

Congressional Medal of Honor Foundation

Report on Financial Statements

For the Years Ended December 31, 2016 and 2015

Congressional Medal of Honor Foundation

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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, 2016 and 2015, 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, 2016 and 2015, 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.

Elliott Davis Decosimo, LLC

Charleston, South Carolina
September 12, 2017

Congressional Medal of Honor Foundation

Statements of Financial Position

As of December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,000,540	\$ 2,448,697
Accounts receivable	218,380	162,419
Contributions receivable, current portion	163,803	1,238,803
Inventory	72,836	75,066
Coins held for outreach and fundraising	218,509	225,197
Investments	8,530,239	7,869,249
Prepaid expenses	331,001	61,944
Total current assets	<u>10,535,308</u>	<u>12,081,375</u>
Non-current assets		
Property and equipment, net	10,316	11,863
Contributions receivable, net of current portion and discount	99,694	158,757
Total non-current assets	<u>110,010</u>	<u>170,620</u>
Total assets	<u>\$ 10,645,318</u>	<u>\$ 12,251,995</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 274,946	\$ 165,591
Accrued expenses	33,170	20,861
Deferred revenues	30,000	30,000
Total current liabilities	<u>338,116</u>	<u>216,452</u>
Net assets		
Unrestricted net assets		
Unrestricted - undesignated	966,127	2,257,637
Unrestricted - board designated endowment funds	8,538,929	7,875,069
Total unrestricted net assets	<u>9,505,056</u>	<u>10,132,706</u>
Temporarily restricted net assets	802,146	1,902,837
Total net assets	<u>10,307,202</u>	<u>12,035,543</u>
Total liabilities and net assets	<u>\$ 10,645,318</u>	<u>\$ 12,251,995</u>

See Notes to Financial Statements.

Congressional Medal of Honor Foundation

Statements of Activities

For the years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Unrestricted support and revenue		
Unrestricted contributions	\$ 1,651,658	\$ 3,022,860
In-kind contributions	212,385	260,052
Commemorative coin income	5,189	2,260
Medal of Honor book income	29,328	21,417
Interest and dividends, net	178,836	217,516
Realized losses on sales of investments	(25,411)	(46,842)
Unrealized gains (losses) on investments	516,812	(301,894)
	<u>2,568,797</u>	<u>3,175,369</u>
Net assets released from restrictions	1,720,596	2,571,725
Total unrestricted support and revenue	<u>4,289,393</u>	<u>5,747,094</u>
Expenses		
Program services	3,914,284	3,676,011
Management and general	560,557	408,471
Fundraising	442,202	828,922
Total expenses	<u>4,917,043</u>	<u>4,913,404</u>
Change in unrestricted net assets	<u>(627,650)</u>	<u>833,690</u>
Temporarily restricted net assets		
Contributions	619,905	978,923
Net assets released from restrictions	<u>(1,720,596)</u>	<u>(2,571,725)</u>
Change in temporarily restricted net assets	<u>(1,100,691)</u>	<u>(1,592,802)</u>
Change in net assets	<u>(1,728,341)</u>	<u>(759,112)</u>
Net assets, beginning of year	<u>12,035,543</u>	<u>12,794,655</u>
Net assets, end of year	<u>\$ 10,307,202</u>	<u>\$ 12,035,543</u>

See Notes to Financial Statements.

Congressional Medal of Honor Foundation

Statements of Functional Expenses

For the years ended December 31, 2016 and 2015

	2016				2015			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Compensation and related expenses								
Salaries	\$ 392,248	\$ 309,281	\$ 58,936	\$ 760,465	\$ 420,318	\$ 146,073	\$ 55,197	\$ 621,588
Payroll taxes	27,252	21,488	4,095	52,835	24,610	8,553	3,232	36,395
Total compensation and related expenses	419,500	330,769	63,031	813,300	444,928	154,626	58,429	657,983
Other expenses								
Educational and fundraising events	1,559,112	-	372,831	1,931,943	1,329,026	-	759,341	2,088,367
Character development program	1,084,067	-	-	1,084,067	1,005,080	-	-	1,005,080
Contributions to Society	475,000	-	-	475,000	500,000	-	-	500,000
Contributions and scholarships	92,000	-	-	92,000	88,000	-	-	88,000
MOH book	88,693	-	-	88,693	61,672	-	-	61,672
Occupancy	-	85,094	-	85,094	-	85,694	-	85,694
Travel	37,919	37,919	-	75,838	21,859	21,859	858	44,576
MOH recipient outreach	66,577	-	-	66,577	79,526	-	-	79,526
Miscellaneous	24,127	31,279	1,998	57,404	27,888	27,920	1,951	57,759
Professional services	4,342	34,734	4,342	43,418	8,343	66,743	8,343	83,429
Living history project	41,117	-	-	41,117	104,745	-	-	104,745
Office and computer	16,245	22,672	-	38,917	395	15,894	-	16,289
Bank and payroll service charges	-	13,175	-	13,175	-	14,929	-	14,929
Burials and gravesite markers	5,585	-	-	5,585	4,549	-	-	4,549
Insurance	-	3,368	-	3,368	-	19,259	-	19,259
Depreciation	-	1,547	-	1,547	-	1,547	-	1,547
Total other expenses	3,494,784	229,788	379,171	4,103,743	3,231,083	253,845	770,493	4,255,421
Total expenses	\$ 3,914,284	\$ 560,557	\$ 442,202	\$ 4,917,043	\$ 3,676,011	\$ 408,471	\$ 828,922	\$ 4,913,404

See Notes to Financial Statements.

Congressional Medal of Honor Foundation

Statements of Cash Flows

For the years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating activities		
Change in net assets	\$ (1,728,341)	\$ (759,112)
Adjustments to reconcile change in net assets to cash provided by (used for) operating activities:		
Depreciation	1,547	1,547
Change in discount to present value of contributions receivable	(4,238)	(45,994)
Realized losses on sales of investments	25,411	46,842
Unrealized (gains) losses on investments	(516,812)	301,894
Changes in operating assets and liabilities:		
Accounts receivable	(55,961)	(110,165)
Contributions receivable, net	1,138,301	1,636,700
Inventory	2,230	711
Coins held for outreach and fundraising	6,688	2,133
Prepaid expenses	(269,057)	5,248
Accounts payable	109,355	46,969
Accrued expenses	12,309	(30,214)
Deferred revenues	-	30,000
Net cash (used for) provided by operating activities	<u>(1,278,568)</u>	<u>1,126,559</u>
Investing activities		
Proceeds from sales of investments	649,820	395,162
Purchases of investments	(819,409)	(584,070)
Net cash used for investing activities	<u>(169,589)</u>	<u>(188,908)</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,448,157)</u>	<u>937,651</u>
Cash and cash equivalents, beginning of year	<u>2,448,697</u>	<u>1,511,046</u>
Cash and cash equivalents, end of year	<u>\$ 1,000,540</u>	<u>\$ 2,448,697</u>

See Notes to Financial Statements.

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2016 and 2015

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 \$802,146 and \$1,902,837 as of December 31, 2016 and 2015, respectively. The Foundation did not have any permanently restricted net assets at December 31, 2016 or 2015.

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2016 and 2015

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 payments received during the years ended December 31, 2016 and 2015 that relate to events that occurred in early 2017 and 2016, respectively.

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, 2016 and 2015, 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, 2016 or 2015, 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, 2016 or 2015, 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 average cost method.

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2016 and 2015

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, 2016 and 2015, these coins are stated at a cost of \$218,509 and \$225,197, 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, 2016 or 2015. 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. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for tax years before 2013.

Donated services

The Foundation receives assistance in fundraising from many 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

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2016 and 2015

Note 1. Summary of Significant Accounting Policies, Continued

Property and Equipment, net, continued

assets, or 10 years, once assets are placed in service. Depreciation expense for the years ended December 31, 2016 and 2015 was \$1,547 each year.

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, fixed income securities, and alternative investments 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, 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 endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of broad market measures of return on investments. 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.

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Notes to Financial Statements

December 31, 2016 and 2015

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.

Subsequent events

Management has evaluated events and transactions for potential recognition or disclosure through September 12, 2017, 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:

	2016		
	Cost	Carrying Value	Net Unrealized Gain (Loss)
Mutual funds	\$ 3,278,272	\$ 2,998,591	\$ (279,681)
Exchange-traded and closed-end funds	4,506,012	5,531,648	1,025,636
Total	<u>\$ 7,784,284</u>	<u>\$ 8,530,239</u>	<u>\$ 745,955</u>

	2015		
	Cost	Carrying Value	Net Unrealized Gain
Mutual funds	<u>\$ 7,640,106</u>	<u>\$ 7,869,249</u>	<u>\$ 229,143</u>

The following table shows the gross unrealized losses and fair value of the Foundation's investments, with unrealized losses that are deemed to be temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31:

	2016			
	12 Months or Longer		12 Months or Less	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mutual funds	\$ 2,998,591	\$ (279,681)	\$ -	\$ -
Exchange-traded and closed-end funds	830,243	(37,401)	-	-
Total investments	<u>\$ 3,828,834</u>	<u>\$ (317,082)</u>	<u>\$ -</u>	<u>\$ -</u>

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2016 and 2015

Note 2. Investments, Continued

	2015			
	12 Months or Longer		12 Months or Less	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mutual funds	\$ 4,193,039	\$ (433,953)	\$ -	\$ -
Total investments	\$ 4,193,039	\$ (433,953)	\$ -	\$ -

The Foundation has the ability and the intent to hold these mutual funds until such time as the value recovers. The Foundation believes, based on industry analyst reports and credit ratings, that the deterioration in value is attributable to changes in market interest rates and is not in the credit quality of the issuer and, therefore, these losses are not considered other-than-temporary.

Investment income is comprised of the following for the years ended December 31:

	2016	2015
Dividends and interest	\$ 208,214	\$ 246,631
Investment fees	(29,378)	(29,115)
Interest and dividends, net	178,836	217,516
Realized losses	(25,411)	(46,842)
Unrealized gains (losses)	516,812	(301,894)
Net unrealized and realized gains (losses)	491,401	(348,736)
Net investment income (loss)	\$ 670,237	\$ (131,220)

Note 3. Concentrations of Credit Risk

The Foundation maintains cash and cash equivalents balances in one financial institution. As of December 31, 2016 and 2015, 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, 2016 and 2015 are unconditional. Contributions receivable that are expected to be received in more than one year have been discounted to present value at 2.47% for 2016 and 2015, based on the average annual federal prime rate and annual applicable federal rate in place at the time of the contribution.

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2016 and 2015

Note 4. Contributions Receivable, net, Continued

Contributions receivable consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Receivable in less than one year	\$ 163,803	\$ 1,238,803
Receivable in one to five years	106,250	169,550
Total contributions receivable	270,053	1,408,353
Less discount to net present value	6,556	10,793
Contributions receivable, net	<u>\$ 263,497</u>	<u>\$ 1,397,560</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. The activity in the Endowment consisted of the following for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Board-designated endowment funds	<u>\$ 8,538,929</u>	<u>\$ 7,875,069</u>
Changes in endowment net assets:		
Endowment net assets, beginning of year	\$ 7,875,069	\$ 8,035,670
Investment return:		
Investment income, net of fees	166,470	188,135
Net realized and unrealized gains (losses)	491,400	(348,736)
Total investment return	657,870	(160,601)
Transfer to the endowment	5,990	-
Endowment net assets, end of year	<u>\$ 8,538,929</u>	<u>\$ 7,875,069</u>

Note 6. In-Kind Contributions

In 2016, the Foundation received in-kind contributions of \$191,390 for various dinners, hotel and travel, and venue costs for events and recipients, as well as \$20,995 in legal services provided. In 2015, the Foundation received in-kind contributions of \$200,952 for various dinners, hotel and travel, and venue costs, as well as \$59,100 in legal services provided. Corresponding expenses have been recorded for these contributions in the Statements of Activities.

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2016 and 2015

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, exchange-traded and closed-end 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, 2016 or 2015. There were no liabilities measured at fair value on a recurring basis at December 31, 2016 or 2015.

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

	2016			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 2,998,591	2,998,591	\$ -	\$ -
Exchange-traded and closed-end funds	5,531,648	5,531,648	-	-
Total Investments	<u>\$ 8,530,239</u>	<u>\$ 8,530,239</u>	<u>\$ -</u>	<u>\$ -</u>

	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>

Note 8. Related Party Transactions

During the years ended December 31, 2016 and 2015, the Foundation gave \$475,000 and \$500,000, respectively, to the Society in support of the Society's purpose. These expenses are included in Contributions to CMHS on the Statements of Functional Expenses. During the years ended December 31, 2016 and 2015, the Foundation received \$276,235 and \$291,773, respectively, from board members in personal contributions for outreach, fundraising, and general purposes.

Congressional Medal of Honor Foundation

Notes to Financial Statements

December 31, 2016 and 2015

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, 2016 and 2015 were \$15,666 and \$11,053, 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 \$74,069 and \$69,258 for the years ending December 31, 2016 and 2015, 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:

2017	\$	73,476
2018		75,680
2019		77,950
2020		80,289
2021		82,697
Thereafter		<u>77,885</u>
	\$	<u>467,977</u>

Note 11. Temporary Restrictions on Net Assets

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

	<u>2016</u>	<u>2015</u>
River Golf Classic scholarships	\$ 171,966	\$ 183,966
Time restricted contributions receivable	263,497	1,330,067
Kiosks Everywhere initiative	66,717	83,690
Character Development Program	299,567	303,215
Medal of Honor Day	<u>399</u>	<u>1,899</u>
	<u>\$ 802,146</u>	<u>\$ 1,902,837</u>

Net assets released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of other events specified by donors were \$1,720,596 and \$2,571,725 for the years ended December 31, 2016 and 2015, respectively.