



FOUNDATION

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

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
December 31, 2021

with comparative statements for the year ended December 31, 2020

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, 2021, 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 2020 financial statements and in our report dated April 9, 2021, 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, 2021, 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 March 28, 2022 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.

Cypress, California

March 28, 2022

MVAT FOUNDATION
STATEMENT OF FINANCIAL POSITION
As of December 31, 2021
(With comparatives as of December 31, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ <u>623,150</u>	\$ <u>316,651</u>
Total current assets	<u>623,150</u>	<u>316,651</u>
Property and equipment:		
Heroes Linked application (Note 4)	126,517	126,517
Less: accumulated depreciation (Note 4)	<u>(123,146)</u>	<u>(116,329)</u>
Net property and equipment	<u>3,371</u>	<u>10,188</u>
TOTAL ASSETS	<u>\$ <u>626,521</u></u>	<u>\$ <u>326,839</u></u>
LIABILITIES AND NET ASSETS		
Net assets:		
Net assets without donor restrictions	<u>626,521</u>	<u>326,839</u>
Total net assets	<u>626,521</u>	<u>326,839</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ <u>626,521</u></u>	<u>\$ <u>326,839</u></u>

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

MVAT FOUNDATION
STATEMENT OF ACTIVITIES
For the year ended December 31, 2021
(With comparative totals for the year ended December 31, 2020)

	2021	2020
SUPPORT AND REVENUES:		
Direct contributions	\$ 630,168	\$ 289,771
Special events (net of expenses of \$6,846)	10,958	34,426
Total support and revenues	641,126	324,197
EXPENSES:		
Program services	285,990	251,074
Management and general	55,454	52,019
Total expenses	341,444	303,093
Increase (decrease) in net assets	299,682	21,104
Net assets, beginning of the year	326,839	305,735
Net assets, end of the year	\$ 626,521	\$ 326,839

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

MVAT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021
(With comparative totals for the year ended December 31, 2020)

	<u>Programs</u>	<u>Management and general</u>	<u>Total</u>	<u>2020 Total</u>
EXPENSES:				
Contract services expenses:				
Program management fees	\$ 202,300	\$ 25,000	\$ 227,300	\$ 210,169
Accounting fees		4,000	4,000	5,193
Total contract service expenses:	<u>202,300</u>	<u>29,000</u>	<u>231,300</u>	<u>215,362</u>
Operations expenses:				
Automobile expense		1,690	1,690	1,717
Advertising and promotion	32,637		32,637	3,165
Information technology	22,469	3,425	25,894	41,120
Supplies				533
Postage and shipping	494	156	650	627
Printing and copying		2,927	2,927	1,482
Total nonpersonnel expenses:	<u>55,600</u>	<u>8,198</u>	<u>63,798</u>	<u>48,644</u>
Facility and equipment expenses:				
Equipment rental and maintenance				855
Depreciation	6,817		6,817	13,389
Total facility and equipment expenses:	<u>6,817</u>	<u></u>	<u>6,817</u>	<u>14,244</u>
Travel and meeting expenses:				
Travel	6,732		6,732	2,218
Conferences, conventions, meetings	205		205	10
Total travel and meeting expenses:	<u>6,937</u>	<u></u>	<u>6,937</u>	<u>2,228</u>
Other expenses:				
Insurance		8,160	8,160	8,510
Bank & credit card charges		824	824	552
Dues and subscriptions	545		545	161
Storage		3,432	3,432	3,408
Licenses and permits		75	75	120
Meals and entertainment	365	314	679	861
Outside services	13,426	4,221	17,647	5,428
Miscellaneous expenses		1,230	1,230	3,576
Total other expenses:	<u>14,336</u>	<u>18,256</u>	<u>32,592</u>	<u>22,616</u>
Total expenses	<u>\$ 285,990</u>	<u>\$ 55,454</u>	<u>\$ 341,444</u>	<u>\$ 303,093</u>

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

MVAT FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended December 31, 2021
(with comparative totals for the year ended December 31, 2020)

	2021	2020
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 299,682	\$ 21,104
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,817	24,417
Changes in operating assets and liabilities:		
Increase (decrease) in liabilities:		
Accounts payable		(1358)
Net cash provided by (used in) operating activities	306,499	33,135
Cash flows from investing activities:		
Cash used to purchase fixed assets		(500)
Net cash provided by (used in) investing activities		(500)
Net increase (decrease) in cash	306,499	32,635
Cash - beginning of the year	316,651	284,016
Cash - end of the year	\$ 623,150	\$ 316,651

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 assist veterans, service members transitioning out of active services, military spouses, and Gold Star family survivors with their post-military career success through its Heroes Linked and other programs.

ACTIVITIES

MVAT Foundation uses its fundraising successes to invest directly into its Heroes Linked program. Funds may also be awarded in the form of grants to carefully selected and vetted veteran serving organizations.

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 professional development mentoring with private sector professionals.

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.

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.

MVAT FOUNDATION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021, 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's Forms 990, Return of Organization Exempt from Income Tax for the years ending December 31, 2019, 2020 and 2021 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

MVAT FOUNDATION
NOTES TO FINANCIAL STATEMENTS

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 is to assist veterans, service members transitioning out of active services, military spouses, and Gold Star family survivors with their post-military career success through its Heroes Linked and other programs. MVAT Foundation has a cohesive team that has won respect in the field and by funders. MVAT has \$623,150 in current assets and doesn't have current liabilities at December 31, 2021. Included in the current assets is \$623,150 in cash and cash equivalents. The general expenses of the organization were \$341,444 in 2021 compared to \$641,126 in revenues.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021, comprise the following:

<u>Heroes Linked application</u>	<u>2021</u>
Cost	\$ 126,517
Accumulated depreciation	<u>(123,146)</u>
Total	\$ <u><u>3,371</u></u>

Depreciation expense for the year ended December 31, 2021 was \$6,817.

NOTE 5 - SUBSEQUENT EVENTS

MVAT Foundation' management has evaluated subsequent events for the period from December 31, 2021 through March 28, 2022, 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, 2021, 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 March 28, 2022.

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.

Cypress, California

March 28, 2022