

NATIONAL MILITARY FAMILY ASSOCIATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2024 AND 2023



Strategic, Smart and **Wonderfully Human**

NATIONAL MILITARY FAMILY ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8-9
Notes to Financial Statements	10-20



INDEPENDENT AUDITORS' REPORT

The Board of Governors
National Military Family Association
Alexandria, Virginia

Opinion

We have audited the financial statements of the National Military Family Association (NMFA), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NMFA as of December 31, 2024 and 2023, 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.

Basis for Opinion

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

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NMFA's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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 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 GAAS, 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 NMFA'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 NMFA'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.

A handwritten signature in black ink that reads "Matthew, Carter and Boye". The signature is written in a cursive, flowing style.

Fairfax, Virginia
May 13, 2025

NATIONAL MILITARY FAMILY ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 885,834	\$ 1,783,992
Pledges receivable, net	87,569	204,938
Prepaid expenses	51,085	45,744
Total Current Assets	<u>\$ 1,024,488</u>	<u>\$ 2,034,674</u>
OTHER ASSETS		
Operating lease right-of-use-asset, net	\$ 283,375	\$ 416,778
Property and equipment, net of accumulated depreciation	3,094	12,477
Marketable securities	5,010,019	4,884,692
Deposits	21,895	21,895
Total Other Assets	<u>\$ 5,318,383</u>	<u>\$ 5,335,842</u>
TOTAL ASSETS	<u><u>\$ 6,342,871</u></u>	<u><u>\$ 7,370,516</u></u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 121,728	\$ 24,370
Accrued salaries and related taxes	91,685	92,934
Accrued vacation	108,444	112,480
Deferred grant revenue	750,000	450,000
Line of credit	492,238	987,112
Operating lease liability, current portion	150,035	149,369
Total Current Liabilities	<u>\$ 1,714,130</u>	<u>\$ 1,816,265</u>
OTHER LIABILITIES		
Operating lease liability, net of current portion	183,526	333,561
Total Liabilities	<u>\$ 1,897,656</u>	<u>\$ 2,149,826</u>
NET ASSETS		
Without donor restrictions		
Board designated for general reserve fund	\$ 3,377,944	\$ 3,330,432
Board designated for scholarships	632,074	554,260
Undesignated	152,972	900,998
Total net assets without donor restrictions	<u>\$ 4,162,990</u>	<u>\$ 4,785,690</u>
With donor restrictions	282,225	435,000
Total Net Assets	<u>\$ 4,445,215</u>	<u>\$ 5,220,690</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,342,871</u></u>	<u><u>\$ 7,370,516</u></u>

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

NATIONAL MILITARY FAMILY ASSOCIATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions and grants	\$ 1,842,121	\$ 1,282,514	\$ 3,124,635
In-kind donations	526,541	-	526,541
Other income	51	-	51
Interest and dividends	108,825	-	108,825
Total	\$ 2,477,538	\$ 1,282,514	\$ 3,760,052
Net assets released from restrictions for scholarships and program grants	1,435,289	(1,435,289)	-
Total Revenue	\$ 3,912,827	\$ (152,775)	\$ 3,760,052
EXPENSES			
Program services			
Strengthening and healing families	\$ 2,320,568	\$ -	\$ 2,320,568
Engaging communities	1,028,008	-	1,028,008
Creating change: policy and awareness	395,395	-	395,395
Research and insights	77,640	-	77,640
Total Program Services	\$ 3,821,611	\$ -	\$ 3,821,611
Supporting services			
Management and general	\$ 613,545	\$ -	\$ 613,545
Fundraising	609,320	-	609,320
Total Supporting Services	\$ 1,222,865	\$ -	\$ 1,222,865
Total Expenses	\$ 5,044,476	\$ -	\$ 5,044,476
Change in net assets before other gains and losses	\$ (1,131,649)	\$ (152,775)	\$ (1,284,424)
Other gains and losses			
Investment return, net	508,949	-	508,949
CHANGE IN NET ASSETS	\$ (622,700)	\$ (152,775)	\$ (775,475)
NET ASSETS, BEGINNING OF YEAR	4,785,690	435,000	5,220,690
NET ASSETS, END OF YEAR	\$ 4,162,990	\$ 282,225	\$ 4,445,215

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

NATIONAL MILITARY FAMILY ASSOCIATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions and grants	\$ 3,098,806	\$ 1,560,132	\$ 4,658,938
In-kind donations	77,933	-	77,933
Other income	3,910	-	3,910
Interest and dividends	130,802	-	130,802
Total	\$ 3,311,451	\$ 1,560,132	\$ 4,871,583
Net assets released from restrictions for scholarships and program grants	1,330,132	(1,330,132)	-
Total Revenue	\$ 4,641,583	\$ 230,000	\$ 4,871,583
EXPENSES			
Program services			
Strengthening and healing families	\$ 1,912,978	\$ -	\$ 1,912,978
Engaging communities	1,111,638	-	1,111,638
Creating change: policy and awareness	532,282	-	532,282
Research and insights	222,176	-	222,176
Total Program Services	\$ 3,779,074	\$ -	\$ 3,779,074
Supporting services			
Management and general	\$ 551,277	\$ -	\$ 551,277
Fundraising	512,563	-	512,563
Total Supporting Services	\$ 1,063,840	\$ -	\$ 1,063,840
Total Expenses	\$ 4,842,914	\$ -	\$ 4,842,914
Change in net assets before other gains and losses	\$ (201,331)	\$ 230,000	\$ 28,669
Other gains and losses			
Investment return, net	524,025	-	524,025
CHANGE IN NET ASSETS	\$ 322,694	\$ 230,000	\$ 552,694
NET ASSETS, BEGINNING OF YEAR	4,462,996	205,000	4,667,996
NET ASSETS, END OF YEAR	\$ 4,785,690	\$ 435,000	\$ 5,220,690

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

NATIONAL MILITARY FAMILY ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services					Supporting Services			
	Strengthening and Healing Families	Engaging Communities	Creating Change: Policy and Awareness	Research and Insights	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and benefits	\$ 804,334	\$ 330,978	\$ 256,543	\$ 61,788	\$ 1,453,643	\$ 183,628	\$ 364,655	548,283	\$ 2,001,926
Camp and family supplies & materials	452,545	-	-	-	452,545	-	-	-	452,545
Depreciation and amortization	3,644	1,475	1,187	281	6,587	1,171	1,624	2,795	9,382
Insurance	-	-	-	-	-	12,080	-	12,080	12,080
Interest	-	-	-	-	-	49,717	-	49,717	49,717
IT equipment support	-	1,655	-	-	1,655	61,483	-	61,483	63,138
Legal, bank fees and accounting	28,535	11,956	9,337	2,312	52,140	158,991	26,958	185,949	238,089
Outside consultants	55,045	27,963	54,875	2,000	139,883	29,023	58,232	87,255	227,138
Postage, mailing and other services	2,190	693	145	26	3,054	660	7,124	7,784	10,838
Promotional materials and advertising	3,344	518,064	717	-	522,125	34,084	500	34,584	556,709
Publications, dues and subscriptions	25,548	8,469	11,522	155	45,694	3,608	16,396	20,004	65,698
Rent and office maintenance	52,938	21,052	17,426	4,218	95,634	21,112	30,115	51,227	146,861
Scholarships	819,418	-	-	-	819,418	-	-	-	819,418
Supplies and materials	18,992	105	-	-	19,097	1,776	103	1,879	20,976
Training and conferences	3,662	4,725	36,402	-	44,789	4	52,130	52,134	96,923
Travel and meetings expenses	39,529	67,940	6,742	4,964	119,175	27,389	8,254	35,643	154,818
Website and communication services	10,844	32,933	499	1,896	46,172	28,819	43,229	72,048	118,220
Total Expenses	<u>\$ 2,320,568</u>	<u>\$ 1,028,008</u>	<u>\$ 395,395</u>	<u>\$ 77,640</u>	<u>\$ 3,821,611</u>	<u>\$ 613,545</u>	<u>\$ 609,320</u>	<u>\$ 1,222,865</u>	<u>\$ 5,044,476</u>

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

NATIONAL MILITARY FAMILY ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services					Supporting Services			
	Strengthening and Healing Families	Engaging Communities	Creating Change: Policy and Awareness	Research and Insights	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and benefits	\$ 555,738	\$ 802,894	\$ 432,107	\$ 194,399	\$ 1,985,138	\$ 171,415	\$ 264,542	\$ 435,957	\$ 2,421,095
Bad debt expense	-	-	-	-	-	-	1,000	1,000	1,000
Camp and family supplies & materials	614,701	-	-	-	614,701	-	-	-	614,701
Depreciation and amortization	3,820	5,519	2,970	1,336	13,645	968	1,818	2,786	16,431
Insurance	-	-	-	-	-	11,888	-	11,888	11,888
Interest	-	-	-	-	-	85,665	-	85,665	85,665
IT equipment support	8,787	12,692	6,820	3,057	31,356	21,360	4,162	25,522	56,878
Legal, bank fees and accounting	21,382	29,853	15,024	6,835	73,094	161,214	25,218	186,432	259,526
Outside consultants	40,452	58,071	-	117	98,640	11,667	49,000	60,667	159,307
Postage, mailing and other services	2,037	612	13	6	2,668	2,153	25,358	27,511	30,179
Promotional materials and advertising	2,508	78,425	357	150	81,440	4,004	959	4,963	86,403
Publications, dues and subscriptions	23,028	6,225	3,190	230	32,673	5,567	7,175	12,742	45,415
Rent and office maintenance	33,343	47,772	25,711	11,562	118,388	12,191	15,739	27,930	146,318
Scholarships	556,935	-	-	-	556,935	-	-	-	556,935
Supplies and materials	3,131	79	-	-	3,210	4,666	857	5,523	8,733
Training, conferences and meetings	662	-	36,031	-	36,693	-	37,278	37,278	73,971
Travel and meetings expenses	32,623	36,155	6,191	850	75,819	33,703	14,622	48,325	124,144
Website and communication services	13,831	33,341	3,868	3,634	54,674	24,816	64,835	89,651	144,325
Total Expenses	<u>\$ 1,912,978</u>	<u>\$ 1,111,638</u>	<u>\$ 532,282</u>	<u>\$ 222,176</u>	<u>\$ 3,779,074</u>	<u>\$ 551,277</u>	<u>\$ 512,563</u>	<u>\$ 1,063,840</u>	<u>\$ 4,842,914</u>

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

NATIONAL MILITARY FAMILY ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants, program revenue and contributors	\$ 3,535,037	\$ 4,295,183
Interest and dividend income received	108,825	130,802
Interest paid	(50,518)	(85,665)
Cash paid to suppliers and employees	(4,426,270)	(4,807,970)
Net Cash - Operating Activities	\$ (832,926)	\$ (467,650)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemptions of certificates of deposit	\$ -	\$ 107,187
Purchases of marketable securities	(596,852)	(1,412,424)
Sales of marketable securities	1,026,494	2,385,503
Net Cash - Investing Activities	\$ 429,642	\$ 1,080,266
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	\$ (494,874)	\$ -
Net Cash - Financing Activities	\$ (494,874)	\$ -
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ (898,158)	\$ 612,616
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,783,992	1,171,376
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 885,834</u>	<u>\$ 1,783,992</u>

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

NATIONAL MILITARY FAMILY ASSOCIATION

STATEMENTS OF CASH FLOWS (CONCLUDED)

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Reconciliation of Change in Net Assets to Net Cash - Operating Activities		
CHANGE IN NET ASSETS	<u>\$ (775,475)</u>	<u>\$ 552,694</u>
Adjustments to reconcile change in net assets to Net Cash -		
Operating Activities:		
Depreciation and amortization	\$ 9,382	\$ 16,431
Realized gain on sales of marketable securities	(340,133)	(77,202)
Unrealized gain on marketable securities	(207,817)	(485,324)
Donated marketable securities	(7,018)	(9,064)
Amortization of right-of use-asset	133,403	132,356
Changes in assets and liabilities		
(Increase) decrease in:		
Pledges receivable	117,369	(138,601)
Prepaid expenses	(5,341)	6,092
Increase (decrease) in:		
Accounts payable and accrued expenses	97,358	(35,482)
Accrued salaries and related taxes	(1,249)	(31,068)
Accrued interest	-	164
Accrued vacation	(4,036)	(34,647)
Deferred grant revenue	300,000	(220,000)
Payments on operating lease liability	<u>(149,369)</u>	<u>(143,999)</u>
Total adjustments	<u>\$ (57,451)</u>	<u>\$ (1,020,344)</u>
Net Cash - Operating Activities	<u><u>\$ (832,926)</u></u>	<u><u>\$ (467,650)</u></u>
Other cash flow information:		
Donated marketable securities	\$ 7,018	\$ 9,064
Cash paid for interest	\$ 50,518	\$ 84,665

There were no non-cash investing or financing activities during the years ended December 31, 2024 and 2023.

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

NATIONAL MILITARY FAMILY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 1. Organization

The National Military Family Association (NMFA or the Association) was incorporated in the State of Maryland in December 1969 as a non-stock, not-for-profit organization. The Association was organized to identify and resolve issues of concern to military families and to fight for benefits and programs that strengthen and protect uniform service families. The Association is also recognized as a charitable organization and is primarily supported by charitable contributions and grants. The Association is governed by an elected Board of Governors.

NMFA has been determined to be exempt from income tax pursuant to Internal Revenue Code Section 501(c)(3).

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 958, *Presentation of Financial Statements of Not-for-Profit Entities*. Contributions are recognized as revenue when they are received or unconditionally pledged. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of NMFA and changes therein are classified and reported 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 organization. These net assets may be used at the discretion of NMFA's management and the Board of Governors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors or grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of NMFA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition

The Association accounts for contributions in accordance with the requirements of FASB ASC 958, under which contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and nature of any donor restrictions.

The Association records contributions when received or when the unconditional promise-to-give is known. Support that is restricted by the donor, including pledges, is reported as an increase in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donated goods or contributed services meeting the requirements for recognition in that they create or enhance non-financial assets or are services that require specialized skills and would typically need to be purchased if not donated are reported at fair value at the time of the donation. Conditional promises-to-give that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

NATIONAL MILITARY FAMILY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

During the years ended December 31, 2024 and 2023, the Association received \$526,541 and \$77,933, respectively, of in-kind donations (contributed non-financial assets). Unless otherwise noted, contributed non-financial assets did not have donor-imposed restrictions and were utilized in various programs. Such activity is included in in-kind donations in the accompanying statements of activities and changes in net assets and are comprised of the following:

	2024	2023
Services	\$ -	\$ 77,933
Goods	15,500	-
Advertising	511,041	-
Total in-kind donations (contributed non-financial assets)	<u>\$ 526,541</u>	<u>\$ 77,933</u>

Contributed services recognized comprise services from attorneys on various legal matters. These contributed services are reported at the estimated fair value in the financial statements based on current rates for similar legal services.

Contributed advertising was received from a newspaper and cable television company. The contributed advertising is reported at the estimated fair value in the financial statements based on current rates for advertising as established by the donors.

Contributed goods recognized comprise donated supplies for Operation Purple Camp. These contributed goods are reported at the estimated fair value in the financial statements based on current rates for such goods.

The Association evaluates its grants and other funding to determine if grants are unconditional promises to give and thus, accounted for as contributions and either earmarked as net assets with or without donor restrictions. In situations in which the grants include significant stipulations, including the donor's ability to cancel funding at any time, the Association treats the grant as conditional promises to give in which the revenue is not recognized until the grantor's stipulations are substantially met. Any amounts received in advance by the Association under such grants are recorded as deferred revenue.

At December 31, 2024 and 2023, contributions approximating \$750,455 and \$450,000 have not been recognized in the accompanying statement of activities and changes in net assets because the condition(s) on which they depend have not yet been met. For 2024, \$750,000 has a condition of sending 500 children to camps during 2025. For 2023, \$450,000 pertained to the Wounded Warrior Project, Inc. grant and had a condition of sending 320 children to camps during 2024. The amounts have been received by December 31 and are included in deferred revenue.

NATIONAL MILITARY FAMILY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Concluded)

The following table provides information about significant changes in deferred revenue for the years ended December 31, 2024 and 2023:

	2024	2023
Deferred revenue, beginning of year	\$ 450,000	\$ 670,000
Revenue recognized that was included in deferred revenue at the beginning of year	450,000	670,000
Deferred revenue, end of year	750,000	450,000

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all generally accepted accounting principles revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The following revenue follows the guidance in Topic 606.

Contracts and other revenue which are not refundable and represent an exchange transaction based on the value of the benefits provided, are recognized at the time the transaction occurs. Such revenue is recognized at published prices.

Contracts and other revenue is recorded as other income.

Pledges Receivable and Allowance

The Association's receivables consist primarily of pledges and bequests. Pledges receivable are recognized when an unconditional promise-to-give from a donor or decedent is both determinable and measurable by the Association. The Association reports its pledges receivable at their net realizable value by periodically reviewing an aging of its pledges receivable for collection purposes and to evaluate the adequacy of the allowance. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises were received. The Association determined that no allowance was required as of December 31, 2024 and 2023.

At December 31, 2024 and 2023, bad debt expense was \$0 and \$1,000, respectively. There were no pledges receivable due in excess of one year as of December 31, 2024 and 2023.

Fixed Assets and Depreciation

The Association capitalizes property and equipment acquisitions with a cost of \$1,000 or greater, at cost or estimated fair value at the time of the donation, and reports property and equipment net of accumulated depreciation. The Association depreciates property and equipment using the straight-line method over the estimated useful lives of 3 to 7 years. Expenditures for repairs and maintenance that do not extend the useful life of an asset, supplies, and de minimis items are expensed as incurred.

NATIONAL MILITARY FAMILY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 2. Summary of Significant Accounting Policies (Continued)

Cash Equivalents

For financial statement purposes, the Association considers highly liquid debt instruments with original maturities of three months or less, including certain money market funds, to be cash equivalents. As of December 31, 2024 and 2023, the Association had approximately \$4,137 and \$5,018 respectively, in money market funds that are included as cash equivalents in the accompanying financial statements. The Association also reported approximately \$160,391 and \$163,485 in money market funds reported as components of marketable securities, as of December 31, 2024 and 2023, respectively, given the Association's ability and intent for these funds to be reinvested within these portfolios.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities and changes in net assets.

Concentration of Credit Risk

The Association maintains its cash in financial institutions located in the Washington, DC metropolitan area. The balances at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Throughout the year, the balances maintained by the Association may exceed the insured balance.

The Association maintains cash equivalents and marketable securities portfolios with investment brokers which are members of the Securities Investor Protection Corporation (SIPC). The balances maintained in the brokerage accounts are insured by SIPC up to \$500,000. The investments are subject to market fluctuations and risk of loss.

Credit risk with respect to contributions receivable is limited due to the number and credit worthiness of the corporations and individuals that comprise the contributor base.

Advertising

The costs of advertising are expensed as incurred and were \$517,302 and \$72,458 for the years ended December 31, 2024 and 2023, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

NATIONAL MILITARY FAMILY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 2. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing various programs, and other activities, have been summarized on a functional basis in the statements of activities and changes in net assets. Costs that can be identified with a particular program or support function are charged directly to that program or function. Salaries and related costs, as well as other costs indirectly related to the programs or support services, have been allocated among the programs and supporting services based upon direct labor dollars and related costs charged to the programs and support services.

Income Taxes

No provision has been made for income taxes since the Association has been determined to be exempt from income tax pursuant to Internal Revenue Code Section 501(c)(3). There was no unrelated business taxable income during the years ended December 31, 2024 or 2023. The Association files its information tax returns for Federal reporting purposes. The Association is not under audit by any income tax jurisdiction.

FASB ASC 740, *Income Taxes*, requires changes in recognition and measurement for uncertain tax positions. The Association has determined that it currently does not have any uncertain tax positions. If this position changes, the Association will assess the impact of any such matters on its statement of financial position and its results of operations.

Leases

At contract inception, the Association determines if a contract is or contains a lease and whether the lease should be classified as an operating or finance lease. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the accompanying Statements of Financial Position. ROU assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent the Association's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Association will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Association has elected to expense payments for short-term leases with a term of 12 months or less, as these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Association has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The Association has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

NATIONAL MILITARY FAMILY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 2. Summary of Significant Accounting Policies (Concluded)

Recently Adopted Accounting Pronouncement

In June 2016, the FASB issued guidance, FASB ASC 326, *Financial Instruments – Credit Losses* (Topic 326). Topic 326 significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by NMFA that are subject to the guidance in FASB ASC 326 are accounts receivable. The ASC was adopted January 1, 2023. The impact of the adoption was not material to the financial statements.

Note 3. Availability and Liquidity

The following represents the Association's financial assets at December 31, 2024 and 2023 available for use within one year:

Financial assets at December 31:	2024	2023
Cash and cash equivalent	\$ 885,834	\$ 1,783,992
Pledges receivable	87,569	204,938
Marketable securities	<u>5,010,019</u>	<u>4,884,692</u>
Total financial assets	\$ 5,983,422	\$ 6,873,622
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(282,225)	(435,000)
Board designated net assets	<u>(4,010,018)</u>	<u>(3,884,692)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,691,179</u>	<u>\$ 2,553,930</u>

During the normal course of operations in the year ending December 31, 2025, the Association will receive contributions, grant revenue, and sponsorships which will be available to spend on general expenditures. The Association's Governing Board has established Board designated net assets, see Note 6, that are available to meet general expenditures.

Note 4. Property and Equipment

Property and equipment consists of the following at December 31:

	2024	2023
Furniture and equipment	\$ 271,439	\$ 271,439
Software	<u>185,113</u>	<u>185,113</u>
Total Property and Equipment	\$ 456,552	\$ 456,552
Less, accumulated depreciation	<u>(453,458)</u>	<u>(444,075)</u>
Net Property and Equipment	<u>\$ 3,094</u>	<u>\$ 12,477</u>

NATIONAL MILITARY FAMILY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 5. Investments in Marketable Securities

The Association adopted the provisions of FASB ASC 820, *Fair Value Measurement*. In accordance with FASB ASC 820, NMFA has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

- Level 1 – Inputs to the valuation methodology are quoted in an active market.
- Level 2 – Inputs to the valuation methodology are inputs other than quoted prices that are observable for the assets.
- Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

All of the marketable securities recorded in the statement of financial position are categorized based on the inputs to the valuation technique and are at quoted prices in active markets for identical assets, Level 1 assets.

The Association reports investments in equity securities at fair value, with gains and losses included in the statement of activities and changes in net assets.

The Association's marketable securities consist of the following as of December 31, 2024 and 2023:

	2024		2023	
	Cost	Market	Cost	Market
Cash, money funds and bank deposits	\$ 160,391	\$ 160,391	\$ 155,885	\$ 155,885
Mutual funds	3,451,572	4,061,539	3,472,244	3,995,210
Exchange traded products	392,185	618,562	468,911	600,206
Equities	35,236	169,527	35,236	133,391
Total	<u>\$ 4,039,384</u>	<u>\$ 5,010,019</u>	<u>\$ 4,132,276</u>	<u>\$ 4,884,692</u>

NATIONAL MILITARY FAMILY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 5. Investments in Marketable Securities (Concluded)

The following table summarizes the fair value of the Association's investments by level at December 31:

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable Securities	12/31/24			
Cash, money funds and bank deposits	\$ 160,391	\$ 160,391	\$ -	\$ -
Mutual funds	4,061,539	4,061,539	-	-
Exchange traded products	618,562	618,562	-	-
Equities	169,527	169,527	-	-
Total	<u>\$ 5,010,019</u>	<u>\$ 5,010,019</u>	<u>\$ -</u>	<u>\$ -</u>
Marketable Securities	12/31/23	(Level 1)	(Level 2)	(Level 3)
Cash, money funds and bank deposits	\$ 155,885	\$ 155,885	\$ -	\$ -
Mutual funds	3,995,210	3,995,210	-	-
Exchange traded products	600,206	600,206	-	-
Equities	133,391	133,391	-	-
Total	<u>\$ 4,884,692</u>	<u>\$ 4,884,692</u>	<u>\$ -</u>	<u>\$ -</u>

Note 6. Governing Board Designations

The Association's governing board has designated, from net assets without donor restrictions, net assets for the following purposes:

	2024	2023
General reserve fund	\$ 3,377,944	\$ 3,330,432
Scholarship reserve fund	632,074	554,260
	<u>\$ 4,010,018</u>	<u>\$ 3,884,692</u>

The Association maintains two investment funds. The first is the Association's organizational invested fund, referred to as the "General Reserve Fund." The second invested fund is strictly designated for the spouse scholarship program and is referred to as the "Scholarship Reserve Fund." The funds are managed by the Finance Committee, the Chair, and the Chief Executive Officer, with the support of an outside investment advisor. Fund performance is reviewed by the Board of Governors. The Finance Committee will allocate invested fund assets in investments that are financially conservative and focused on long term growth. The Finance Committee develops specific asset allocation recommendations, which are approved by the Board of Governors.

NATIONAL MILITARY FAMILY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 6. Governing Board Designations (Concluded)

General Reserve Fund:

- The Association's goal for this reserve fund is a minimum of six months of normal operating costs. There is no current maximum goal set for this fund.
- Withdrawal of reserve funds may be authorized by the Chairman of the Board based on the recommendation of the Chief Executive Officer with concurrence by the Finance Committee when an emergency exists. Withdrawal of reserve funds for a non-emergency must first be approved by a two-thirds majority of the Board of Governors.

Scholarship Reserve Fund:

- This fund was established with the goal of providing sufficient resources to finance a reasonable annual spouse scholarship program and support designated/named scholarships in perpetuity.
- Unless otherwise directed by the Board of Governors, the Association's investment plan is to invest the fund to maintain the fund balance at \$700,000, with the goal of an annual return of at least 5%. Any fund balance exceeding \$700,000 will be withdrawn annually to cover existing named scholarship commitments and to provide additional scholarship awards. In 2023, the Association received approval from the Board and withdrew \$150,000 from the scholarship reserves to replenish operating funds expensed to administer the pandemic childcare relief program.

On February 28, 2023, The Board retroactively released \$1,000,000 from the Board restricted portion of general reserves effective December 31, 2022. Additionally, the Board approved the drawdown of \$850,000 from the general reserve and \$150,000 from the scholarship reserves in 2023 to replenish operating funds expensed to administer the pandemic childcare relief program.

Note 7. Line of Credit

In July 2022, the Association entered into a revolving line of credit facility with Old Dominion National Bank. Advances under the credit facility bear interest at Old Dominion National Bank's prime rate plus 0.25% with a floor of 5%. The interest payments are due monthly. The maximum amount which may be advanced is \$1,000,000. Advances are collateralized by the investment reserve account. The investment account balance pledged under this line of credit held a balance of \$4,377,944 and \$4,330,432 as of December 31, 2024 and 2023, respectively. The amount outstanding under this line of credit was \$492,238 and \$987,112 as of December 31, 2024 and 2023, respectively. The balance is due and payable on July 25, 2025. NMFA is in the process of renewing the line of credit. On February 13, 2025, the Association drew on the remaining balance of the line of credit in the amount of \$507,762.

Note 8. Net Assets with Donor Restrictions

The Association maintains net assets that are donor restricted as follows:

	2024	2023
Net assets with donor restrictions:		
Educational scholarships	\$ 249,725	\$ 365,000
Operation Purple programs	32,500	70,000
	<u>\$ 282,225</u>	<u>\$ 435,000</u>

NATIONAL MILITARY FAMILY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 9. Commitments and Contingencies

Operating Lease Commitments

In August 2019, the Association entered into a eighty-nine month non-cancelable operating-type lease for office space which expires in 2027. The lease contains annual rent escalations and also provides for a lease incentive in the amount of \$21,895. Additionally, the Association is required to pay certain real estate taxes, insurance, and repairs as stipulated by the lease agreement. During 2019, the Association entered into a copier operating-type lease under a long term agreement which expired in 2024. During 2019, the Association entered into a postage machine operating-type lease under a long term agreement which expired in 2024. Rent expense for the year ended December 31, 2024 and 2023 were \$146,861 and \$146,318, respectively. Lease costs are included as components of Rent and Office Maintenance on the Statement of Functional Expenses.

The Right-of-Use (ROU) assets obtained in exchange for operating lease liabilities totaled \$679,581 for the year ended December 31, 2022. The accumulated amortization of the ROU assets as of December 31, 2024 and 2023 were \$396,206 and \$262,803. Cash paid for amounts included in the measurement of lease liabilities were \$149,369 and \$143,999 for the years ended December 31, 2024 and 2023.

Maturities of the lease liabilities as of December 31, 2024 are as follows for the years ending December 31:

2025	\$ 153,495
2026	157,983
2027	<u>26,917</u>
Total	\$ 338,395
Less: imputed interest	<u>(4,834)</u>
Total present value	\$ 333,561
Less: lease liabilities, current portion	<u>(150,035)</u>
Total lease liabilities, net of current portion	<u>\$ 183,526</u>

Other Information- Operating Leases:

Weighted-average remaining lease terms (in years)	2.2 years
Weighted-average discount rate	1.37%

Operating Contingencies

The Association sponsors various youth programs and summer camps that have inherent risk associated with such activities. Although the Association only sponsors the youth programs or may provide grants for children to attend, the Association purchases insurance coverage with respect to the Association's sponsorship of such activities. Additionally, each camp is required to agree to release, discharge, indemnify, and forever hold harmless the Association, its agents, officers, directors, and employees, from any and all claims. Each camp is also required to provide the Association with proof of insurance.

NATIONAL MILITARY FAMILY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 10. Retirement Plan

The Association adopted a 403(b) plan covering all employees meeting certain minimal requirements. Plan participants may make voluntary tax-deferred contributions to the retirement plan up to the maximum amount allowed by the Internal Revenue Code. The Association provides eligible participants matching contributions of \$50 per month. During the years ended December 31, 2024 and 2023, the Association incurred retirement plan expenses, including matching contributions and plan administrative costs, approximating \$7,528 and \$9,987, respectively.

Note 11. Presentation of Prior Year Financial Statements

Certain amounts and descriptions in the prior year financial statements have been modified for comparative purposes to conform to the presentation of the current year financial statements. These modifications had no effect on previously reported changes in net assets.

Note 12. Risks and Uncertainties

Credit Risk

The Association maintains operating cash and various money market fund accounts at banks or financial institutions which exceeded federally insured limits at times during the year. The Association has not experienced any losses on such accounts and believes it is not exposed to any significant financial risk on cash.

Market Risk

The Association also invests funds in a professionally managed portfolio of fixed income and equity securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus it is at least reasonably possible that changes in these risks could materially affect investment balances and the amounts reported in the financial statements.

Concentrations

Three donors contributed 37% and two donors contributed 23% of NMFA's total contributions and grants in 2024 and 2023, respectively.

Note 13. Subsequent Events

The Association has evaluated events through May 13, 2025, the date the financial statements were available to be issued and determined that apart from the full drawdown on the remaining balance of the line of credit stated at Note 7 above, there was no other event occurring subsequent to December 31, 2024 that would have a material impact on the Association's results of operations or financial position that would require adjustment to or disclosure in the financial statements.