

Congressional Medal of Honor Foundation

Report on Financial Statements

For the Years Ended December 31, 2015 and 2014

Congressional Medal of Honor Foundation

Contents

Page

Independent Auditor's Report1

Financial Statements

Statements of Financial Position.....2

Statements of Activities3

Statements of Functional Expenses4

Statements of Cash Flows5

Notes to Financial Statements6 - 13



Independent Auditor's Report

To the Board of Directors
Congressional Medal of Honor Foundation
Arlington, Virginia

We have audited the accompanying financial statements of the Congressional Medal of Honor Foundation, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor's 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 the Congressional Medal of Honor Foundation as of December 31, 2015 and 2014, 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.

A handwritten signature in cursive script that reads "Elliott Davis Decosimo, LLC".

Charleston, South Carolina
September 12, 2016

Congressional Medal of Honor Foundation

Statements of Financial Position

As of December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,448,697	\$ 1,511,046
Accounts receivable	162,419	52,254
Contributions receivable, current portion	1,238,803	1,888,803
Inventory	75,066	75,777
Coins held for outreach and fundraising	225,197	227,330
Investments	7,869,249	8,029,077
Prepaid expenses	61,944	67,192
Total current assets	<u>12,081,375</u>	<u>11,851,479</u>
Non-current assets		
Property and equipment, net	11,863	13,410
Contributions receivable, net of current portion and discount	158,757	1,099,463
Total non-current assets	<u>170,620</u>	<u>1,112,873</u>
Total assets	<u>\$ 12,251,995</u>	<u>\$ 12,964,352</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 165,591	\$ 118,622
Accrued expenses	20,861	51,075
Deferred revenues	30,000	-
Total current liabilities	<u>216,452</u>	<u>169,697</u>
Net assets		
Unrestricted net assets		
Unrestricted - undesignated	2,257,637	1,263,346
Unrestricted - board designated endowment funds	7,875,069	8,035,670
Total unrestricted net assets	<u>10,132,706</u>	<u>9,299,016</u>
Temporarily restricted net assets	1,902,837	3,495,639
Total net assets	<u>12,035,543</u>	<u>12,794,655</u>
Total liabilities and net assets	<u>\$ 12,251,995</u>	<u>\$ 12,964,352</u>

See Notes to Financial Statements.

Congressional Medal of Honor Foundation

Statements of Activities

For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Unrestricted support and revenue		
Unrestricted contributions	\$ 3,022,860	\$ 1,892,969
In-kind contributions	260,052	238,770
Commemorative coin income	2,260	2,065
Medal of Honor book income	21,417	22,739
Investment income, net	217,516	238,905
Realized (losses) gains on sales of investments	(46,842)	7,567
Unrealized (losses) gains on investments	(301,894)	145,711
	<u>3,175,369</u>	<u>2,548,726</u>
Net assets released from restrictions	2,571,725	1,200,882
Total unrestricted support and revenue	<u>5,747,094</u>	<u>3,749,608</u>
Expenses		
Program services	3,676,011	2,673,011
Management and general	408,471	613,436
Fundraising	828,922	672,028
Total expenses	<u>4,913,404</u>	<u>3,958,475</u>
Increase (decrease) in unrestricted net assets	<u>833,690</u>	<u>(208,867)</u>
Temporarily restricted net assets		
Contributions	978,923	4,390,500
Net assets released from restrictions	(2,571,725)	(1,200,882)
Increase (decrease) in temporarily restricted net assets	<u>(1,592,802)</u>	<u>3,189,618</u>
Change in net assets	(759,112)	2,980,751
Net assets, beginning of year	<u>12,794,655</u>	<u>9,813,904</u>
Net assets, end of year	<u>\$ 12,035,543</u>	<u>\$ 12,794,655</u>

See Notes to Financial Statements.

Congressional Medal of Honor Foundation

Statements of Functional Expenses

For the years ended December 31, 2015 and 2014

	2015				2014			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Compensation and related expenses								
Salary	\$ 420,318	\$ 146,073	\$ 55,197	\$ 621,588	\$ 412,812	\$ 353,639	\$ 57,690	\$ 824,141
Payroll taxes	24,610	8,553	3,232	36,395	30,095	25,782	4,206	60,083
Total compensation and related expenses	444,928	154,626	58,429	657,983	442,907	379,421	61,896	884,224
Other expenses								
Educational and fundraising events	1,329,026	-	759,341	2,088,367	622,430	-	596,217	1,218,647
Character development program	1,005,080	-	-	1,005,080	907,809	-	-	907,809
Contributions to CMHS	500,000	-	-	500,000	400,000	-	-	400,000
Living history project	104,745	-	-	104,745	38,048	-	-	38,048
Contributions and scholarships	88,000	-	-	88,000	98,000	-	-	98,000
Occupancy	-	85,694	-	85,694	-	83,474	-	83,474
Professional services	8,343	66,743	8,343	83,429	7,562	60,492	7,562	75,616
MOH recipient outreach	79,526	-	-	79,526	91,344	-	-	91,344
MOH book	61,672	-	-	61,672	29,260	-	-	29,260
Miscellaneous	27,888	27,920	1,951	57,759	9,467	27,798	4,253	41,518
Travel	21,859	21,859	858	44,576	18,405	18,405	2,100	38,910
Insurance	-	19,259	-	19,259	-	4,179	-	4,179
Office and computer	395	15,894	-	16,289	844	21,030	-	21,874
Bank and payroll service charges	-	14,929	-	14,929	-	17,090	-	17,090
Burials and gravesite markers	4,549	-	-	4,549	6,935	-	-	6,935
Depreciation	-	1,547	-	1,547	-	1,547	-	1,547
Total expenses	\$ 3,676,011	\$ 408,471	\$ 828,922	\$ 4,913,404	\$ 2,673,011	\$ 613,436	\$ 672,028	\$ 3,958,475

See Notes to Financial Statements.

Congressional Medal of Honor Foundation

Statements of Cash Flows

For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating activities		
Change in net assets	\$ (759,112)	\$ 2,980,751
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	1,547	1,547
Change in discount to present value of contributions receivable	(45,994)	53,205
Realized losses (gains) on sales of investments	46,842	(7,567)
Unrealized losses (gains) on investments	301,894	(145,711)
Changes in operating assets and liabilities:		
Accounts receivable	(110,165)	(52,254)
Contributions receivable, net	1,636,700	(2,700,000)
Inventory	711	536
Coins held for outreach and fundraising	2,133	1,608
Prepaid expenses	5,248	4,393
Accounts payable	46,969	111,237
Accrued expenses	(30,214)	36,024
Deferred revenues	30,000	(80,576)
Net cash provided by operating activities	<u>1,126,559</u>	<u>203,193</u>
Investing activities		
Proceeds from sales of investments	395,162	1,441,803
Purchases of investments	(584,070)	(2,141,248)
Net cash used for investing activities	<u>(188,908)</u>	<u>(699,445)</u>
Net increase (decrease) in cash and cash equivalents	<u>937,651</u>	<u>(496,252)</u>
Cash and cash equivalents, beginning of year	<u>1,511,046</u>	<u>2,007,298</u>
Cash and cash equivalents, end of year	<u>\$ 2,448,697</u>	<u>\$ 1,511,046</u>

See Notes to Financial Statements.

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2015 and 2014

Note 1. Summary of Significant Accounting Policies

Nature of activities

The Congressional Medal of Honor Foundation (the "Foundation") was formed for the purpose of supporting the goals and purposes of the Congressional Medal of Honor Society of the United States of America (the "Society"). These goals and purposes include: protecting, upholding and preserving the dignity and honor of the Medal; providing appropriate aid to all persons to whom the Medal has been awarded, including the widow and/or children; promoting allegiance to the Government of the United States of America and to its constitution, and to the service of our nation in peace and war; and promoting and perpetuating the principles upon which our nation is founded, foster patriotism and to inspire and stimulate the youth of our nation to become worthy citizens of the United States of America. Resources for the Foundation's activities are primarily provided by contributions and investment income.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of presentation

In accordance with generally accepted accounting principles ("GAAP"), the Foundation is required to report information regarding its financial position and activities according to three classes of net assets. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. The Foundation had temporarily restricted net assets of \$1,902,837 and \$3,495,639 as of December 31, 2015 and 2014, respectively. The Foundation did not have any permanently restricted net assets at December 31, 2015 or 2014.

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2015 and 2014

Note 1. Summary of Significant Accounting Policies, Continued

Revenue recognition

Contributions and grants are recognized as revenue when they are received or unconditionally pledged. Contributions and grants received are recorded as unrestricted, temporarily or permanently restricted support, depending on the existence and/or nature of any donor or grantor restrictions. Coin income and book income are recognized as revenue when coins or books are sold.

Deferred revenue

Deferred revenue consists of a payment received during the year ended December 31, 2015 that relates to an event that occurred in early 2016. No such payments were received during the year ended December 31, 2014.

Cash and cash equivalents

For purposes of the Statements of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. This includes cash in banks and money market funds.

Accounts receivable

Accounts receivable are carried at original invoice amount, less (if necessary) an estimate for doubtful receivables made by management based on past collection history. As of December 31, 2015 and 2014, respectively, the Foundation had receivables for outreach event sponsorships and scholarship support, among other miscellaneous balances. An allowance for doubtful accounts was not recorded as of December 31, 2015 or 2014, as management believes that these receivables are fully collectible.

Contributions receivable

Contributions receivable are recognized as revenue when they are unconditionally pledged. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discount is netted with contribution revenue. The Foundation provides for an allowance for uncollectible contributions based on management's estimate of the collectability of receivables. No allowance was recorded at December 31, 2015 or 2014, as management believes all contributions receivable are fully collectible.

Inventory

Inventory is comprised of Medal of Honor commemorative gold and silver coins held for resale. Purchased inventory is stated at lower of cost or market, principally on the first-in, first-out method.

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2015 and 2014

Note 1. Summary of Significant Accounting Policies, Continued

Coins Held for Outreach and Fundraising

75% of the Medal of Honor gold and silver commemorative coins are held for future outreach and fundraising events by the Foundation. As of December 31, 2015 and 2014, these coins are stated at a cost of \$225,197 and \$227,330, respectively.

Investments

Investments purchased by the Foundation are initially recorded at their cost, and donated investments are recorded at fair value on the date they are received as a donation. The Foundation liquidates donated marketable securities within a few weeks of the donation in order to use the funds for operating purposes or to invest the proceeds in accordance with the Foundation's overall investment strategy. Investments in marketable securities with readily determinable fair values and all investments in debt securities are adjusted to their fair values as of the dates of the Statements of Financial Position. Unrealized gains and losses are included in the Statements of Activities.

Income tax status

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction and has been classified as a Foundation other than a private foundation.

The Financial Accounting Standards Board ("FASB") provides guidance on the Foundation's evaluation of accounting for uncertainty in income taxes. Management evaluated the Foundation's tax positions and concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance for the years ended December 31, 2015 or 2014. The Foundation's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest expense and to report penalties, if any, as other expense.

Donated services

The Foundation receives fundraising services from volunteers. These services do not meet the criteria to be recognized in financial statements in accordance with the criteria outlined under GAAP; thus, no value has been recorded for these services in the financial statements.

Property and Equipment, net

The Foundation capitalizes all expenditures for property and equipment in excess of \$5,000. Purchased property and equipment is carried at cost. Donated equipment is carried at the approximated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, or 10 years, once assets are placed in service. Depreciation expense for the years ended December 31, 2015 and 2014 was \$1,547 each year.

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2015 and 2014

Note 1. Summary of Significant Accounting Policies, Continued

Endowment funds

The Board of Directors of the Foundation follows the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). In accordance with UPMIFA, the Foundation classifies as permanently restricted net assets: (a) the original value of any gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Board of Directors may also designate certain unrestricted net assets to be included as part of the endowment, including earnings on those designated net assets.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investments may be increased through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets an asset allocation that places an emphasis on low to moderate risk equities and bonds and/or fixed income securities to achieve its long-term objectives within prudent risk constraints.

Interest and dividends earned on the endowment account, not to exceed five percent of principal, may be transferred to the general operating account or to a specific project on an annual basis, as approved by the Board of Directors. As noted above, certain unrestricted net assets may be added to the endowment principal and are subject to the endowment account restrictions. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately six to seven percent annually. Actual returns from any given year may vary from this amount.

Fair value

The Foundation utilizes a three-tier fair value hierarchy that clarifies fair value as an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation's financial instruments principally consist of investments. Investments are reported at fair value as required by GAAP (see Note 7).

Allocation of functional expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2015 and 2014

Note 1. Summary of Significant Accounting Policies, Continued

Use of estimates

The preparation of financial statements 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 could differ from those estimates.

Recently Issued Pronouncement:

The Financial Accounting Standards Board on August 18, 2016, published Accounting Standards Update (ASU) No. 2016-14, Not for Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities. The standard changes how not-for-profit organizations classify their net assets, with groups required to categorize assets as either those with donor restrictions or without. The standard also requires new information about an organization's liquidity and an analysis of expenses by nature and function. The update, which aims to help charities, universities, foundations, and other not-for-profit groups better convey how they spend and manage their resources, goes into effect for fiscal years beginning after December 31, 2017. The Foundation is currently evaluating the impact of this new guidance on its financial statement presentation.

Subsequent events

Management has evaluated events and transactions for potential recognition or disclosure through September 12, 2016, which is the date these financial statements were available to be issued.

Note 2. Investments

Total investments for the years ended December 31 consist of the following:

	2015		
	<u>Cost</u>	<u>Carrying Value</u>	<u>Net Unrealized Gain</u>
Mutual funds	<u>\$ 7,640,106</u>	<u>\$ 7,869,249</u>	<u>\$ 229,143</u>
	2014		
	<u>Cost</u>	<u>Carrying Value</u>	<u>Net Unrealized Gain</u>
Mutual funds	<u>\$ 7,498,040</u>	<u>\$ 8,029,077</u>	<u>\$ 531,037</u>

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2015 and 2014

Note 3. Concentrations of Credit Risk

The Foundation maintains cash and cash equivalents balances in one financial institution. As of December 31, 2015 and 2014, the Federal Deposit Insurance Corporation ("FDIC") insures accounts up to \$250,000 in aggregate per institution. The Securities Investor Protection Corporation insures brokerage accounts at each institution up to \$500,000 with a maximum of \$250,000 allowed for cash claims. Additionally, the brokerage firm for the Foundation provides limited insurance for amounts in excess of \$500,000, up to \$1,900,000 for the cash portion and no limit on securities. From time to time, cash and investment balances may exceed insurance limits.

Note 4. Contributions Receivable, net

Contributions receivable as of December 31, 2015 and 2014 are unconditional. Contributions receivable that are expected to be received in more than one year have been discounted to present value at 2.47% and 2.55%, based on the average annual federal prime rate and annual applicable federal rate, for 2015 and 2014, respectively.

Contributions receivable consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 1,238,803	\$ 1,888,803
Receivable in one to five years	<u>169,550</u>	<u>1,156,251</u>
Total contributions receivable	1,408,353	3,045,054
Less discount to net present value	<u>10,793</u>	<u>56,788</u>
Contributions receivable, net	<u>\$ 1,397,560</u>	<u>\$ 2,988,266</u>

Note 5. Endowments

The Foundation's endowment consists of funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As of December 31:

	<u>2015</u>	<u>2014</u>
Board-designated endowment funds	<u>\$ 7,875,069</u>	<u>\$ 8,035,670</u>
Changes in endowment net assets:		
Endowment net assets, beginning of year	\$ 8,035,670	\$ 7,642,924
Investment return:		
Investment income, net of fees	188,135	239,468
Net realized and unrealized (losses) gains	<u>(348,736)</u>	<u>153,278</u>
Total investment return	(160,601)	392,746
Contributions to the endowment	-	-
Endowment net assets, end of year	<u>\$ 7,875,069</u>	<u>\$ 8,035,670</u>

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2015 and 2014

Note 6. In-Kind Contributions

In 2015, the Foundation received in-kind contributions of \$200,952 for various dinners, hotel and travel, and venue costs for events and recipients, as well as \$59,100 in legal services provided. In 2014, the Foundation received in-kind contributions of \$190,947 for various dinners, hotel and travel, and venue costs, as well as \$47,823 in legal services provided. Corresponding expenses have been recorded for these contributions in the Statements of Activities.

Note 7. Fair Value Measurements

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Foundation performs an analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

- *Investments – mutual funds:* Valued at the net asset value of units held by the Foundation at year end using closing prices reported in the active market.

There were no assets or liabilities measured on a non-recurring basis at December 31, 2015 or 2014. There were no liabilities measured at fair value on a recurring basis at December 31, 2015 or 2014.

Fair values of assets measured on a recurring basis are as follows at December 31:

	2015			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments in mutual funds	<u>\$ 7,869,249</u>	<u>\$ 7,869,249</u>	<u>\$ -</u>	<u>\$ -</u>
	2014			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments in mutual funds	<u>\$ 8,029,077</u>	<u>\$ 8,029,077</u>	<u>\$ -</u>	<u>\$ -</u>

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2015 and 2014

Note 8. Related Party Transactions

During the years ended December 31, 2015 and 2014, the Foundation gave \$500,000 and \$400,000, respectively, to the Society in support of the Society's purpose. An additional \$50,000 was provided in 2014 to the CMHS Knoxville Convention. These expenses are included in Contributions to CMHS and educational and fundraising events on the Statements of Functional Expenses. During the years ended December 31, 2015 and 2014, the Foundation received \$291,773 and \$451,788, respectively, from board members in personal contributions for outreach, fundraising, and general purposes.

Note 9. Simple IRA Plan

The Foundation has a SIMPLE IRA plan (the "Plan") which became effective on March 22, 2013. In order to be eligible for participation, an employee must be employed with the Foundation for 90 calendar days. The Foundation can match employee contributions up to 3 percent of the employee's compensation. For any calendar year, the Foundation can make non-elective contributions equal to 2 percent of eligible employee compensation in place of making matching contributions. Total employer contributions for the years ended December 31, 2015 and 2014 were \$11,053 and \$5,750, respectively.

Note 10. Operating Lease

The Foundation leases its office space under the terms of an operating lease expiring in November 2022. The lease calls for future rent increases; annual expense approximates rent expense on a straight-line basis. Lease expense was \$69,258 and \$67,241 for the years ending December 31, 2015 and 2014, respectively, and is included in management and general expenses in the Statements of Activities.

Future minimum lease payments for the years ending December 31 are as follows:

2016	\$	71,335
2017		73,476
2018		75,680
2019		77,950
2020		80,289
Thereafter		<u>160,583</u>
	\$	<u>539,313</u>

Note 11. Temporary Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes as of December 31:

	<u>2015</u>	<u>2014</u>
River Golf Classic scholarships	\$ 183,966	\$ 165,966
Time restricted pledges receivable	1,330,067	2,741,767
Kiosks Everywhere initiative	83,690	20,000
Nashville Salutes	-	236,000
Character Development Program	303,215	320,719
Medal of Honor Day	<u>1,899</u>	<u>11,187</u>
	<u>\$ 1,902,837</u>	<u>\$ 3,495,639</u>