.

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

MFAN's in-house research team, comprised of doctorate-level researchers, design relevant survey instruments that help us understand the programs and services military families value, need, and where gaps exist. Our research team analyzes the data and then shares our findings through a comprehensive report. MFAN's use of cutting-edge data analysis software allows the team to evaluate patterns and trends in its qualitative data, providing unique insights into military family life. This reporting is supplemented by outreach efforts and meetings with key influencers to discuss what we have learned through this scientific research.

Military families trust MFAN as a partner throughout their military career which has led to an overwhelming survey response. The research team's agility allows MFAN to conduct both large-scale surveys and smaller, topical surveys when needs arise. A national survey, fielded biannually, explores military families' current support programming needs. The results are used to guide decision-making within MFAN, including the advisory board, when collaborating with others, adding to existing programs, or developing new programs. MFAN's work is critical in supporting all military and veteran families today and those who will follow tomorrow.

The MFAN research team also leads our impact assessment across programs. To do this, we engage in a continual program evaluation process, from inception and throughout implementation, and beyond. Before launching a program, we evaluate the landscape for support through research and work with our advisory board. As we implement programs, we engage participants and stakeholders to ensure that we have effective outcomes.

Our research has lead to the development of the following initiatives:

MilYou

Military family wellness is an area of need that consistently rises through MFAN's research efforts. In order to support military families in the areas of physical health, mental health, and healthy relationships, MFAN built MilYou, an online and social roadmap filled with helpful information and resources. This mobile-optimized program gives military family participants the opportunity to learn through bite-sized chunks of information and a fully moderated social portal where they can engage with subject matter experts and other program participants.

MilMap

MilMap, a user-generated resource locator map, was designed to help military families find and build community. MilMap helps them connect to each other by increasing the visibility of programs and resources designed to support the military and veteran community. Once a military family submits a program for MilMap inclusion, our team vets the resource, then uploads it into MilMap.

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

MilMap is mobile-optimized and user-friendly, allowing military families to access the information they need regardless of where they are.

MilCents

In 2015, MilCents, MFAN's Financial Education Program, was created to help military families understand their finances better and prepare for life's financial uncertainties. MilCents was built in collaboration with the National Foundation for Credit Counseling, the Better Business Bureau, and the Financial Industry National Regulatory Authority Foundation. This program is a mobile-optimized, self-guided educational program that provides straightforward information and access to easy-to-understand resources. Similar to MilYou, MilCents includes a fully moderated social platform where participants can connect with other participants and experts.

Military Family Financial Readiness Coalition

The purpose of the Military Family Financial Readiness Coalition (MFFRC) is to bring together both public and private organizations committed to the financial wellness and stability of military families. Through quarterly meetings and monthly communication, the MFFRC provides an opportunity for organizations with a vested interest in the financial well being of military families to share ideas, lessons learned, best practices, challenges, and opportunities; to more effectively serve our families and respond to their evolving needs.

Military Family Food Insecurity Coalition

This program will allow us to understand and combat the root causes of military family hunger and create a solution that can be scaled nationally. Our goal is simple: prevent military family hunger by responsibly addressing the root causes through education, research, and connecting military families to the resources they need to thrive. Participating organizations include the top anti-hunger organizations and military family organizations with a food distribution program or advocacy stance on military family food insecurity topics.

Basis of Accounting

MFAN prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted within the United States (U.S. GAAP). Revenues are recognized in the period in which they are earned; expenses are recognized in the period in which they are incurred.

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Cash and Cash Equivalents

As of December 31, 2018, cash consists of a checking account. MFAN considers all highly liquid investments with initial maturities of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2018.

Accounts Receivable

Receivables are stated at net realizable value. MFAN provides an allowance for bad debts using the allowance method, which is based on the judgment of management considering historical information. Management records an allowance based on the history of collectability and its efforts to collect outstanding allowance. When all collection efforts have been exhausted, the accounts are written off against the related allowance. There were no accounts receivable and allowance for doubtful accounts as of December 31, 2018.

Fixed Assets and Depreciation

Fixed asset purchases in excess of \$1,000 are capitalized and are stated at cost, less accumulated depreciation. Depreciation of equipment is recorded on a straight-line basis over the estimated useful lives of the assets which are three to seven years. Donated assets are capitalized at fair market value on the date of donation.

Basis of Presentation

In accordance with U.S. GAAP, MFAN's net assets are classified into two categories: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions

MFAN includes operating net assets which are available for the general operations of the organization as net assets without donor restriction.

Net Assets With Donor Restrictions

MFAN reports gifts of cash and other restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Adoption of New Accounting Standard

MFAN has adopted the financial statement presentation and disclosure standards contained in the Financials Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financials Statements for Not-for-Profit Entities*, modifying ASC 958. The change has been applied as of December 31, 2018 with no effect on beginning net assets.

Restricted and Unrestricted Revenue

Contributions received are recorded as support without donor restriction or support with donor restriction, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, from the general public are recognized when received. All contributions are considered to be without donor restriction unless specifically restricted by the donor.

Donated Services

Donated services are recorded at their estimated fair value on the date of receipt. Donated services are recognized in the financial statements at their fair value if the services require specialized skills and the services would typically need to be purchased if not donated.

Income Taxes

MFAN is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. In addition, tMFAN qualifies for the charitable contributions deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). MFAN had no taxable unrelated business income for the year ended December 31, 2018.

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated MFAN's tax positions and concluded there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

Allocated Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as salary, payroll taxes, donated services, insurance, marketing, meals, postage and printing, professional fees, registration and licensing, technology, telecommunication and travel expenses, have been allocated among the program and management and general, and fundraising benefits based on level of effort.

Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with U.S. GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

The significant estimates affecting the financial statements include the estimated fair value of the donated services are discussed in Note 4.

Liquidity

MFAN maintains a liquid cash balance in the checking account in an amount necessary to meet its anticipated expenditures for the next 30 days. Cash in excess of this amount is set aside as reserves.

MFAN's financial assets available within one year to meet cash needs for general expenditures through December 31, 2019 are as follows:

Financial Assets	
Cash	\$ 241,249
Less amounts not available within one year	
Purpose restricted net assets	<u>185,446</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 55,803</u></u>

2. CASH

Cash as of December 31, 2018 consists of the following:

Checking account	<u><u>\$ 241,249</u></u>
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As of December 31, 2018, all cash was covered by the Federal Deposit Insurance.

MILITARY FAMILY ADVISORY NETWORK

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2018

3. NET ASSETS WITH DONOR RESTRICTIONS

A summary of net assets with donor restriction for the year ended December 31, 2018 is as follows:

	Balance at December 31, 2017	Revenue and Support	Released	Balance at December 31, 2018
Purpose restricted:				
Financial Education	\$ 101,168	\$ 140,000	\$ (104,017)	\$ 137,151
Research	33,612	50,000	(49,081)	34,531
Entrepreneurship	-	35,000	(21,236)	13,764
Advisory	3,241	27,000	(30,241)	-
	<u>\$ 138,021</u>	<u>\$ 252,000</u>	<u>\$ (204,575)</u>	<u>\$ 185,446</u>

4. DONATED SERVICES

Reingold, Inc. provided in-kind support around media, web design, project management and other support services that valued at a blended rate of \$100 per hour based on actual hours spent by Reingold, Inc.'s employees for each project. As required by U.S. GAAP, MFAN recorded donated services in the amount of \$664,553 for the year ended December 31, 2018.

5. SUBSEQUENT EVENTS

In preparing these financial statements, MFAN has evaluated events and transactions for potential recognition or disclosure through December 18, 2019, the date the financial statements were available to be issued.