



FOUNDATION

MVAT FOUNDATION
(A California not-for-profit corporation)

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
December 31, 2018

with comparative statements for the year ended December 31, 2017

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

MVAT FOUNDATION
(A California not-for-profit corporation)

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HZ CPAs & Advisors, P.C.

To the Board of Directors
MVAT Foundation
Los Angeles, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of MVAT Foundation, which comprise the statements of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the organization's 2017 financial statements and in our report dated June 30, 2018, an unmodified opinion was expressed on those 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.

Auditor's 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 from 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MVAT Foundation as of December 31, 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 5, 2019 on our consideration of MVAT Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering MVAT Foundation's internal control over financial reporting and compliance.

HZ CPAs & Advisors, P.C.

Buena Park, California

April 5, 2019

MVAT FOUNDATION
STATEMENT OF FINANCIAL POSITION
As of December 31, 2018
(With comparatives as of December 31, 2017)

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ <u>223,606</u>	\$ <u>235,454</u>
Total current assets	<u>223,606</u>	<u>235,454</u>
Property and equipment:		
Heroes Linked application (Note 4)	124,601	114,157
Less: accumulated depreciation (Note 4)	(78,523)	(53,131)
Net property and equipment	<u>46,078</u>	<u>61,026</u>
TOTAL ASSETS	<u>\$ 269,685</u>	<u>\$ 296,480</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ <u>6,000</u>	\$ <u>1,125</u>
Total current liabilities	<u>6,000</u>	<u>1,125</u>
Total liabilities	<u>6,000</u>	<u>1,125</u>
Net assets:		
Net assets without donor restrictions	263,685	295,355
Total net assets	<u>263,685</u>	<u>295,355</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 269,685</u>	<u>\$ 296,480</u>

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

MVAT FOUNDATION
STATEMENT OF ACTIVITIES
For the year ended December 31, 2018
(With comparative totals for the year ended December 31, 2017)

	<u>2018</u>	<u>2017</u>
SUPPORT AND REVENUES:		
Direct contributions	\$ 74,652	\$ 173,772
Special events (net of event expenses of \$97,861 in 2018 and \$104,106 in 2017)	320,110	217,927
Other income	<u>5,260</u>	<u>5,000</u>
Total support and revenues	<u>400,022</u>	<u>396,699</u>
EXPENSES:		
Program services	382,320	228,158
Management and general	<u>49,373</u>	<u>65,899</u>
Total expenses	<u>431,693</u>	<u>294,057</u>
Increase (decrease) in net assets	<u>(31,670)</u>	<u>102,642</u>
Net assets, beginning of the year	<u>295,355</u>	<u>192,713</u>
Net assets, end of the year	<u><u>\$ 263,685</u></u>	<u><u>\$ 295,355</u></u>

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

MVAT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2018
(With comparative totals for the year ended December 31, 2017)

	Programs	Management and general	Total	2017 Total
EXPENSES:				
Awards and grants	\$ 23,779	\$	\$ 23,779	\$ 855
Contract services expenses:				
Program management fees	185,991	14,000	199,991	174,100
Accounting fees	<u>7,860</u>	<u>7,860</u>	<u>7,860</u>	<u>8,769</u>
Total contract service expenses:	<u>185,991</u>	<u>21,860</u>	<u>207,851</u>	<u>182,869</u>
Operations expenses:				
Automobile expense		1,068	1,068	1,337
Advertising and promotion	5,860	3,670	9,530	4,073
Information technology	97,223	921	98,144	25,557
Supplies	1,538	185	1,723	4,769
Postage and shipping		60	60	487
Printing and copying	11,599	2,073	13,672	5,364
Total nonpersonnel expenses:	<u>116,220</u>	<u>7,977</u>	<u>124,197</u>	<u>41,587</u>
Facility and equipment expenses:				
Rent, parking, other occupancy		22	22	370
Equipment rental and maintenance	3,876		3,876	3,712
Depreciation	25,392		25,392	19,886
Total facility and equipment expenses:	<u>29,268</u>	<u>22</u>	<u>29,290</u>	<u>23,968</u>
Travel and meeting expenses:				
Travel	14,544	928	15,472	20,464
Conferences, conventions, meetings	7,982		7,982	5,184
Total travel and meeting expenses:	<u>22,526</u>	<u>928</u>	<u>23,454</u>	<u>25,648</u>
Other expenses:				
Insurance		9,372	9,372	8,062
Bank & credit card charges		834	834	713
Dues and subscriptions	146	470	616	1,878
Storage		2,988	2,988	2,718
Licenses and permits		92	92	150
Meals and entertainment	1,026	32	1,058	2,596
Outside services	3,364	4,665	8,029	2,928
Miscellaneous expenses	<u>133</u>	<u>133</u>	<u>133</u>	<u>85</u>
Total other expenses:	<u>4,536</u>	<u>18,586</u>	<u>23,122</u>	<u>19,130</u>
Total expenses	<u>\$ 382,320</u>	<u>\$ 49,373</u>	<u>\$ 431,693</u>	<u>\$ 294,057</u>

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

MVAT FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018	2017
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (31,670)	\$ 102,642
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	25,392	19,886
Changes in operating assets and liabilities:		
Increase (decrease) in liabilities:		
Accounts payable	4,875	1,125
Net cash provided by (used in) operating activities	(1,404)	123,653
Cash flows from investing activities:		
Cash used to purchase fixed assets	(10,444)	(20,248)
Net cash provided by (used in) investing activities	(10,444)	(20,248)
Net increase (decrease) in cash	(11,848)	103,405
Cash - beginning of the year	235,454	132,049
Cash - end of the year	\$ 223,606	\$ 235,454

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

MVAT FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES

ORGANIZATION

MVAT Foundation (Military and Veterans Appreciation Trust) was organized under the non-profit corporation laws of the State of California on January 15, 2009 as a successor to a 2007 small group of volunteers who believed that our service members and veterans need and deserve greater support than they then received. MVAT Foundation is classified as a 501(c)(3) under the United States Internal Revenue Code and its primary purpose is to provide awareness, funds and services to severely injured armed forces service individuals and/or to organizations that honor and empower said severely injured during the period of time between active military duty and transition to civilian life.

The mission of MVAT Foundation has expanded since that time to provide service members, veterans and their families with resources to fulfill needs and support from current often underfunded programs. MVAT Foundation assists and honors those who have protected and currently protect the freedoms we all enjoy.

ACTIVITIES

MVAT Foundation uses its fundraising successes to invest directly into its Heroes Linked program. Funds are also awarded in the form of grants to carefully selected and vetted organizations so that this needed network of resources and care exists for America's veterans and their families in need. MVAT analyzes funding proposals, scrutinizing for organizational financial health, program efficiencies, outcomes, and good governance practices.

The Heroes Linked program, www.heroeslinked.org, was created to provide a unique opportunity for veterans, servicemen and women, and their families in the transition from active duty to civilian life. MVAT Foundation fills a void by providing an online resource that gives veterans, transitioning service members, and their spouses access to personal, phone-based professional development mentoring with private sector professionals. Through the use of proprietary software, a matching algorithm identifies areas of interest, experience, and goals between veterans and mentor advisors.

MVAT Foundation's signature Golf Classic and Tennis Classic fundraising tournaments are held annually in Los Angeles, California. Attendees have the opportunity to participate alongside veterans and recipients of the Congressional Medal of Honor.

MVAT FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements present the financial position and changes in net assets, functional expenses, and cash flows of MVAT Foundation. The financial statements are prepared in accordance with the AICPA’s Audit and Accounting Guide, “Not-for-Profit Organizations.”

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The FASB Accounting Standard Update issued in August of 2016 therefore requires that net assets be classified into two categories. MVAT Foundation has accordingly adopted this classification:

Net assets without donor restrictions – Net assets that are not subject to any donor-imposed requirements.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions regarding to their special purpose other than normal programs and operations. For example, contributions received for fixed asset acquisitions will be recorded as net assets with donor restrictions. Perpetual restrictions such as endowment are another example. Below is a general reference of comparison between previously reported categories and the new reporting convention.

Previously reported	New reporting
Unrestricted net assets	Net assets without donor restrictions
Temporarily restricted	Net assets with donor restrictions
Permanently restricted	

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual results could differ from management’s estimates.

MVAT FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, MVAT Foundation considers all highly liquid investments available for current use, with an initial maturity of three months or less to be cash equivalents. Cash equivalents consist of money market mutual funds and overnight investments.

PROPERTY AND EQUIPMENT

Property and equipment is capitalized at cost, or fair market value on the date of receipt in the case of donated property. Depreciation is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years. Leasehold improvements are depreciated over the lease term (including options) or the useful life. Major additions are capitalized, and repairs and maintenance that do not improve or extend the life of the assets are expensed. When assets are sold or retired their cost and the related accumulated depreciation are removed from the accounts with the resulting gain or loss reflected in the Statement of Activities.

Application development costs incurred for Heroes Linked to develop internal use software are capitalized and amortized over the expected useful life of the software application. Activities that are considered application development include design of software configuration and interfaces, coding, installation of hardware, and testing. All other expenses incurred to develop internal-use software are expensed as incurred.

CONTRIBUTED GOODS AND SERVICES

The accompanying financial statements include amounts of materials, equipment and services donated to MVAT Foundation. The basis of valuation of these donations is generally in-house appraisal or fair market value as indicated by the person or agency making the donation. MVAT Foundation has not included the value of donated goods and services in the revenue and expenses contained in these financial statements.

INCOME TAXES

MVAT Foundation is a not-for-profit organization that is exempt from federal and state income taxes under the Internal Revenue Code Section 501(c)(3) and the California State Revenue and Taxation Code 23701(d) except on net income derived from unrelated business activities.

At December 31, 2018, MVAT Foundation had determined that no income taxes are due for any of its activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements. MVAT Foundation believes that it has support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

MVAT FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

MVAT Foundation's Forms 990, Return of Organization Exempt from Income Tax for the years ending December 31, 2016, 2017 and 2018 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

NOTE 3 - LIQUIDITY OF ORGANIZATION

According to Accounting Standard Update (ASU) 2016-14, MVAT Foundation's management has evaluated how the organization manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet. MVAT Foundation has as primary purpose to provide awareness, funds and services to severely injured armed forces service individuals and/or to organizations that honor and empower said severely injured during the period of time between active military duty and transition to civilian life. MVAT Foundation has a cohesive team that has won respect in the field and by funders. MVAT has \$223,606 in current assets and doesn't have current liabilities at December 31, 2018. Included in the current assets is \$223,606 in cash and cash equivalents. The general expenses of the organization were \$425,693 in 2018 compared to \$400,022 in revenues.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018, comprise the following:

<u>Heroes Linked application</u>	<u>2018</u>
Cost	\$ 124,601
Accumulated depreciation	<u>(78,523)</u>
Total	<u>\$ 46,078</u>

NOTE 5 - SUBSEQUENT EVENTS

MVAT Foundation's management has evaluated subsequent events for the period from December 31, 2018 through April 5, 2019, the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.



HZ CPAs & Advisors, P.C.

To the Board of Directors
MVAT Foundation
Los Angeles, California

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with the auditing standards generally accepted in the United States of American and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of MVAT Foundation, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MVAT Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MVAT Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of MVAT Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MVAT Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HZ CPAs & Advisors, P.C.

Buena Park, California

April 5, 2019