

**Woody Williams Foundation, Inc.
(Non-Profit)**

**Financial Report
(Audit)**

December 31, 2022

Woody Williams Foundation, Inc.

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Independent Auditor's Report

To the Board of Directors
Woody Williams Foundation, Inc.
Louisville, Kentucky

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Woody Williams Foundation, Inc. (a non profit 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 Woody Williams Foundation, Inc. as of December 31, 2022 and the results of its operations and its cash flows for the year then ended in conformity 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Woody Williams Foundation, Inc. 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 Woody

Williams Foundation, Inc.'s ability to continue as a going concern for the year ended December 31, 2022.

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 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Woody Williams Foundation Inc.'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 Woody Williams Foundation, Inc.'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.

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Wadsworth, Ohio

May 8, 2023

Woody Williams Foundation, Inc.
Statement of Financial Position
December 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 20,538	
Restricted cash	861,604	
Total Cash and Cash Equivalents	882,142	

Other Current Assets

Accounts Receivable	301	
Investments	26,768	
Total Other Current Assets	27,069	

Property, Plant, & Equipment

Equipment	8,855	
Less: Accumulated depreciation	(3,747)	
Net Property, Plant, and Equipment	5,108	

TOTAL ASSETS

\$ 914,319

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 24,062	
Accrued payroll	5,575	
Accrued expenses	4,000	
Loan payable	-	
Other current liabilities	7,388	
TOTAL CURRENT LIABILITIES	41,025	

LONG TERM LIABILITIES

Long term debt	-	
TOTAL LONG TERM LIABILITIES	-	
TOTAL LIABILITIES	41,025	

NET ASSETS

Unrealized gains on investments	18,766	
Without donor restrictions	146,590	
With donor restrictions	707,938	
Total Net Assets	873,294	

TOTAL LIABILITIES AND NET ASSETS

\$ 914,319

The accompanying notes are an integral part of these financial statements.

Woody Williams Foundation, Inc.
Statement of Activities
December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions			
In-Kind	\$ -	\$ 27,933	\$ 27,933
Gov't and Non-Profits	108,878	833,237	942,115
Businesses	96,830	362,429	459,259
Individuals	97,320	300,772	398,092
Transfers	106,787	(106,787)	-
Total Direct Public Support	409,815	1,417,584	1,827,399
Miscellaneous Revenue			
Interest Income	254	-	254
Other	321	-	321
Total Miscellaneous Revenue	575	-	575
TOTAL REVENUES	410,390	1,417,584	1,827,974
EXPENSES			
Accounting and Audit Fees	31,803	-	31,803
Banking and Processing Fees	2,043	2,713	4,756
Contributions	650	-	650
Community Outreach Promotional	4,848	3,687	8,535
Community Outreach Material	5,028	414	5,442
Community Outreach Events	20,823	8,023	28,846
Depreciation	1,119	-	1,119
Donor Drives and Expenses	6,051	5,620	11,671
Gold Star Family Memorials	3,182	1,443,150	1,446,332
Liability Insurance	2,892	-	2,892
Marketing and Media	28,750	20,564	49,314
Meals	4,812	1,997	6,809
Office	15,488	-	15,488
Payroll Taxes and Insurance	22,808	-	22,808
Postage	3,263	231	3,494
Printing and Copying	4,815	-	4,815
Rent	15,921	-	15,921
Salaries and Wages	253,445	30,321	283,766
Scholarships	-	7,005	7,005
State Business Registrations	8,558	-	8,558
Travel	45,497	1,773	47,270
Website Maintenance	9,190	10,829	20,019
Total Expenses	490,986	1,536,327	2,027,313
Other (Income) Expense			
Other (Income) Expense	-	-	-
Total Other (Income) Expense	-	-	-
CHANGE IN NET ASSETS	\$ (80,596)	\$ (118,743)	\$ (199,339)
NET ASSETS - BEGINNING OF YEAR	227,186	826,681	1,053,867
NET ASSETS - END OF YEAR	\$ 146,590	\$ 707,938	\$ 854,528

The accompanying notes are an integral part of these financial statements.

Woody Williams Foundation, Inc.
Statement of Functional Expenses
December 31, 2022

	<u>Fundraising</u>	<u>Administrative</u>	<u>Program</u>	<u>Total</u>
Accounting and Audit Fees	\$ -	\$ 12,721	\$ 19,082	\$ 31,803
Banking and Processing Fees	-	4,756	-	4,756
Contributions	-	-	650	650
Community Outreach Promotional	-	-	8,535	8,535
Community Outreach Material	-	-	5,442	5,442
Community Outreach Events	-	-	28,846	28,846
Depreciation	-	-	1,119	1,119
Donor Drives and Expenses	11,671	-	-	11,671
Gold Star Family Memorials	-	-	1,446,332	1,446,332
Liability Insurance	-	2,892	-	2,892
Marketing and Media	-	19,726	29,588	49,314
Meals	-	2,404	4,405	6,809
Office	-	15,488	-	15,488
Payroll Taxes and Insurance	3,137	627	19,044	22,808
Postage	-	3,494	-	3,494
Printing and Copying	-	482	4,333	4,815
Rent	-	15,921	-	15,921
Salaries and Wages	41,019	8,191	234,556	283,766
Scholarships	-	-	7,005	7,005
State Business Registrations	-	8,558	-	8,558
Travel	150	9,948	37,172	47,270
Website Maintenance	2,002	4,004	14,013	20,019
TOTAL	<u>\$ 57,979</u>	<u>\$ 109,212</u>	<u>\$ 1,860,122</u>	<u>\$ 2,027,313</u>

The accompanying notes are an integral part of these financial statements.

Woody Williams Foundation, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from contributors	\$ 1,827,419
Cash paid to vendors	(1,747,363)
Cash paid to employees	(303,947)
Interest/dividends received	254
CASH USED IN OPERATING ACTIVITIES	(223,637)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Investments	19,035
Purchase of property, plant and equipment	-
CASH PROVIDED BY INVESTING ACTIVITIES	19,035
 CASH FLOWS FROM FINANCING ACTIVITIES	
Loan payable	-
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	-
 NET DECREASE IN CASH, CASH EQUIVALENTS & RESTRICTED CASH	
	(204,602)
 CASH, CASH EQUIVALENTS & RESTRICTED CASH - BEGINNING OF YEAR	
	1,086,744
 CASH, CASH EQUIVALENTS & RESTRICTED CASH - END OF YEAR	
	\$ 882,142

The accompanying notes are an integral part of these financial statements.

Woody Williams Foundation, Inc.
Notes to Financial Statements
December 31, 2022

1. Nature of Operations

Woody Williams Foundation, Inc. (the "Foundation") is 501(c)(3) which began operations in October 2010. The Foundation pursues specific endeavors and goals through the vision of Medal of Honor recipient Hershel "Woody" Williams. The Foundation encourages, with the assistance of the American public and community, the recognition of Gold Star Families and the tremendous sacrifices each has endured. The Foundation pursues establishing permanent Gold Star Families Memorial Monuments in communities throughout the country, providing scholarships to eligible Gold Star Families, as well as sponsoring and hosting outreach programs for Gold Star Families.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. A summary of the Foundation's accounting policies are as follows:

Cash, Cash Equivalents and Restricted Cash - The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The following tables provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the statement of cash flows.

Cash and cash equivalents	\$ 20,538
Restricted funds	861,604
Total cash, cash equivalents, and restricted cash as shown on the statement of cash flows	<u>\$ 882,142</u>

Statement of Cash Flows - The Foundation did not pay any interest or Federal or State income taxes during 2022. In accordance with ASU 2018-16, "Statement of Cash Flows", restricted cash has been included in cash and cash equivalents in the accompanying Statement of Cash Flows.

Accounts Receivable and Revenue – Accounts receivable and revenue are recorded in the month the contribution is received.

On January 1, 2020, the Foundation adopted Accounting Standards Update 2014-09 ("ASC 606"), *Revenue from Contracts with Customers*, which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. The majority of the Foundation's revenues come from donations, including governmental entities, other non-profit organizations, businesses and individuals. The Foundation also receives in kind donations. The revenue is recognized at the time the donations are received. The Company determined that there was no impact on the financial statements due to the adoption of this standard.

Property, Equipment, and Depreciation – Property and equipment are recorded at cost. Donated assets are recorded at fair value at the date of donation. The Foundation capitalizes acquisitions of property and equipment over \$500. Repairs and maintenance costs are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful life of the asset, 5-10 years for furniture and equipment.

See independent accountant's audit report.

Woody Williams Foundation, Inc.
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Depreciation expense was \$1,119 for the year ended December 31, 2022.

Income Taxes – The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for federal, state, or local income taxes have been made in the accompanying financial statements.

The Financial Accounting Standards Board has provided guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are more-likely-than-not to be sustained when challenged or when examined by the applicable taxing authority. There are no uncertain tax positions requiring recognition.

The Company has made a reasonable estimate of the tax impact of the CARES Act in its financial statements, and while the Company does not believe that there will be further material impacts to the financial statements related to the CARES Act tax provisions, the Company will continue to evaluate the impact of the CARES Act and any guidance provided by the U.S. Treasury and the IRS on its financial statements. It is possible our estimates could differ materially from the actual tax impact to us of the CARES Act.

Use of 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 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 may differ from those estimates.

Classification of Net Assets – The Foundation has adopted ASU 2016-14, “Not-For-Profit Entities: Presentation of Financial Statements of Not-For-Profit Entities.” This requires that net assets be reported in two classes as follows:

- Net assets without restrictions represent the portion of expendable funds that are available for support of the Foundation's operations or that have been designated by the Board for a particular purpose.
- Net assets with donor restrictions represent donations requiring that the amount be used for a particular memorial to be built in a particular location.

Expenses are summarized and categorized based upon their functional classification as either program, administrative services or fundraising. Specific expenses that are readily identifiable to the program or service are charged directly to that function. Certain categories of expenses are attributable to more than one function; therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated on the basis of estimates of time and effort.

3. Concentrations of Credit Risk

At various times during the year ended December 31, 2022, bank balances have exceeded federally insured limits. At December 31, 2022, bank balances exceeded federally insured limits by \$632,040. The Foundation's policy is to limit credit exposure on financial instruments and to place cash, cash equivalents and restricted cash with financial institutions that are credit worthy.

See independent accountant's audit report.

Woody Williams Foundation, Inc.
Notes to Financial Statements
December 31, 2022

4. Restricted Contribution Policy

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

5. Investments

Investments in securities are recorded at fair value and consist of common stock. The approximate fair value of these investments was \$26,768 at December 31, 2022 based on quoted market prices. The original basis of these investments was \$8,002. All investments are Level 1 investments based on the frequency and availability of market pricing and the ability to directly control the investment.

6. Donation of Airline Miles

The Foundation received 3 million airline miles from a donor in 2022. The Foundation has 1,750,806 miles remaining at December 31, 2022. Because the value of the airline miles cannot be reasonably estimated, they are not recorded on the financial statements at December 31, 2022. The Foundation will use these miles for traveling to and from each memorial build.

7. Operating Leases

On January 1, 2022, the Company adopted Accounting Standards Update (“ASU”) 2016-02, Lease Accounting. This ASU requires companies to record a right to use asset and offsetting lease liability to be recorded on the balance sheet when operating leases meet certain requirements. The Company has determined that there is no impact on the financial statements for the year ended December 31, 2022 and has determined that their operating lease does not qualify for treatment under this new standard. The Foundation made an accounting policy election not to recognize lease assets and liabilities on the balance sheet with terms of 12 months or less and that do not include a purchase option that is “reasonably certain” to be exercised.

Beginning May 2018, the Foundation leased office space on a month to month basis. The monthly rent amount was \$1,100 for the year ended December 31, 2022. The Foundation also leases storage units on a month to month basis beginning October 2017. The monthly rent amount was \$320 for the year ended December 31, 2022. For the year ended December 31, 2022, total rent expense was \$15,921. The Foundation has the ability to cancel both leases with five to seven days’ advance written notice.

8. Liquidity

The Foundation’s primary source of revenue are contributions from donors. Because the Foundation’s has an unrestricted revenue stream, the Foundation anticipates it will have no difficulty maintaining sufficient resources to meet any restrictions imposed by its donors during the upcoming year. The Foundation had \$861,604 in restricted cash at December 31, 2022. The Foundation also had \$20,538 in unrestricted cash and cash equivalents available to meet obligations for general expenditures.

9. COVID-19 Pandemic

The United States broadly continues to experience the COVID-19 pandemic, which has significantly disrupted, and likely will continue to significantly disrupt for some period, the nation’s economy and the senior living industry. The extent to which the COVID-19 pandemic impacts the Company’s operations

See independent accountant’s audit report.

Woody Williams Foundation, Inc.
Notes to Financial Statements
December 31, 2022

will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact and the direct and indirect economic effects of the pandemic and containment measures, among others. Management cannot predict if the COVID-19 pandemic will have a material or adverse effects on the Company's financial condition, results of operations or cash flows in the future.

10. Subsequent Events

No reportable subsequent events have been identified. Subsequent events were evaluated through May 10, 2023, which is the date the financial statements were available to be issued.

See independent accountant's audit report.