

THE INDEPENDENCE FUND, INC.

FINANCIAL STATEMENTS
JUNE 30, 2019

THE INDEPENDENCE FUND, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Independence Fund, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of The Independence Fund, Inc. (the "Fund" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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 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 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 in the first paragraph present fairly, in all material respects, the financial position of The Independence Fund, Inc., as of June 30, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

C. Dewitt Foard & Company, P.A.
October 14, 2019

THE INDEPENDENCE FUND, INC.**Statement of Financial Position****June 30, 2019**

ASSETS

Current Assets:

Cash	\$	936,975
Promises to give		256,350
Sales tax receivable		4,686
Prepaid expenses		45,909

Total Current Assets **1,243,920**

Non-Current Assets:

Cash held for long-term purposes		74,929
Investments		3,194,415
Furniture and equipment, net of accumulated depreciation		90,245

Total Non-Current Assets **3,359,589**

TOTAL **\$ 4,603,509**

LIABILITIES AND NET ASSETS

Current Liabilities:

Payroll liabilities	\$	98,415
Accounts payable		118,700
Grants payable		56,808

Total Current Liabilities **273,923**

Net Assets:

Without donor restrictions		3,129,371
With donor restrictions		1,200,215

Total Net Assets **4,329,586**

TOTAL **\$ 4,603,509**

THE INDEPENDENCE FUND, INC.**Statement of Activities****Year Ended June 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	TOTALS
<u>SUPPORT AND REVENUE</u>			
Contributions and grants	\$ 2,713,502	\$ 3,575,190	\$ 6,288,692
Contributions of in-kind services	6,732,036	-	6,732,036
Investment income	108,372	-	108,372
All other	736	-	736
Net assets released from restriction by payment	2,858,400	(2,858,400)	-
<i>TOTAL</i>	<i>12,413,046</i>	<i>716,790</i>	<i>13,129,836</i>
<u>EXPENSES</u>			
Program services	7,137,706	-	7,137,706
Management and general	1,026,197	-	1,026,197
Fundraising	7,916,708	-	7,916,708
<i>TOTAL</i>	<i>16,080,611</i>	<i>-</i>	<i>16,080,611</i>
<i>CHANGE IN NET ASSETS</i>	<i>(3,667,565)</i>	<i>716,790</i>	<i>(2,950,775)</i>
<i>NET ASSETS WITHOUT DONOR RESTRICTIO</i>	<i>6,796,936</i>	<i>483,425</i>	<i>7,280,361</i>
<i>NET ASSETS WITHOUT DONOR RESTRICTI</i>	<i>\$ 3,129,371</i>	<i>\$ 1,200,215</i>	<i>\$ 4,329,586</i>

THE INDEPENDENCE FUND, INC.**Statement of Functional Expenses****Year Ended June 30, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>TOTALS</u>
<u>SALARIES AND BENEFITS</u>				
Salaries	\$ 1,147,047	\$ 359,209	\$ 231,143	\$ 1,737,399
Payroll taxes	87,391	27,367	17,610	132,368
Employee benefits	200,046	62,647	40,312	303,005
<i>Total</i>	<i>1,434,484</i>	<i>449,223</i>	<i>289,065</i>	<i>2,172,772</i>
<u>OTHER EXPENSES</u>				
Grants and direct assistance	3,132,723	-	-	3,132,723
Contracted services	247,524	277,839	132,292	657,655
Travel and meetings	1,217,601	120,889	135,318	1,473,808
Advertising and marketing	55,782	-	497,899	553,681
Facilities and equipment	236,511	36,541	18,947	291,999
Client-specific assistance	630,144	-	7,296	637,440
Office and communications	163,699	110,876	62,043	336,618
Banking fees	-	4,367	38,323	42,690
Insurance	-	21,546	-	21,546
All other expenses	19,238	4,916	3,489	27,643
<i>Total</i>	<i>5,703,222</i>	<i>576,974</i>	<i>895,607</i>	<i>7,175,803</i>
<u>SUBTOTAL BEFORE DONATED SERVICES</u>				
	<i>7,137,706</i>	<i>1,026,197</i>	<i>1,184,672</i>	<i>9,348,575</i>
<u>DONATED SERVICES</u>				
Public service announcements	-	-	6,732,036	6,732,036
<u>TOTAL EXPENSES</u>	<u>\$ 7,137,706</u>	<u>\$ 1,026,197</u>	<u>\$ 7,916,708</u>	<u>\$ 16,080,611</u>

THE INDEPENDENCE FUND, INC.**Statement of Cash Flows****Year Ended June 30, 2019**

OPERATING ACTIVITIES

Change in net assets	\$ (2,950,775)
Adjustments to reconcile change in net assets to cash flows from operating activities:	
Realized and unrealized loss on investments	35,062
Depreciation expense	70,048
(Increase) decrease in operating assets:	
Receivables	(90,342)
Prepays	(23,320)
Increase (decrease) in operating liabilities:	
Payroll liabilities	53,177
Accounts payable	(26,024)
Grants payable	(98,192)
<i>Cash Flows from Operating Activities</i>	<i>(3,030,366)</i>

INVESTING ACTIVITIES

Purchase of fixed assets	(22,817)
Purchase of investments	(341,450)
Proceeds from the sale of investments	191,095
<i>Cash Flows from Investing Activities</i>	<i>(173,172)</i>

CHANGE IN CASH (3,203,538)**CASH, BEGINNING** 4,215,442**CASH, ENDING** \$ 1,011,904

CASH PER STATEMENT OF FINANCIAL POSITION

Operating	\$ 936,975
Cash held for long-term	74,929
TOTAL	\$ 1,011,904

THE INDEPENDENCE FUND, INC.

Notes to Financial Statements

June 30, 2019

NOTE 1 – NATURE OF ACTIVITIES

Organization

The Independence Fund, Inc., (the Fund) is a Florida not-for-profit corporation which was formed in 2007. The purpose of the Fund is to empower our nation's severely wounded, injured, or ill Veterans to overcome physical, mental, and emotional wounds incurred in the line of duty.

Purpose and programs

The Fund operates the following programs to further its mission:

Mobility Program - Many severely wounded Veterans have lost the ability to experience activities they previously enjoyed. Wounded Veterans who use our all-terrain mobility devices regain the ability to do the things they love, transforming their lives toward a better future. During the year ended June 30, 2019, the Fund provided 86 chairs, 158 bikes, and 6 sets of soft wheels to Veterans.

Adaptive Sports - By inviting Veterans to participate in sporting events, providing funding for adaptive equipment, and granting funds for Veteran adaptive sports organizations, our Adaptive Sports Program gives wounded Veterans the opportunity to improve their well-being. During the year ended June 30, 2019, the Fund provided nine grants that included adaptive sports team sponsorships, Veteran team sponsorships for the Spartan Race and the Warrior Games, assistance in purchasing specialized sports equipment, and coverage of transportation costs to adaptive sports competitions. 5 Grit Freedom Chairs, 1 set of adaptive snow skis, 9 paramobile golf chairs, and 4 adaptive rowing seats were also provided to catastrophically wounded, ill, and injured Veterans.

Caregiver Program - The Fund serves the heroes behind the heroes: the Caregivers who work tirelessly to support wounded Veterans day-in and day-out. The Fund provides Caregivers the means to build strong networks and receive the emotional and physical support they need. During the year ended June 30, 2019, the Fund directly served 128 Caregivers through retreats conducted by the Fund and four additional Caregivers with grants to meet specialized needs. Hundreds more were also served through grants to other nonprofit organizations that solely serve Caregivers, such as The Elizabeth Dole Foundation and Healing Household Six.

Family Program – Open to families of catastrophically wounded Veterans, focuses on art therapy, respite, and comprehensive individual aftercare. With the understanding that true independence can only be reached through total family care, The Independence Fund tailors its family program to provide aftercare that is specifically created for each family. No other organization provides this service. During the year ended June 30, 2019 The Independence Fund directly launched this program and directly impacted 14 families, totaling over 45 adults and children.

THE INDEPENDENCE FUND, INC.

Notes to Financial Statements

June 30, 2019

Operation Resiliency - The Independence Fund and the Veterans Health Administration Office of Mental Health and Suicide Prevention (OMHSP) have partnered together in order to make an immediate impact on the lives of our Veterans and their families. The structure is a mutually beneficial manner that advances and improves Veterans' mental health and wellbeing, and expands and promotes community collaboration to increase access to mental health resources for all Veterans and their families and prevent suicide in the Veteran community. Through Operation Resiliency retreats, the Independence Fund has directly impacted over 160 combat Veterans.

Advocacy Program - For Veterans returning with the scars of war, the fight doesn't end upon their arrival home. Unfortunately, some of the biggest battles are with the very institutions who are supposed to be on their side. Our Advocacy Program assists where the need is greatest right now: giving a voice to Veterans for VA healthcare reform, ensuring the Caregivers of the seriously disabled are properly supported, and addressing the latent problems of toxic exposure. The Fund fights for those who fought for us.

Funding sources

The Fund is supported primarily by voluntary contributions and grants that are received primarily from individuals, companies, and foundations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are recorded as decreases in unrestricted net assets. Unconditional promises to give are recorded when the promise is made. Intentions to give are not recognized because the intentions do not represent a legally enforceable pledge. Conditional promises to give are not recognized until they become unconditional. This occurs when the conditions on which they depend are substantially met.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in day-to-day operations of the Fund and those resources invested in property and equipment. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position.

THE INDEPENDENCE FUND, INC.

Notes to Financial Statements

June 30, 2019

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of temporarily restricted net assets and permanently restricted net assets. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Fund or the passage of time. 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 statement of activities as net assets released from restrictions. At June 30, 2019, the Fund's remaining temporarily restricted net assets were restricted for use in its mobility program. Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. During the year ended June 30, 2019, the Fund had no permanently restricted net assets.

Furniture and equipment

Furniture and equipment with a value of \$1,000 or more is recorded at cost if purchased or fair value if donated. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation expense is recorded using the straight-line method of depreciation over the estimated useful lives of the assets, which range from three to seven years.

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated facilities, equipment or materials, if significant, are included in support at fair value. During the year, the Fund recorded donated public service announcements valued at \$6,732,036, and no other donated goods or contributed services.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Fund with program services, management and general, and fundraising efforts. The Fund does not record the value of other donated services in its financial statements since the value of the services does not meet the requirements for recognition in the financial statements.

Federal income tax status

The Fund is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3). The Fund is classified as other than a private foundation as defined by Section 509(a) of the Internal Revenue Code.

Functional allocation of expenses

Expenses that are inherently program, management and general, or fundraising, are charged directly to those functions. Facility costs are allocated based on the estimated square footage utilized by that function. Donated public service announcements are shown as fundraising. All other expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent.

THE INDEPENDENCE FUND, INC.

Notes to Financial Statements

June 30, 2019

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising costs

Advertising costs are expensed as incurred. During the year \$553,681 of advertising costs were incurred and \$6,732,036 of advertising costs were donated.

NOTE 3 – PROMISES TO GIVE

Promises to give are expected to be collected in the subsequent year. Management has determined that no allowance for doubtful accounts is necessary based on a review of individual pledges and that most of the promises were collected shortly after year-end.

NOTE 4 – INVESTMENTS

Balance at June 30, 2019

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued in the statement of financial position at their fair value. Fair value is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value of securities is estimated using quoted market prices. If a quoted market price is not available, fair value of securities are reflected as investment gains or losses in the accompanying statements of activities. The fair value of investments was as follows at June 30, 2019:

Exchange traded funds	\$	607,299
Fixed income mutual funds		741,054
Equity mutual funds		1,846,062
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TOTAL	\$	3,194,415

THE INDEPENDENCE FUND, INC.

Notes to Financial Statements

June 30, 2019

Fair value disclosures

Generally accepted accounting principles require fair value of financial instruments to be determined based on 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. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

All of the Fund's investments as of June 30, 2019 are classified as Level 1 assets.

NOTE 5 – FURNITURE AND EQUIPMENT

Furniture and equipment as of June 30, 2019 is comprised of the following:

Computer equipment	\$ 129,249
Furniture and fixtures	288,972
Leasehold and other improvements	15,022
Vehicles and trailers	48,925
<hr/>	
Total	482,168
Less - accumulated depreciation and amortization	391,923
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<u>FURNITURE AND EQUIPMENT, NET OF DEPRECIATION</u>	<u>\$ 90,245</u>

NOTE 6 – CONCENTRATION OF RISKS

Cash

The Fund maintains cash balances at financial institutions in excess of FDIC insured limits. The balance of uninsured cash as of June 30, 2019 was \$723,182. However, management believes that the risk related to the accounts is minimal because of the strong credit rating of the financial institution.

Investments

These investments are insured by the Securities Investor Protection Corporation up to \$500,000. The Fund invests in a variety of investments, which are subject to fluctuations in market values and expose the Fund to a certain degree of investment risk.

THE INDEPENDENCE FUND, INC.**Notes to Financial Statements****June 30, 2019**

NOTE 7 – OPERATING LEASE

The Fund leases office space under a non-cancelable operating lease agreement. Lease payments made in 2019 were \$87,556. Future minimum payments are due during the years ending June 30:

2020	90,209
2021	92,931
2022	54,878
<i>TOTAL</i>	<i>\$ 238,018</i>

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Fund has \$4,467,355 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$1,011,904, contributions receivable of \$256,350, sales tax receivable of \$4,686 and investments of \$3,194,415. Financial assets of \$1,200,215 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The contributions receivable is subject to implied time restrictions but are expected to be collected within one year. The Fund has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$400,000. The Fund has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management the Fund invests cash in excess of daily requirements in various short-term and long-term investments, including equity exchange-traded funds, bond mutual funds and equity mutual funds.

NOTE 9 – SUBSEQUENT EVENTS

The Fund has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.