

The Intrepid Fallen Heroes Fund

Financial Statements

April 30, 2021

Independent Auditors' Report

Board of Directors

The Intrepid Fallen Heroes Fund

We have audited the accompanying financial statements of The Intrepid Fallen Heroes Fund ("IFHF"), which comprise the statement of financial position as of April 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Intrepid Fallen Heroes Fund as of April 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Intrepid Fallen Heroes Fund's April 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

December 3, 2021

The Intrepid Fallen Heroes Fund

Statement of Financial Position
April 30, 2021
(with comparative amounts at April 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 13,691,307	\$ 8,759,829
Certificate of deposit	275,000	275,000
Pledges and contributions receivable, net	849,951	1,569,572
Due from affiliates	196	31,965
Prepaid expenses and other assets	34,793	12,530
Construction in progress	<u>490,100</u>	<u>10,732,464</u>
	<u>\$ 15,341,347</u>	<u>\$ 21,381,360</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 68,060	\$ 128,874
Construction costs payable	<u>255</u>	<u>1,591,693</u>
Total Liabilities	<u>68,315</u>	<u>1,720,567</u>
Net Assets		
Without donor restrictions	12,446,408	18,157,113
With donor restrictions	<u>2,826,624</u>	<u>1,503,680</u>
Total Net Assets	<u>15,273,032</u>	<u>19,660,793</u>
	<u>\$ 15,341,347</u>	<u>\$ 21,381,360</u>

See notes to financial statements

The Intrepid Fallen Heroes Fund

Statement of Activities
For the Year Ended April 30, 2021
(with summarized totals for the year ended April 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
SUPPORT AND REVENUE				
Contributions and grants	\$ 6,135,777	\$ 1,503,500	\$ 7,639,277	\$ 7,861,380
In-kind contributions	55,724	-	55,724	70,469
(Loss) gain on sale of assets	(1,877)	-	(1,877)	390
Interest and dividends	43,290	-	43,290	199,100
Net assets released from restrictions	180,556	(180,556)	-	-
Total Support and Revenue	6,413,470	1,322,944	7,736,414	8,131,339
EXPENSES				
Program	11,376,772	-	11,376,772	305,648
Supporting Services				
Management and general	468,495	-	468,495	553,832
Fundraising	278,908	-	278,908	368,604
Total Expenses	12,124,175	-	12,124,175	1,228,084
Change in Net Assets	(5,710,705)	1,322,944	(4,387,761)	6,903,255
NET ASSETS				
Beginning of year	18,157,113	1,503,680	19,660,793	12,757,538
End of year	\$ 12,446,408	\$ 2,826,624	\$ 15,273,032	\$ 19,660,793

See notes to financial statements

The Intrepid Fallen Heroes Fund

Statement of Functional Expenses
For the Year Ended April 30, 2021
(with summarized totals for the year ended April 30, 2020)

	Program	Management and General	Fundraising	2021 Total	2020 Total
Payroll and related expenses	\$ 167,389	\$ 277,520	\$ 195,744	\$ 640,653	\$ 715,170
Occupancy	-	17,230	-	17,230	17,230
Contracted services	-	8,114	25,694	33,808	61,795
Contributions and grants	11,202,408	-	-	11,202,408	123,852
Postage and delivery	-	1,008	3,192	4,200	8,938
Office expenses	-	14,861	-	14,861	17,044
Marketing	-	16,406	-	16,406	17,982
Design and printing	-	367	1,164	1,531	18,605
Public relations	-	480	1,520	2,000	36,289
Travel	-	-	-	-	6,397
Telephone and internet	-	1,199	3,796	4,995	4,293
Utilities	-	3,023	4,796	7,819	5,244
Insurance	-	57,460	-	57,460	37,820
Professional fees	-	53,686	22,250	75,936	101,677
Regulatory fees	6,975	-	-	6,975	6,812
Service charges	-	2,854	20,637	23,491	35,172
Provision for uncollectible pledges	-	1,740	-	1,740	9,237
Interest	-	9,682	-	9,682	-
Other expenses	-	2,865	115	2,980	4,527
Total Expenses Reported by Function on the Statement of Activities	<u>\$11,376,772</u>	<u>\$ 468,495</u>	<u>\$ 278,908</u>	<u>\$12,124,175</u>	<u>\$ 1,228,084</u>

See notes to financial statements

The Intrepid Fallen Heroes Fund

Statement of Cash Flows
For the Year Ended April 30, 2021
(with comparative amounts for the year ended April 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (4,387,761)	\$ 6,903,255
Adjustments to reconcile change in net assets to net cash from operating activities		
Provision for uncollectible pledges	1,740	9,237
Donation of marketable securities	(88,766)	(21,930)
Loss (gain) on sale of assets	1,877	(390)
Intrepid Spirit Centers proffered to the United States Air Force	11,084,655	-
Changes in Operating Assets and Liabilities		
Pledges and contributions receivable	717,881	(1,546,666)
Due from affiliates	31,769	(31,776)
Prepaid expenses and other assets	(22,263)	(11,332)
Accounts payable and accrued liabilities	(60,814)	20,984
Net Cash from Operating Activities	7,278,318	5,321,382
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	86,889	22,320
Payments for construction in progress, net	(2,433,729)	(8,535,927)
Net Cash from Investing Activities	(2,346,840)	(8,513,607)
Net Change in Cash	4,931,478	(3,192,225)
CASH		
Beginning of year	8,759,829	11,952,054
End of year	\$ 13,691,307	\$ 8,759,829
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Non Cash Investing Activities		
Construction in Progress Costs Payable Included in Construction Costs Payable	\$ -	\$ 1,485,116

See notes to financial statements

The Intrepid Fallen Heroes Fund

Notes to the Financial Statements
April 30, 2021

1. Organization and Tax Status

The Intrepid Fallen Heroes Fund (“IFHF”) was formed on October 30, 2003 as a not-for-profit corporation organized under the laws of the State of New York.

Through May 12, 2005, IFHF provided support for dependent family members of United States and British military personnel lost in performance of their duty, mostly in service in Iraq and Afghanistan. In 2005, federal legislation substantially increased the benefits granted to these families. IFHF therefore redirected its support toward severely injured military personnel.

In January 2007, IFHF completed construction of the Center for the Intrepid (the “Center”), a world-class state-of-the-art physical rehabilitation center at Brooke Army Medical Center in San Antonio, Texas. The Center serves military personnel who have been catastrophically disabled in operations in Iraq and Afghanistan, and elsewhere in the normal performance of their duties. Upon completion of construction, the Center was donated to the United States Army, which assumed responsibility for its operations and maintenance.

IFHF next embarked on the construction and equipping of the National Intrepid Center of Excellence (“NICoE”), a 72,000-square-foot facility, located at Walter Reed National Military Medical Center in Bethesda, MD. NICoE is dedicated to research, diagnosis and treatment of traumatic brain injury (TBI) and post-traumatic stress (PTS), which afflicts hundreds of thousands of military personnel and veterans. Upon completion of NICoE, the facility was officially turned over to the United States Department of the Navy on June 24, 2010, for staffing and operation.

IFHF then launched a new campaign to extend the care provided at NICoE to more service members suffering TBI and PTS. IFHF is building ten “Intrepid Spirit Centers” at major military bases around the country. These centers act as satellites to the central NICoE facility and allow urgently needed care to be brought to more troops and closer to home. IFHF has a \$100 million campaign underway to raise funds for the construction of the Intrepid Spirit Centers.

Since fiscal 2014, seven Intrepid Spirit Centers have been built: at Fort Belvoir, Virginia; Camp Lejeune, North Carolina; Fort Campbell, Kentucky; Fort Bragg, North Carolina; Fort Hood, Texas; Joint Base Lewis-McChord, Washington; and Camp Pendleton, California. In fiscal year 2019, construction began on the Intrepid Spirit Center at Eglin Air Force Base, Florida (eighth Intrepid Spirit Center). Construction at Eglin Air Force Base was completed in June 2020 (fiscal year 2021) and this Intrepid Spirit Center facility was transferred to the United States government. In fiscal 2020, architectural designs and planning began for the start of construction at the Intrepid Spirit Center at Fort Carson, Colorado (ninth Intrepid Spirit Center). IFHF continues fundraising for an additional center to be constructed at Fort Bliss, Texas (tenth Intrepid Spirit Center).

The Intrepid Fallen Heroes Fund

Notes to the Financial Statements
April 30, 2021

1. Organization and Tax Status *(continued)*

IFHF is supported by public contributions which are used specifically for construction of the Intrepid Spirit Centers and any other mission related costs.

IFHF has been determined by the Internal Revenue Service to be a charitable organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as a publicly supported organization and not as a private foundation under Section 509(a)(1) of the IRC, and qualifies for the maximum charitable contribution deduction by donors.

2. Summary of Significant Accounting Policies

Basis of Accounting

IFHF's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires IFHF's management to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingencies, if any, at the date of the financial statements, and the reported amounts of support and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Net Asset Presentation

The financial statements report net assets separately by class of net assets. Net assets without donor restrictions are those that are not subject to donor-imposed or time restriction stipulations. Net assets with donor restrictions represent contributions whose use is limited by donors with a specific time period or purpose and may include net assets to be held in perpetuity. At April 30, 2021 and 2020, there were no net assets to be held in perpetuity. When a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Certificate of Deposit

IFHF's certificate of deposit matured on July 29, 2021, is recorded at cost, which approximates fair value, and bears interest at an annual rate of .075%. Upon maturity, the proceeds will be reinvested in another certificate of deposit.

The Intrepid Fallen Heroes Fund

Notes to the Financial Statements
April 30, 2021

2. Summary of Significant Accounting Policies *(continued)*

Pledges and Contributions Receivable

Pledges and contributions receivable are stated net of an allowance for doubtful accounts. A provision for uncollectible pledges is provided for based on the allowance method based on historical experience and management's estimation of collection losses on outstanding receivables. As of April 30, 2021, all pledges and contributions receivable are anticipated to be collected within one year.

Construction in Progress

Construction in progress is stated at cost, which includes the cost of construction and other costs attributable to the construction of the Intrepid Spirit Centers. No provision for depreciation is made on construction in progress since such assets will be transferred to the U.S. Government upon completion.

Contributions

Contributions and unconditional promises to give are measured at their fair values when received and are classified as net assets without donor restrictions or net assets with donor restrictions support based on donor imposed stipulations, if any.

Donated securities are recorded at their fair value on the date of gift and are typically sold upon receipt. Realized gains and losses on the sale of donated securities are computed on the specific identification method.

In-kind Contributions

Contributed services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions are reflected in the accompanying statement of activities at their fair value at the time the services are rendered.

The free use of facilities and goods donated as part of program services, fundraising activities, or management and general expenses are recorded in the accompanying financial statements at their fair value on date of use or receipt to the extent that such amounts can be reasonably estimated.

In addition, a number of volunteers have made significant contributions of their time. The value of such contributions does not meet the criteria for recognition of contributed services provided by U.S. GAAP and accordingly, is not reflected in the accompanying financial statements.

The Intrepid Fallen Heroes Fund

Notes to the Financial Statements
April 30, 2021

2. Summary of Significant Accounting Policies *(continued)*

Functional Allocation of Expenses

IFHF reports its expenses by their functional classification, which is the reporting by major programs and supporting activities. Program services are the activities that result in services being provided to beneficiaries pursuant to IFHF's missions. Supporting activities are classified as management and general activities and include all management and administrative functions, such as oversight, and business management but exclude direct conduct of program services and fundraising activities. Fundraising activities include developing and maintaining relationships with major donors, foundations, and potential donors. Accordingly, certain costs have been allocated among the programs and supporting services benefited using a time and effort methodology.

Prior Year Summarized Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with IFHF's audited financial statements as of and for the year ended April 30, 2020.

Accounting for Uncertainty in Income Taxes

IFHF recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that IFHF had no uncertain tax positions that would require financial statement recognition or disclosure. IFHF is no longer subject to examinations by the applicable taxing jurisdictions for fiscal years prior to 2018.

3. Concentrations of Credit Risk

Financial instruments that potentially subject IFHF to significant concentrations of credit risk consist principally of cash, including certificates of deposit. IFHF maintains its cash with two financial institutions which are in excess of federally insured limits. IFHF has not experienced any losses in such accounts.

As of April 30, 2021 and 2020, one and two donors accounted for approximately 96% and 98% of gross pledges and contributions receivable.

The Intrepid Fallen Heroes Fund

Notes to the Financial Statements
April 30, 2021

4. Pledges and Contributions Receivable

Pledges and contributions receivable at April 30, 2021 and 2020 are shown net of an allowance for doubtful accounts of \$11,935 and \$13,710. The amounts receivable are all due in less than one year.

5. Construction in Progress

On June 5, 2020, IFHF formally proffered the completed eighth Intrepid Spirit Center at Eglin Air Force Base, Florida to the United States Air Force. Construction in progress costs related to the center totaling \$11,084,655 were expensed as part of contributions and grant expenses in the fiscal year 2021 financial statements.

Through April 30, 2021, IFHF incurred \$490,100 in construction costs related to the ninth Intrepid Spirit Center, and preliminary design costs for the tenth Intrepid Spirit Center (see note 1)

6. Transactions with Intrepid Museum Foundation (the "Museum")

An agreement between IFHF and the Museum provides for the exchange of certain services, including payroll and space between the two organizations. During the years ended April 30, 2021 and 2020, IFHF had transactions with the Museum as follows:

The Museum provided administrative and technical support to IFHF, free of charge. These costs, in the amount of \$55,724 and \$70,469, have been reported as in-kind contributions and are allocated among program, management and general and fundraising expenses.

IFHF provides administrative support for the Museum, free of charge. The costs relating to these services amounted to \$69,748 and \$52,764, and are included in payroll and related expenses under program, management and general and fundraising on the statement of functional expenses.

The Intrepid Fallen Heroes Fund

Notes to the Financial Statements
April 30, 2021

7. Liquidity and Availability of Financial Assets

IFHF's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position are as follows:

Financial assets at year end:	2021	2020
Cash	\$ 13,691,307	\$ 8,759,829
Certificate of deposit	275,000	275,000
Pledges and contributions receivable, net	849,951	1,569,572
Due from affiliates	196	31,965
Total financial assets	<u>14,816,454</u>	<u>10,636,366</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	2,826,624	1,503,680
Less: net assets with purpose restrictions expected to be met in less than one year	<u>(1,503,500)</u>	<u>(1,052,615)</u>
	<u>1,323,124</u>	<u>451,065</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 13,493,330</u>	<u>\$ 10,185,301</u>

The goal of IFHF is to maintain financial assets to meet twelve months of operating expenses. IFHF receives cash flows from grants and contributions made by donors through its fundraising efforts.

8. Related Party Transactions

A member of IFHF's Board is an officer in a law firm which provides legal services to IFHF. IFHF paid \$25,000 to the law firm for legal services in fiscal 2020. There were no services provided in fiscal 2021.

Revenue reflected in the accompanying statement of activities includes contributions from certain members of the Board and their affiliates totaling \$1,105,638 and \$2,714,325 in fiscal 2021 and fiscal 2020. As of April 30, 2020, \$1,519,232 was receivable from the Board members and their affiliated entities and is included within pledges and contributions receivable in the accompanying statement of financial position. There were no receivables due from Board members and their affiliates as of April 30, 2021.

IFHF occasionally incurs administrative expenses on behalf of an affiliated not-for-profit entity by virtue of common board membership. Additionally, during fiscal 2021, the affiliated entity pledged \$38,494 to IFHF, which is included within contributions and grants on the accompanying statement of activities. As of April 30, 2021 and 2020, \$196 and \$31,965 were due to IFHF from the affiliated entity and are shown as due from affiliates on the accompanying statement of financial position.

The Intrepid Fallen Heroes Fund

Notes to the Financial Statements
April 30, 2021

9. Net Assets with Donor Restrictions

As of April 30, 2021 and 2020, net assets with donor restrictions totaled \$2,826,624 and \$1,503,680. Releases from donor restrictions for Intrepid Spirit Centers sites' facility costs during fiscal 2021 and 2020 totaled \$180,556 and \$506,123.

10. Commitments

In connection with the construction of Intrepid Spirit Centers nine and ten (see note 1), as of April 30, 2021, IFHF has committed contracted spending on materials totaling \$13,382,221.

11. Tax Sheltered Salary Reduction Plan

IFHF offers a tax-sheltered salary reduction plan sponsored by the Museum to its employees. In fiscal year 2021 and 2020, IFHF made matching contributions up to a maximum of \$2,500 per employee, totaling \$6,209 and \$11,341.

12. COVID-19 ("Coronavirus") Pandemic

The ongoing Coronavirus pandemic has resulted in substantial volatility to the global economy. The pandemic continues to have the potential to adversely impact the results of operations. The extent to which the pandemic impacts IFHF's results will depend on future developments, which are highly uncertain and cannot be predicted, including new Coronavirus variants which may emerge and actions taken to contain the pandemic and its impact, among others. As a result, management cannot reasonably estimate the overall impact of the Coronavirus pandemic to IFHF's future results of operations, cash flows, or financial condition.

13. Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the data that the financial statements were available to be issued, which date is December 3, 2021.

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