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**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020**



## **Independent Auditors' Report**

The Board of Directors  
Vietnam Veterans of America, Inc.  
Silver Spring, Maryland

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Vietnam Veterans of America, Inc., which comprise the statements of financial position as of February 28, 2021 and 2020, 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.

### ***Auditors' 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 auditors' 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 auditors consider 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.

The Board of Directors  
Vietnam Veterans of America, Inc.

**Report on the Financial Statements (Continued)**

***Auditors' Responsibility (Continued)***

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 Vietnam Veterans of America, Inc., as of February 28, 2021 and 2020, 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.



Bethesda, Maryland  
August 20, 2021

Certified Public Accountants

**Vietnam Veterans of America, Inc.**  
**Statements of Financial Position**  
**February 28, 2021 and February 28, 2020**

	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>
<b>Assets</b>			<b>Liabilities and Net Assets</b>		
<b>Current Assets</b>			<b>Current Liabilities</b>		
Undesignated Cash and Cash Equivalents	\$ 10,852,209	\$ 9,382,631	Accounts Payable	\$ 1,637,125	\$ 708,061
Accounts Receivable	2,187,273	657,886	Accrued Expenses	223,516	379,258
Prepaid Expenses and Other Assets	84,654	144,017	Current Portion of Deferred Life Member Dues Payable to State Councils and Chapters	58,268	413,508
Total Current Assets	13,124,136	10,184,534	Forgivable Loan - PPP	695,482	-
<b>Investments - at Market Value</b>			Current Portion of Capital Lease Obligations Due to State Councils and Chapters	60,783	43,535
Undesignated	7,426,110	5,774,143		1,122,038	220,404
Designated for Life Memberships / State Councils and Chapters	3,746,803	3,881,170	Total Current Liabilities	3,797,212	1,764,766
Total Investments	11,172,913	9,655,313	<b>Long-Term Liabilities</b>		
<b>Property and Equipment</b>			Deferred Life Member Dues, Net of Current Portion Payable to State Councils and Chapters	-	1,489,965
Furniture and Equipment	501,610	501,610	Capital Lease Obligations, Net of Current Portion Deferred Rent Payable	-	60,783
Software	101,707	101,707		246,651	271,255
Total Property and Equipment	603,317	603,317	Total Long-Term Liabilities	246,651	1,822,003
Less Accumulated Depreciation and Amortization	(549,310)	(495,853)	Total Liabilities	4,043,863	3,586,769
Net Furniture and Equipment	54,007	107,464	<b>Net Assets Without Donor Restrictions</b>	20,340,752	16,394,101
<b>Other Assets</b>			<b>Total Liabilities and Net Assets</b>	\$ 24,384,615	\$ 19,980,870
Deposits	33,559	33,559			
<b>Total Assets</b>	\$ 24,384,615	\$ 19,980,870			

*See accompanying Notes to Financial Statements.*

**Vietnam Veterans of America, Inc.**

**Statements of Activities**  
**For The Years Ended February 28, 2021 and February 29, 2020**

	<u>2021</u>	<u>2020</u>
<b>Revenues and Support</b>		
Recycling Program Revenue	<b>\$ 12,475,043</b>	\$ 21,438,511
Less Recycling Program Cost	<b>(7,716,931)</b>	(15,023,063)
Net Recycling Program Revenue	<b>4,758,112</b>	6,415,448
VVA Veteran Newspaper	<b>108,394</b>	177,558
Membership Dues	<b>115,636</b>	200,999
Veterans Support Foundation Grant	<b>166,667</b>	250,000
Contributions	<b>3,609,171</b>	3,294,610
Convention/Conference	<b>-</b>	107,083
Royalties	<b>67,003</b>	147,189
Other	<b>7,064</b>	3,287
Total Revenues and Support	<b>8,832,047</b>	10,596,174
<b>Expenses</b>		
Program Services		
National Veterans' Programs	<b>1,325,475</b>	2,618,676
Communications and Public Affairs	<b>918,503</b>	1,286,607
Government Relations	<b>572,753</b>	855,003
Veterans' Benefits Program	<b>1,716,514</b>	1,885,131
Total Program Services	<b>4,533,245</b>	6,645,417
Supporting Services		
Support of Affiliates - State Councils and Chapters	<b>196,799</b>	286,381
General and Administrative	<b>1,105,425</b>	1,176,948
Membership Affairs	<b>374,359</b>	547,039
Fundraising	<b>1,148,618</b>	986,409
Total Supporting Services	<b>2,825,201</b>	2,996,777
Total Expenses	<b>7,358,446</b>	9,642,194
Change in Net Assets from Operations	<b>1,473,601</b>	953,980
Investment Income (Loss)	<b>2,473,050</b>	776,534
Change in Net Assets	<b>3,946,651</b>	1,730,514
Net Assets, Beginning of Year	<b>16,394,101</b>	14,663,587
<b>Net Assets, End of Year</b>	<b>\$ 20,340,752</b>	\$ 16,394,101

*See accompanying Notes to Financial Statements.*

**Vietnam Veterans of America, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended February 28, 2021**

	Program Services					Supporting Services					
	National Veterans' Programs	Communications and Public Affairs	Government Relations	Veterans' Benefits Program	Total Program Services	Support of Affiliates	General and Administrative	Membership Affairs	Fundraising	Total Supporting Services	Total Expenses
<b>Compensation</b>											
Salaries	\$ 444,598	\$ 285,808	\$ 287,220	\$ 972,132	\$ 1,989,758	\$ 133,980	\$ 558,057	\$ 211,196	\$ 1,950	\$ 905,183	\$ 2,894,941
Salaries - Benefits	127,898	98,650	82,181	291,462	600,191	21,548	196,248	53,717	(465)	271,048	871,239
Total Compensation	572,496	384,458	369,401	1,263,594	2,589,949	155,528	754,305	264,913	1,485	1,176,231	3,766,180
<b>Other Expenses</b>											
Awards	22	3,376	16	14	3,428	4	23	11	5	43	3,471
Consultants	-	164,015	21,425	10,800	196,240	-	-	-	-	-	196,240
Contributions	431,215	6,000	-	222,500	659,715	-	-	-	-	-	659,715
Depreciation and Amortization	11,119	5,506	8,232	6,842	31,699	2,085	11,440	5,506	2,726	21,757	53,456
Dues, Subscriptions, and Publications	486	1,588	37,120	29,339	68,533	42	28	-	-	70	68,603
Furniture and Equipment	208	103	154	128	593	39	1,765	103	51	1,958	2,551
Insurance	30,826	15,265	22,823	26,993	95,907	5,780	31,715	15,265	7,558	60,318	156,225
Messenger Service	-	224	-	-	224	-	-	-	-	-	224
Miscellaneous	288	9,656	190	1,034	11,168	90	4,216	605	59	4,970	16,138
Office Supplies	3,145	998	1,188	1,194	6,525	578	4,714	2,616	662	8,570	15,095
Photocopying	2,775	3,605	2,563	2,545	11,488	518	3,558	2,355	661	7,092	18,580
Photography	-	5,100	-	-	5,100	-	-	-	-	-	5,100
Postage	1,075	86,591	184	3,326	91,176	88	1,537	5,581	446,796	454,002	545,178
Printing	9,560	96,043	-	-	105,603	11	-	3,204	424,214	427,429	533,032
Professional Fees	104,178	64,210	13,687	68,402	250,477	5,899	154,180	12,167	222,311	394,557	645,034
Public Relations	48	24	36	30	138	9	213	24	12	258	396
Rent	107,045	52,956	79,177	65,809	304,987	20,051	85,526	52,956	26,221	184,754	489,741
Repairs and Maintenance	15,003	204	306	254	15,767	81	15,012	204	101	15,398	31,165
Shipping	1,603	8,304	217	159	10,283	286	4,039	306	369	5,000	15,283
Taxes, Licenses, Etc.	133	-	-	-	133	-	-	-	725	725	858
Telephone	10,854	5,328	7,311	5,660	29,153	2,157	8,032	4,129	2,045	16,363	45,516
Temporary Help	5,105	-	-	-	5,105	-	5,463	-	10,431	15,894	20,999
Training and Development	650	-	-	(3,417)	(2,767)	77	140	-	-	217	(2,550)
Travel - Board of Directors	7,263	-	671	2,269	10,203	327	-	-	-	327	10,530
Travel and Related Expenses	1,464	535	1,452	3,553	7,004	1,478	10,347	-	-	11,825	18,829
Utilities	8,914	4,414	6,600	5,486	25,414	1,671	9,172	4,414	2,186	17,443	42,857
Total Other Expenses	752,979	534,045	203,352	452,920	1,943,296	41,271	351,120	109,446	1,147,133	1,648,970	3,592,266
<b>Total Functional Expenses</b>	<b>\$ 1,325,475</b>	<b>\$ 918,503</b>	<b>\$ 572,753</b>	<b>\$ 1,716,514</b>	<b>\$ 4,533,245</b>	<b>\$ 196,799</b>	<b>\$ 1,105,425</b>	<b>\$ 374,359</b>	<b>\$ 1,148,618</b>	<b>\$ 2,825,201</b>	<b>\$ 7,358,446</b>

*See accompanying Notes to Financial Statements.*

**Vietnam Veterans of America, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended February 29, 2020**

	Program Services					Supporting Services					
	National Veterans' Programs	Communications and Public Affairs	Government Relations	Veterans' Benefits Program	Total Program Services	Support of Affiliates	General and Administrative	Membership Affairs	Fundraising	Total Supporting Services	Total Expenses
<b>Compensation</b>											
Salaries	\$ 360,244	\$ 309,298	\$ 395,204	\$ 996,378	\$ 2,061,124	\$ 136,662	\$ 575,868	\$ 251,977	\$ 17,738	\$ 982,245	\$ 3,043,369
Salaries - Benefits	82,186	121,533	124,455	330,944	659,118	19,679	211,820	105,209	6,203	342,911	1,002,029
Total Compensation	442,430	430,831	519,659	1,327,322	2,720,242	156,341	787,688	357,186	23,941	1,325,156	4,045,398
<b>Other Expenses</b>											
Awards	10,266	9,313	80	98	19,757	165	83	1,039	6	1,293	21,050
Consultants	2,417	202,557	95,529	408	300,911	709	682	328	162	1,881	302,792
Contributions	1,134,711	364	-	206,750	1,341,825	-	-	-	-	-	1,341,825
Depreciation and Amortization	14,057	6,961	10,407	8,650	40,075	2,636	14,462	6,961	3,447	27,506	67,581
Dues, Subscriptions, and Publications	4,028	4,445	47,401	29,492	85,366	889	425	99	49	1,462	86,828
Fixed Assets	8,280	741	1,108	921	11,050	281	8,323	741	367	9,712	20,762
Furniture and Equipment	30,263	191	620	133	31,207	1,528	223	107	53	1,911	33,118
Insurance	37,282	16,902	25,271	29,090	108,545	7,450	35,117	16,902	8,369	67,838	176,383
Interest	1,725	854	1,277	1,062	4,918	323	1,775	854	423	3,375	8,293
Meeting Facilities	62,872	-	-	-	62,872	6,904	-	-	-	6,904	69,776
Messenger Service	-	539	-	-	539	-	-	-	-	-	539
Miscellaneous	36,134	5,614	7,925	55,620	105,293	3,153	11,391	4,653	2,239	21,436	126,729
Office Supplies	8,261	5,848	3,637	9,800	27,546	1,536	7,571	4,829	1,363	15,299	42,845
Photocopying	4,863	4,708	2,662	1,727	13,960	649	2,586	2,202	517	5,954	19,914
Photography	-	8,954	-	-	8,954	-	-	-	-	-	8,954
Postage	6,543	169,567	577	4,118	180,805	662	2,124	22,301	393,379	418,466	599,271
Printing	20,974	236,805	7,884	3,206	268,869	1,120	984	26,005	331,173	359,282	628,151
Professional Fees	109,859	57,056	13,217	72,810	252,942	5,950	122,758	18,165	157,833	304,706	557,648
Public Relations	7,125	8,253	2,583	670	18,631	913	1,119	539	267	2,838	21,469
Rent	87,650	43,403	64,895	53,938	249,886	16,434	90,178	43,403	21,491	171,506	421,392
Repairs and Maintenance	13,198	413	617	513	14,741	156	13,222	413	204	13,995	28,736
Shipping	15,768	23,053	836	50	39,707	422	1,270	535	66	2,293	42,000
Taxes, Licenses, Etc.	14,018	-	-	-	14,018	-	13,887	120	460	14,467	28,485
Telephone	17,687	9,455	11,423	7,969	46,534	4,255	12,498	5,394	2,671	24,818	71,352
Temporary Help	5,906	421	630	524	7,481	160	1,125	17,233	37,134	55,652	63,133
Training and Development	9,652	1,604	86	30,564	41,906	889	11,460	968	29	13,346	55,252
Travel - Board of Directors	247,867	15,219	581	920	264,587	20,039	1,072	853	11	21,975	286,562
Travel - Conferences/Conventions	93,164	14,176	9,597	4,547	121,484	11,992	15,526	3,895	92	31,505	152,989
Travel and Related Expenses	161,572	3,357	19,020	28,011	211,960	38,930	9,004	6,311	35	54,280	266,240
Utilities	10,104	5,003	7,481	6,218	28,806	1,895	10,395	5,003	628	17,921	46,727
Total Other Expenses	2,176,246	855,776	335,344	557,809	3,925,175	130,040	389,260	189,853	962,468	1,671,621	5,596,796
<b>Total Functional Expenses</b>	<b>\$ 2,618,676</b>	<b>\$ 1,286,607</b>	<b>\$ 855,003</b>	<b>\$ 1,885,131</b>	<b>\$ 6,645,417</b>	<b>\$ 286,381</b>	<b>\$ 1,176,948</b>	<b>\$ 547,039</b>	<b>\$ 986,409</b>	<b>\$ 2,996,777</b>	<b>\$ 9,642,194</b>

*See accompanying Notes to Financial Statements.*

**Vietnam Veterans of America, Inc.**

**Statement of Cash Flows**  
**For The Years Ended February 28, 2021 and February 29, 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Change in Unrestricted Net Assets	\$ 3,946,651	\$ 1,730,514
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	53,456	68,818
Loss on Disposal of Furniture and Equipment	-	(1,238)
Net (Gains) Losses on Investments	(2,324,683)	(497,056)
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	(1,529,387)	169,510
Prepaid Expenses and Other Assets	59,363	50,074
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable	929,065	36,130
Accrued Expenses	(155,742)	133,061
Forgivable Loan - PPP	695,482	-
Deferred Life Member Dues	(1,845,205)	(531,926)
Due to State Councils and Chapters	901,634	(25,991)
Deferred Rent Payable	(24,604)	(70,855)
Net Cash Provided by (Used in) Operating Activities	<u>706,030</u>	<u>1,061,041</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of Investments	(2,213,456)	(7,481,436)
Sales of Investments	<u>3,020,539</u>	<u>7,265,689</u>
Net Cash Provided by (Used in) Investing Activities	<u>807,083</u>	<u>(215,747)</u>
<b>Cash Flows from Financing Activities</b>		
Curtailments of Capital Lease Obligations	(43,535)	(63,171)
Net Increase (Decrease) in Cash and Cash Equivalents	1,469,578	782,123
Cash and Cash Equivalents, Beginning of Year	<u>9,382,631</u>	<u>8,600,508</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 10,852,209</u>	<u>\$ 9,382,631</u>
<b>Supplementary Disclosure of Cash Flow Information</b>		
Cash Paid during the Year for Interest	\$ 176	\$ 8,293

*See accompanying Notes to Financial Statements.*



**Vietnam Veterans of America, Inc.**  
**Notes to Financial Statements**  
**February 28, 2021 and February 29, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Vietnam Veterans of America, Inc., (VVA) was incorporated in February 1978. On May 23, 1986, VVA was granted a Congressional Charter in recognition of its activities on behalf of Vietnam veterans. Its primary purposes are to foster the improvement of the condition of Vietnam-era veterans; to promote social welfare (including educational, economic, physical, and cultural improvement) in the United States by encouraging the growth, development, readjustment, self-respect, self-confidence, and usefulness of Vietnam-era and other veterans; to improve conditions and channels of communication to assist Vietnam-era veterans; to assist disabled Vietnam-era veterans, other veterans, and the dependents and survivors of such veterans who are in need of assistance; and to give special recognition to the efforts of the members of VVA and Vietnam-era veterans for their helpfulness and service to their country.

The coronavirus (COVID-19) outbreak in the United States commenced prior to VVA's fiscal year-end and has directly impacted its operations since early spring 2020. The COVID-19 pandemic caused a broad and negative impact on commerce and financial markets around the world including travel restrictions and limits on in-person gatherings.

Accordingly, the extent to which COVID-19 may impact VVA's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

**Basis of Presentation**

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statements of VVA have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires VVA to report information regarding its financial position and activities according to the following net asset classifications:

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 VVA. These net assets may be used at the discretion of management and the Board of Directors.

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 VVA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

VVA had no net assets with donor restrictions as of February 28, 2021.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

## **Vietnam Veterans of America, Inc.**

### **Notes to Financial Statements February 28, 2021 and February 29, 2020**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's 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.

##### **Cash Equivalents**

For financial statement purposes, VVA considers certain money market funds and certificates of deposit to be cash equivalents. VVA's money market funds held within investments designated for deferred life member dues are considered long-term in nature and, therefore, are not considered cash equivalents.

##### **Accounts Receivable**

Accounts receivable are reported at their outstanding balances.

Management periodically evaluates the adequacy of the allowance for doubtful accounts by considering VVA's past receivables loss experience, known and inherent risks in the accounts receivable population, adverse situations that may affect a debtor's ability to pay, and current economic conditions.

The allowance for doubtful accounts is increased by charges to bad debts expense and decreased by charge offs of the accounts receivable balances. Accounts receivable are considered past due and charged off based on management's determination that they are uncollectible. As of both February 28, 2021 and 2020, management has determined that an allowance for doubtful accounts was not necessary.

##### **Investments**

VVA carries equity and debt securities at fair value. Any changes in fair value are recognized in the statements of activities and changes in net assets.

##### **Property and Equipment**

Property and equipment and software are recorded at cost and depreciated or amortized using the straight-line method over their estimated useful lives of three to five years. Land is recorded at cost and not depreciated or amortized. VVA's policy is to capitalize purchases over \$3,000. Only assets placed in service are depreciated or amortized.

When fully depreciated/amortized assets are disposed of, the cost of the asset and related accumulated depreciation/amortization are removed from the accounts.

**Vietnam Veterans of America, Inc.**  
**Notes to Financial Statements**  
**February 28, 2021 and February 29, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Membership Dues

Membership dues paid by VVA members include portions for both VVA and the respective state councils and chapters. Membership dues are recognized as revenue in the current period and the remaining portion, collected but not recognized as revenue by VVA is paid to the state councils and chapters as their respective shares. VVA recognizes membership dues received as membership dues revenue in the current period.

As directed by the board of directors, all life member dues are segregated from the general operating funds.

Recycling Program

VVA's Recycling Program involves the collection of discarded household items and automobiles from the community. The items collected are sold to contracted private companies. VVA deems the items collected to be simultaneously sold to the contracted private companies, without creating any inventory for VVA. Therefore, VVA does not present on its statements of activities and changes in net assets separate amounts for cost of items sold and contribution revenue, both in an amount equal to recycling program revenue, which represents the fair value of the items collected. Recycling program cost presented in the statements of activities and changes in net assets represents VVA's solicitation costs for generating the items collected and sales costs for selling the items. The revenue generated from such sales is exempt from income taxes under the Internal Revenue Code.

Convention and Leadership Conference

VVA sponsors its convention and leadership conference biannually in alternating years. The convention is held in odd-numbered years and the leadership conference is held in even-numbered years. VVA held a convention during the fiscal year 2020, and a leadership conference during the fiscal year 2021.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 as net assets released from restrictions.

## **Vietnam Veterans of America, Inc.**

### **Notes to Financial Statements February 28, 2021 and February 29, 2020**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Functional Expense Allocation**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, occupancy and office expenses, depreciation, information technology costs, and insurance have been allocated among the programs and supporting services benefits allocated on the basis of employee time and effort.

##### **Income Tax Status**

VVA is exempt from the payment of income taxes on its exempt activities under Section 501(c)(19) of the Internal Revenue Code (IRC). Contributions to VVA qualify as charitable contributions as defined in IRC Section 170(c). Income, if any, from unrelated business activities is subject to tax.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, VVA may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of VVA and various positions related to the potential sources of unrelated business taxable income (UBIT).

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2021 and 2020.

VVA's policy would be to recognize interest and penalties, if any, on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were assessed or recorded during fiscal years 2021 and 2020.

VVA's Forms 990, *Return of Organization Exempt from Income Tax*, that have been filed as of February 28, 2021, for the years ended February 29, 2020, February 28, 2019, and February 28, 2018, are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

##### **Recently Issued Accounting Pronouncement**

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2022.

## **Vietnam Veterans of America, Inc.**

### **Notes to Financial Statements February 28, 2021 and February 29, 2020**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Subsequent Events**

Management has evaluated subsequent events through August 20, 2021 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

#### **2. CONCENTRATION OF CREDIT RISK**

VVA maintains its cash accounts and certificates of deposit in banks that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Funds held by these banks in excess of the FDIC limits were approximately \$5,300,000 as of February 28, 2021, and approximately \$2,918,000 as of February 29, 2020. Management does not feel this poses a risk to VVA.

At February 28, 2021 and 2020, additional amounts were invested in repurchase agreements of approximately \$4,294,000 and \$4,649,000, respectively that were not covered by insurance. VVA has a security interest in all securities purchased under the repurchase agreements.

#### **3. LIFE MEMBERSHIPS**

Life memberships are offered to VVA members at a fixed amount. In exchange for these dues, VVA is obligated to provide various services to these members for the duration of their lives. VVA has designated funds for providing future services. As of February 28, 2021 and 2020, VVA had \$3,746,803 and \$3,881,170, respectively, of designated investments.

#### **4. INVESTMENTS**

Financial assets measured using Level 1 inputs are based on unadjusted quoted market prices in active markets for identical assets.

Level 2 inputs, if any, include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from observable market data.

Level 3 inputs, if any, are obtained from the entity's own assumptions.

As of February 28, 2021, VVA's investments and their fair values consisted of the following:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>
<b><u>February 28, 2021</u></b>		
<b>Money Market Funds</b>	<b>\$ 2,260,007</b>	<b>\$ 2,260,007</b>
<b>Mutual Fund Equities</b>	<b>4,669,860</b>	<b>4,669,860</b>
<b>Corporate Equities</b>	<b>4,243,046</b>	<b>4,243,046</b>
<b>Total</b>	<b><u>\$ 11,172,913</u></b>	<b><u>\$ 11,172,913</u></b>

## Vietnam Veterans of America, Inc.

### Notes to Financial Statements February 28, 2021 and February 29, 2020

#### 4. INVESTMENTS (CONTINUED)

As of February 29, 2020, VVA's investments and their fair values consisted of the following:

	Fair Value	Level 1 Inputs
February 29, 2020		
Money Market Funds	\$ 352,906	\$ 352,906
Mutual Fund Equities	6,809,206	6,809,206
Corporate Equities	2,493,201	2,493,201
Total	<u>\$ 9,655,313</u>	<u>\$ 9,655,313</u>

None of VVA's investments are valued using Level 2 or Level 3 inputs.

Investment income consisted of the following at February 28, 2021 and February 29, 2020:

	2021	2020
Interest and Dividends	<b>\$ 148,367</b>	\$ 279,478
Gains (Losses) on Investments	<b>2,324,683</b>	497,056
	<b><u>\$ 2,473,050</u></b>	<u>\$ 776,534</u>

#### 5. NET ASSETS

There were no net assets with donor restrictions as of February 28, 2021 or February 29, 2020.

Other than net assets designated for life memberships / state councils and chapters, all other net assets without donor restrictions as of February 28, 2021 and February 29, 2020 were undesignated.

#### 6. RETIREMENT PLAN

VVA has a defined contribution plan under Internal Revenue Code Section 401(k), covering all employees over the age of 21 after one year of service. Employees of VVA may elect to make pre-tax contributions to the Plan at a rate that may not exceed a dollar limit that is set by law. VVA may make a discretionary matching contribution at a rate determined by the board of directors. During the years ended February 28, 2021 and February 29, 2020, VVA matched up to 4% of an employee's contribution.

#### 7. LEASE OBLIGATIONS

##### Capital Lease Obligations

VVA is obligated under multiple capital lease arrangements for office equipment. The leases bear interest at approximately 4.6% to 6.0% annually. Monthly payments range from \$315 to \$5,160 with maturity dates through October 2022.

**Vietnam Veterans of America, Inc.**

**Notes to Financial Statements**  
**February 28, 2021 and February 29, 2020**

**7. LEASE OBLIGATIONS (CONTINUED)**

**Capital Lease Obligations (Continued)**

Future minimum lease payments are as follows:

For the Years Ending February 28,

2022	\$ 62,228
Total Future Minimum Lease Payments	62,228
Less: Interest Portion of Lease Payments	<u>(1,445)</u>
Net Present Value of Lease Payments	<u>\$ 60,783</u>

As of February 28, 2021, equipment and accumulated amortization under capital leases were approximately \$231,000 and \$178,000, respectively. As of February 29, 2020, equipment and accumulated amortization under capital leases were approximately \$231,000 and \$132,000, respectively. Amortization expense for equipment under capital leases was approximately \$46,000 for the years ended February 28, 2021 and February 29, 2020.

**Operating Lease Obligations**

VVA leases its office facilities under an operating lease that expires in November 2028. The lease stipulates a 4% increase in rent per annum, and VVA is responsible for its proportionate share of operating expenses and real estate taxes.

Rental expense for office facilities for the years ended February 28, 2021 and February 29, 2020, amounted to approximately \$490,000 and \$421,000, respectively.

VVA also leases certain office equipment under an operating a five-year operating lease with fixed monthly payments of \$998.

Future minimum rental commitments are as follows:

For the Years Ending February 28,

2022	\$ 545,961
2023	567,320
2024	589,534
2025	612,636
2025	624,686
Thereafter	<u>1,852,269</u>
Total	<u>\$ 4,792,406</u>

**Vietnam Veterans of America, Inc.**  
**Notes to Financial Statements**  
**February 28, 2021 and February 29, 2020**

**8. AVAILABILITY AND LIQUIDITY**

The following represents VVA's financial assets at February 28, 2021:

Financial Assets at Year End:

Undesignated Cash and Cash Equivalents	\$ 10,852,209
Accounts Receivable	2,187,273
Investments	<u>7,426,110</u>

Total Financial Assets	20,465,592
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Less Amounts Not Available To Be Used Within One Year:

Net Assets With Donor Restrictions	-
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	-
Designated for Life Memberships / State Councils and Chapters	<u>(3,746,803)</u>
	<u>(3,746,803)</u>

Financial Assets Available to Meet General Expenditures

Over the Next Twelve Months	<u>\$ 16,718,789</u>
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As part of VVA's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts, when practical.