

BOB WOODRUFF FAMILY FOUNDATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

**BOB WOODRUFF FAMILY FOUNDATION, INC.
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YEARS ENDED DECEMBER 31, 2017 AND 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bob Woodruff Family Foundation, Inc.
New York, New York

We have audited the accompanying financial statements of Bob Woodruff Family Foundation, Inc. (BWF), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expense, 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 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.

Board of Directors
Bob Woodruff Family Foundation, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bob Woodruff Family Foundation, Inc. as of December 31, 2017 and 2016, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
June 7, 2018

BOB WOODRUFF FAMILY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 7,620,821	\$ 10,100,584
Investments	576,820	568,241
Accounts Receivable	10,211	24,499
Contributions Receivable, Net	1,261,914	348,450
Prepaid Expenses	552,574	206,700
Total Current Assets	10,022,340	11,248,474
PROPERTY AND EQUIPMENT, NET	154,974	179,417
Total Assets	\$ 10,177,314	\$ 11,427,891
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 128,601	\$ 155,567
Grants Payable	60,000	-
Deferred Revenue	-	150,000
Total Current Liabilities	188,601	305,567
DEFERRED RENT	27,694	23,033
Total Liabilities	216,295	328,600
NET ASSETS		
Unrestricted	9,529,929	10,989,291
Temporarily Restricted	431,090	110,000
Total Net Assets	9,961,019	11,099,291
Total Liabilities and Net Assets	\$ 10,177,314	\$ 11,427,891

See accompanying Notes to Financial Statements.

BOB WOODRUFF FAMILY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Special Events	\$ 5,227,971	\$ -	\$ 5,227,971	\$ 6,196,064	\$ -	\$ 6,196,064
Contributions	3,060,754	1,191,800	4,252,554	2,313,053	115,000	2,428,053
In-Kind Contributions	1,294,376	-	1,294,376	1,410,293	-	1,410,293
Investment Income	6,826	-	6,826	2,172	-	2,172
Other Income	16,666	-	16,666	18,984	-	18,984
Net Assets Released from Restriction:						
Satisfaction of Purpose Restrictions	870,710	(870,710)	-	9,500	(9,500)	-
Total Revenue and Support	<u>10,477,303</u>	<u>321,090</u>	<u>10,798,393</u>	<u>9,950,066</u>	<u>105,500</u>	<u>10,055,566</u>
EXPENSES						
Program Services:						
Charitable Giving	5,477,970	-	5,477,970	5,402,123	-	5,402,123
Public Awareness and Education	2,180,854	-	2,180,854	857,434	-	857,434
Individual Giving	630,966	-	630,966	378,907	-	378,907
Collaborative Efforts	602,122	-	602,122	2,042,837	-	2,042,837
National Veterans Intermediary	1,340,171	-	1,340,171	-	-	-
Total Program Services	<u>10,232,083</u>	<u>-</u>	<u>10,232,083</u>	<u>8,681,301</u>	<u>-</u>	<u>8,681,301</u>
Supporting Services:						
Management and General	429,266	-	429,266	515,309	-	515,309
Fundraising	1,275,316	-	1,275,316	808,268	-	808,268
Total Supporting Services	<u>1,704,582</u>	<u>-</u>	<u>1,704,582</u>	<u>1,323,577</u>	<u>-</u>	<u>1,323,577</u>
Total Expenses	<u>11,936,665</u>	<u>-</u>	<u>11,936,665</u>	<u>10,004,878</u>	<u>-</u>	<u>10,004,878</u>
CHANGE IN NET ASSETS	(1,459,362)	321,090	(1,138,272)	(54,812)	105,500	50,688
Net Assets - Beginning of Year	<u>10,989,291</u>	<u>110,000</u>	<u>11,099,291</u>	<u>11,044,103</u>	<u>4,500</u>	<u>11,048,603</u>
NET ASSETS - END OF YEAR	<u>\$ 9,529,929</u>	<u>\$ 431,090</u>	<u>\$ 9,961,019</u>	<u>\$ 10,989,291</u>	<u>\$ 110,000</u>	<u>\$ 11,099,291</u>

See accompanying Notes to Financial Statements.

BOB WOODRUFF FAMILY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2017

	Program Services						Supporting Services			Total
	Charitable Giving	Public Awareness and Education	Individual Giving	Collaborative Efforts	National Veterans Intermediary	Total	Management and General	Fundraising	Total	
Collaborative Efforts	\$ 4,800,587	\$ -	\$ 191,874	\$ 285,000	\$ 361,000	\$ 5,638,461	\$ -	\$ -	\$ -	\$ 5,638,461
Contract Services	51,381	1,104,381	203,774	66,284	258,634	1,684,454	94,260	585,259	679,519	2,363,973
Salaries and Payroll Taxes	403,984	264,774	72,989	102,516	528,288	1,372,551	204,814	358,719	563,533	1,936,084
Employee Benefits	38,457	22,290	6,959	14,450	28,386	110,542	16,814	29,494	46,308	156,850
Travel and Meetings	49,814	47,782	7,131	59,953	86,060	250,740	13,314	24,901	38,215	288,955
Facility and Equipment	73,327	213,797	32,081	28,695	35,538	383,438	29,322	50,674	79,996	463,434
Gifts and Awards	-	6,541	2,906	109	-	9,556	2,715	5,550	8,265	17,821
Food Service	761	239,348	88,127	13,149	3,512	344,897	1,238	11,195	12,433	357,330
Audio Visual/Production	-	83,878	9,172	6,332	-	99,382	59	7,531	7,590	106,972
Printing and Copying	3,983	52,902	253	3,557	2,001	62,696	11,429	38,791	50,220	112,916
Fees	-	3,234	-	-	-	3,234	3,317	34,781	38,098	41,332
Dues, Books, Subscriptions, and References	13,613	19,147	1,376	7,076	9,155	50,367	15,141	22,410	37,551	87,918
Depreciation and Amortization	19,308	10,317	3,414	8,249	10,092	51,380	7,580	12,915	20,495	71,875
Website	1,842	443	182	375	6,022	8,864	532	910	1,442	10,306
Posting, Shipping and Courier	1,481	4,747	1,749	348	444	8,769	604	2,942	3,546	12,315
Telephone and Communication	11,781	7,395	2,228	4,076	4,313	29,793	4,480	7,803	12,283	42,076
Supplies	1,901	12,914	5,689	822	1,173	22,499	7,961	18,355	26,316	48,815
Insurance	4,544	26,512	740	701	1,311	33,808	5,248	18,513	23,761	57,569
Marketing and Promotion	-	59,392	-	-	3,600	62,992	-	33,882	33,882	96,874
Organization Expenses/ Taxes	1,206	1,060	322	430	642	3,660	10,438	10,691	21,129	24,789
Total Expense	\$ 5,477,970	\$ 2,180,854	\$ 630,966	\$ 602,122	\$ 1,340,171	\$ 10,232,083	\$ 429,266	\$ 1,275,316	\$ 1,704,582	\$ 11,936,665

See accompanying Notes to Financial Statements.

BOB WOODRUFF FAMILY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2016

	Program Services						Supporting Services			Total
	Charitable Giving	Public Awareness and Education	Individual Giving	Collaborative Efforts	National Veterans Intermediary	Total	Management and General	Fundraising	Total	
Collaborative Efforts	\$ 4,312,455	\$ -	\$ 83,926	\$ 285,269	\$ -	\$ 4,681,650	\$ -	\$ -	\$ -	\$ 4,681,650
Contract Services	271,575	214,176	141,367	1,224,925	-	1,852,043	63,370	192,298	255,668	2,107,711
Salaries and Payroll Taxes	529,721	67,070	20,921	342,816	-	960,528	204,088	317,341	521,429	1,481,957
Employee Benefits	42,811	6,316	3,007	16,168	-	68,302	15,478	24,380	39,858	108,160
Travel and Meetings	68,230	26,022	6,791	78,932	-	179,975	6,211	25,401	31,612	211,587
Facility and Equipment	104,081	160,521	22,836	38,729	-	326,167	36,199	67,149	103,348	429,515
Gifts and Awards	1,632	5,979	-	1,314	-	8,925	6,395	3,107	9,502	18,427
Food Service	3,881	177,023	84,697	15,254	-	280,855	2,620	3,370	5,990	286,845
Audio Visual/Production	-	78,180	7,415	10,028	-	95,623	-	8,860	8,860	104,483
Printing and Copying	5,020	41,476	324	2,829	-	49,649	8,287	28,240	36,527	86,176
Fees	-	4,399	-	-	-	4,399	29,784	29,135	58,919	63,318
Bad Debt	-	-	-	-	-	-	78,148	-	78,148	78,148
Dues, Books, Subscriptions and References	18,429	13,418	1,000	7,846	-	40,693	15,359	21,053	36,412	77,105
Depreciation and Amortization	16,321	2,408	1,146	6,127	-	26,002	6,321	9,368	15,689	41,691
Website	864	128	61	325	-	1,378	311	428	739	2,117
Postage, Shipping and Courier	1,922	6,383	2,294	722	-	11,321	1,234	6,197	7,431	18,752
Telephone and Communication	15,499	4,427	1,088	5,819	-	26,833	5,617	9,728	15,345	42,178
Supplies	4,612	14,470	1,679	3,832	-	24,593	13,173	18,662	31,835	56,428
Insurance	1,005	20,354	70	377	-	21,806	15,533	14,012	29,545	51,351
Marketing and Promotion	-	14,085	-	-	-	14,085	-	17,252	17,252	31,337
Organization Expenses/ Taxes	4,065	599	285	1,525	-	6,474	7,181	12,287	19,468	25,942
Total Expense	\$ 5,402,123	\$ 857,434	\$ 378,907	\$ 2,042,837	\$ -	\$ 8,681,301	\$ 515,309	\$ 808,268	\$ 1,323,577	\$ 10,004,878

See accompanying Notes to Financial Statements.

BOB WOODRUFF FAMILY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,138,272)	\$ 50,688
Adjustments to Reconcile Change in Net Assets to Net Cash (Used In) Provided by Operating Activities:		
Bad Debt	-	78,148
Depreciation and Amortization	71,875	41,691
Realized Loss on Investments	73	919
Unrealized Loss on Investments	166	-
Noncash Contributions	(41,186)	(203,683)
Changes in Assets and Liabilities:		
Accounts Receivable	14,288	32,470
Contributions Receivable	(913,464)	1,756,651
Prepaid Expenses	(345,874)	74,222
Accounts Payable and Accrued Expenses	(26,966)	(142,473)
Grants Payable	60,000	-
Deferred Revenue	(150,000)	145,000
Deferred Rent	4,661	13,399
Net Cash (Used In) Provided by Operating Activities	(2,464,699)	1,847,032
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(568,382)	(1,127,232)
Proceeds from Sales of Investments	600,750	1,330,807
Purchases of Property and Equipment	(47,432)	(128,600)
Net Cash (Used In) Provided by Investing Activities	(15,064)	74,975
NET (DECREASE) INCREASE IN CASH	(2,479,763)	1,922,007
Cash - Beginning of Year	10,100,584	8,178,577
CASH - END OF YEAR	\$ 7,620,821	\$ 10,100,584
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Donated Securities	\$ 41,186	\$ 203,683

See accompanying Notes to Financial Statements.

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Bob Woodruff Family Foundation, Inc. (BWF) is the nonprofit dedicated to ensuring that post-9/11 injured service members, veterans and their families thrive long after they return home. A national organization with grassroots reach, BWF complements the work of the federal government—diligently navigating the maze of more than 40,000 nonprofits providing services to veterans—to find, fund, and shape innovative programs and hold them accountable for results. To date, BWF has invested more than \$53 million in solutions reaching the post-9/11 veterans, service members, their families and caregivers whom BWF serves.

Income Taxes

BWF is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (IRC) , and has been classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a)(1) of the IRC.

BWF evaluated its tax positions and determined that its positions are more likely than not to be sustained on examination.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Revenue is recognized when earned and expense when the obligation is incurred.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash

For financial statement purposes, BWF considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash.

Contributions Receivable

Contributions receivable primarily consists of the Stand Up for Heroes special event receivables and short-term promises to give from donors. Management periodically reviews the status of all receivable balances for collectability, which is assessed based on management's knowledge of the donor, BWF's relationship with the donor, and the age of the receivable balance. As a result of these reviews, receivable balances for which collection is deemed doubtful are charged to bad debt expense and an allowance is recorded.

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Acquisitions of property and equipment that have a useful life of more than one year and a cost greater than \$1,000 are capitalized and depreciated using the straight-line method over estimated useful lives of 2 to 5 years.

Investments

Donations received in the form of stocks, bonds, or other equities, will be recorded at the cash value equivalent at the time of donation. Sale of donated investments will be executed within one week of receipt, in order to reduce risk, and secure the funds. At no time will the BWF maintain donor funds in any mid to high risk financial vehicles.

Fair Value Hierarchy

BWF has categorized its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs that reflect quoted prices for identical assets or liabilities that an entity has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at December 31, 2017 and 2016.

Net Assets

To ensure the observance of limitations and restrictions placed on the use of resources available to BWF, its net assets and revenue have been classified into net asset groups based on the existence or absence of donor-imposed restrictions. For financial statement purposes, net assets are as follows:

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Unrestricted Net Assets - Represents those net assets whose use is not restricted by donors.

Temporarily Restricted Net Assets – Represents those net assets whose use has been donor restricted for specified purpose or time limitations.

Grants Payable

Grants are reported as an expense and liability when approved by BWF unless conditions imposed on the grantee have not yet been fulfilled. Such conditional grants are recorded when the conditions have been satisfied. There are no conditional grants for the year ended December 31, 2017. Nonconditional grants that BWF anticipates will be paid over more than one year are recorded at the estimated present value of future cash flows as of the date the grant is made. All grants are anticipated to be paid within one year.

Deferred Revenue

Deferred revenue consists of revenue received in advance of the period in which it is earned. Deferred revenue consists primarily of the estimated direct benefit to the donor portion of amounts received in advance for future special events.

Deferred Rent

BWF accounts for rent expense evenly over the term of the lease using the straight-line method. The unamortized deferred rent was \$27,694 and \$23,033 at December 31, 2017 and 2016, respectively.

Revenue Recognition

Revenue is recognized on the accrual basis and generally consists of special events income, grants, and donations. Contributions are recognized when unconditionally promised to, or received by, BWF. Contributions consist of temporarily restricted and unrestricted revenues. Contributions are recorded as unrestricted or restricted support depending upon the existence of and/or the nature any of donor restrictions. Donor-restricted support is reported as an increase in restricted net assets.

When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, temporarily restricted net assets are reclassified as unrestricted net assets and reported as net assets released from restrictions on the statements of activities.

If a donor subsequently changes the facts and circumstances respective to a promise to give, an adjustment is made to revenue and support in the current period.

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

Recorded Amounts

In-kind contributions of goods, services, and facilities used for operations or special events are recognized as in-kind contributions in accordance with generally accepted accounting principles.

Donated goods used for special events are included in the costs of direct benefit to donors and donated services are included in contract services expense. In particular, donated auction items are recorded at their estimated fair value as provided by a third-party charity auctioneer or subject matter expert as required. Donated auction items of value that have not been auctioned at the end of the year are capitalized at their estimated fair value. Capitalized donated goods are adjusted for the cash received at auction.

Donated services are recognized at fair value if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased by BWF. Donated services consist of legal services, information technology services, and other professional services that benefit program, fundraising, and management and general expenses.

Unrecorded Amounts

BWF relies on contributions of both time and expertise from its pool of volunteers. In particular, volunteers work on BWF's programs and fundraising activities. BWF's volunteers donate hundreds of hours of service, the total value of which cannot be easily calculated or estimated, yet these volunteers contribute significantly to the work, impact, and success of BWF. These volunteer services have not been reflected in the accompanying financial statements because the volunteer services provided do not meet the criteria necessary for recognition.

Charitable Investments Program Services

Program services descriptions are as follows:

Charitable Giving: BWF supports innovative programs that focus on post-9/11 injured service members, veterans, and their families and the communities and caregivers who support them. BWF finds, funds, and shapes national and community-based organizations whose proven programs address three core issue areas:

- Education and Employment
- Rehabilitation and Recovery
- Quality of Life

Public Awareness and Education: Through its public awareness and education investments, BWF educates and informs the public about 1) the needs of service members returning from war and 2) our nation's greater responsibility to ensure our heroes and their families thrive by having access to the highest level of support and resources they deserve for as long as they need them.

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charitable Investments Program Services (Continued)

Individual Giving: On a case by case basis, BWF provides discreet, direct financial assistance to individual injured service members and their families.

Collaborative Efforts: BWF collaborates with other experts and organizations, at the federal, state, and local levels, to identify and solve issues related to the return of service members from combat to civilian life.

National Veterans Intermediary (NVI): The network of veteran, family, caregiver and survivor services is complex, fragmented, and difficult to navigate. As a result, access and outcomes vary widely. NVI increases impact by sharing best practices and data-driven insight, facilitating collaboration, and supporting communication among communities serving veterans across the country. In 2017, NVI identified 100 communities with a collaborative organization supporting the local veteran population. So far, 39 of those communities have signed a commitment agreement and received funding to help them learn from each other and share tactics and procedures. See NVI.org or more insights about these communities. This was a new program in 2017.

Supporting Services

Supporting services descriptions are as follows:

Management and General: Management and general include activities necessary for the administrative process of BWF and managing the financial responsibilities of BWF.

Fundraising: Fundraising includes activities that encourage and secure financial support for BWF.

Functional Allocation of Expenses

The costs of providing various program and supporting service activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated across the program and supporting services that have benefited.

Subsequent Events

In preparing these financial statements, BWF has evaluated events and transactions for potential recognition or disclosure through June 7, 2018, the date the financial statements were available to be issued.

**BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 CONCENTRATIONS OF RISK

Credit Risk

Financial instruments that subject BWF to a concentration of credit risk consist of demand deposits placed with financial institutions, which may, at times, exceed federally insured limits.

Concentration of Revenue

Fifty-five and fifty-six percent of BWF's revenue for the years ended December 31, 2017 and 2016, respectively, is from special event revenue from the Stand Up for Heroes event that BWF holds annually.

Total contribution revenue for the years ended December 31, 2017 and 2016, consists of 47% and 25% from three donors and one donor, respectively.

NOTE 3 INVESTMENTS

Investments consist of the following at December 31:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Certificates of Deposit	\$ 568,382	\$ 568,280	\$ -	\$ -
Cash and Cash Equivalents	2,693	2,693	567,232	567,232
Equity Stocks	5,911	5,847	1,009	1,009
	<u>\$ 576,986</u>	<u>\$ 576,820</u>	<u>\$ 568,241</u>	<u>\$ 568,241</u>

Investment income consisted of the following for the years ended December 31:

	2017	2016
Interest Income	\$ 7,065	\$ 3,091
Unrealized Loss on Investments	(166)	-
Realized Loss on Investments	(73)	(919)
Total	<u>\$ 6,826</u>	<u>\$ 2,172</u>

BOB WOODRUFF FAMILY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 FAIR VALUE HIERARCHY

The following table presents fair value hierarchy information as of December 31, 2017 and 2016, measured at fair value on a recurring basis:

	2017			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ 568,280	\$ -	\$ 568,280
Equity Stocks	5,847	-	-	5,847
	2016			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ -	\$ -	\$ -	\$ -
Equity Stocks	1,009	-	-	1,009

*Cash and cash equivalents are recorded at cost and accordingly are excluded from the fair value hierarchy.

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at December 31:

	2017	2016
Stand Up For Heroes	\$ 900,864	\$ 213,400
Other Special Events	5,000	14,000
Temporarily Restricted Contributions	250,000	55,000
Unrestricted Contributions	140,000	100,000
Subtotal	1,295,864	382,400
Less: Allowance for Doubtful Receivables	(33,950)	(33,950)
Total	\$ 1,261,914	\$ 348,450
	2017	2016
Amounts Due in:		
Less: than One Year	\$ 1,261,914	\$ 348,450

Contributions receivable as of December 31, 2017 consist of 58% from two donors.

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NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Furniture and Fixtures	\$ 124,510	\$ 117,635
Website	57,186	35,556
Computer Software	75,937	86,175
Computer Hardware	57,391	48,401
Subtotal	<u>315,024</u>	<u>287,767</u>
Less: Accumulated Depreciation and Amortization	<u>(160,050)</u>	<u>(108,350)</u>
Total	<u><u>\$ 154,974</u></u>	<u><u>\$ 179,417</u></u>

NOTE 7 NET ASSETS

Temporarily restricted net assets consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Purpose Restricted:		
IVF Fertility	\$ 24,880	\$ 110,000
VOWS	131,460	-
Social Media	24,750	-
National Veterans Intermediary	250,000	-
Total	<u><u>\$ 431,090</u></u>	<u><u>\$ 110,000</u></u>

NOTE 8 SPECIAL EVENTS

BWF conducts special events in which a portion of the gross proceeds paid represents both a contribution and a payment for the direct benefits received by the participant at the event. The fair value of meals and entertainment provided at the special events is measured at the actual cost to BWF. The direct costs of the special events, which ultimately benefit the donor rather than BWF, are recorded as program services expense. Special events revenue relating only to the direct benefit to donors amounted to \$403,236 and \$338,991 during the years ended December 31, 2017 and 2016, respectively.

NOTE 9 ALLOCATION OF JOINT COSTS

BWF conducted special events that had both a program services component and an appeal for contributions. As a result, BWF incurred joint costs of \$556,057 and \$480,259 during the years ended December 31, 2017 and 2016, respectively.

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NOTE 9 ALLOCATION OF JOINT COSTS (CONTINUED)

BWF's joint costs were allocated between program services and fund raising as follows for the years then ended December 31:

	<u>2017</u>	<u>2016</u>
Program Services	\$ 333,634	\$ 288,155
Fundraising	222,423	192,104
Total	<u>\$ 556,057</u>	<u>\$ 480,259</u>

NOTE 10 PENSION PLAN

Effective January 1, 2014, BWF adopted a defined contribution pension plan which covers all of its eligible employees. Employees may contribute up to IRS limitations. Additionally, BWF may make discretionary matching contributions. Upon enrollment in the plan, employees immediately vest 100% with regard to their individual contributions and elective contributions made by BWF. Employees vest over a period of 2 to 6 years in regard to BWF's nonelective contributions. BWF recorded contribution expense of \$44,368 and \$24,361 for 2017 and 2016, respectively.

NOTE 11 COMMITMENTS

BWF entered into a seven-year lease agreement for office space with one month rent abated commencing November 16, 2015. Annual commitments for rent expense escalate from \$213,480 to \$227,712 after 42 months, exclusive of escalating shared operating expense.

Rent expense under the lease agreements, excluding pass through operating expenses and storage fees, amounted to \$218,141 for the years ended December 31, 2017 and 2016.

Total future minimum rental payments for the years ending December 31, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 213,480
2019	221,782
2020	227,712
2021	227,712
2022	227,712
Total	<u>\$ 1,118,398</u>