

Uncommon Grit Foundation, Inc.
Audited Financial Statements
December 31, 2022

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Audited Financial Statements

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Independent Auditor's Report

Board of Directors
Uncommon Grit Foundation, Inc.
Manakin-Sabot, Virginia

Opinion

We have audited the accompanying financial statements of Uncommon Grit Foundation, Inc. (a nonprofit Foundation), which comprise the statement of financial position – modified cash basis as of December 31, 2022, and the related statement of activities – modified cash basis, for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Uncommon Grit Foundation, Inc. as of December 31, 2022, and the changes in its net assets for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Uncommon Grit Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Uncommon Grit Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Uncommon Grit Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Adams, Jenkins & Cheatham

Richmond, Virginia
January 17, 2024

Statement of Financial Position - Modified Cash Basis

Uncommon Grit Foundation, Inc.

December 31, 2022

Assets

Cash and cash equivalents	\$ 388,424
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Net Assets

Without donor restrictions	\$ 388,424
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See Independent Auditor's Report and Notes to Financial Statements

Statement of Activities - Modified Cash Basis

Uncommon Grit Foundation, Inc.

Year Ended December 31, 2022

Operating Activities and Support		
Contributions		\$ 203,729
Special event revenue	418,698	
Less: Costs of direct benefits to donors	<u>63,742</u>	
Net revenues from special events		354,956
Other income		<u>1,737</u>
	Total Operating Activities and Support	560,422
Operating Expenses		
Program - Charitable Contributions		263,782
Fundraising		261,542
Management and general		<u>36,176</u>
	Total Operating Expenses	<u>561,500</u>
	Change in Net Assets Without Donor Restrictions	(1,078)
Net Assets Without Donor Restrictions at Beginning of Year		<u>389,502</u>
	Net Assets Without Donor Restrictions at End of Year	<u>\$ 388,424</u>

See Independent Auditor's Report and Notes to Financial Statements

Uncommon Grit Foundation, Inc.

Notes to Financial Statements

December 31, 2022

Note A - Nature of Foundation

Uncommon Grit Foundation Inc.'s (the "Foundation") focus is to raise awareness and inspire community support for military veterans, first responders, and their families in recognition and thanks for their service and sacrifice to our country. Through their fundraising they support individuals, families, and other vetted veteran and first responder Foundations. The Foundation is a non-stock, not-for-profit corporation organized under the laws of the Commonwealth of Virginia. Their primary source of revenue is large fundraising special events. They also receive contributions from individuals and Foundations.

Note B - Summary of Significant Accounting Policies and Practices

Basis of Accounting

The financial statements of the Foundation have been prepared on the modified cash basis of accounting. The modified cash basis of accounting recognizes revenue when received and expenses when paid with some modifications, as appropriate and required. The modified cash basis of accounting is not intended to present the financial position or results of operations in accordance with generally accepted accounting principles (GAAP).

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the non-profit Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At December 31, 2022, the Foundation had no net assets with donor-imposed restrictions.

Contributions

The Foundation recognizes contributions when cash, securities or other assets are received. Contributions received are recorded as net assets without donor restriction or net assets with donor restrictions depending on the nature of the contribution. When a restriction expires, net assets with donor restrictions are classified as net assets without donor restrictions.

Revenue Recognition

The Foundation recognizes revenue at the time cash is received.

Uncommon Grit Foundation, Inc.

Notes to Financial Statements

December 31, 2022

Note B - Summary of Significant Accounting Policies and Practices - Continued

Income Taxes

The Foundation qualifies as a charitable Foundation as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from Federal income taxes under Internal Revenue Code Section 501(a). However, unrelated business income would be subject to income taxes under Internal Revenue Code Section 511 should the Foundation enter into business activities for purposes other than which it was created.

It is the Foundation’s policy to account for any uncertainties in income tax law in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 clarifies the accounting for uncertain income tax positions and requires that the Foundation recognize the impact of such a tax position in its financial statements if, upon ultimate settlement, that position is more-likely-than-not to be sustained. Management has evaluated the Foundation’s tax positions and concluded that the Foundation has maintained its tax-exempt status and has no uncertain tax positions that require adjustment to the financial statements. As a result, no provision or liability for income taxes has been included in the financial statements.

Donated Services

The Foundation receives a significant amount of contributed services from unpaid volunteers who assist with many projects and services. No amounts have been recognized in the statement of activities for these services.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program activities and supporting activities benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll expenses	Time and effort
Travel	Time and effort
Professional services	Time and effort
Office expense	Time and effort

Uncommon Grit Foundation, Inc.

Notes to Financial Statements

December 31, 2022

Note B - Summary of Significant Accounting Policies and Practices - Continued

Functional Allocation of Expenses - Continued

Expenses of the Foundation on a functional basis are as follows at December 31, 2022:

	Program	Management and General	Fundraising	Total
Charitable contributions	\$ 229,875	\$	\$	\$ 229,875
Other event expenses			104,480	104,480
Payroll expenses	26,783	27,594	26,783	81,160
Entertainment			73,925	73,925
Food and beverage			24,882	24,882
Travel			16,748	16,748
Professional services	5,122	5,277	5,122	15,521
Advertising and marketing			7,600	7,600
Office expense	2,002	2,063	2,002	6,067
Miscellaneous		833		833
Insurance		409		409
	<u>\$ 263,782</u>	<u>\$ 36,176</u>	<u>\$ 261,542</u>	<u>\$ 561,500</u>

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's ongoing activities. Nonoperating activities are limited to resources that generate return from investments, endowment contributions, financing costs and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

The Foundation considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Uncommon Grit Foundation, Inc.

Notes to Financial Statements

December 31, 2022

Note B - Summary of Significant Accounting Policies and Practices - Continued

Estimates

The preparation of financial statements in conformity with the modified cash basis framework of accounting requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results may differ from those estimates and assumptions.

Advertising Costs

The Foundation expenses advertising costs as incurred. Advertising expense was \$7,600 for the year ended December 31, 2022.

Note C - Concentration of Credit Risk

The Foundation maintains its cash on deposit with financial institutions located in the United States of America, which are insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC provides insurance coverage for up to \$250,000 of cash held by each depositor per FDIC insured bank and savings institution. From time to time, The Foundation may have amounts on deposit in excess of the insured limits. As of December 31, 2022, the Foundation had approximately \$139,000 in excess of the insured limits.

Note D - Liquidity and Availability

The Foundation’s financial assets available within one year of the statement of financial position date for general expenditures are as follows at December 31, 2022:

Cash and cash equivalents	<u><u>\$ 388,424</u></u>
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As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note E - Subsequent Events

Subsequent events have been evaluated through January 17, 2024, which is the date the financial statements were available to be issued.