



Injured Marine Semper Fi Fund

Financial Statements

Years Ended June 30, 2018 and 2017



INJURED MARINE SEMPER FI FUND

Financial Statements

Years Ended June 30, 2018 and 2017

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Injured Marine Semper Fi Fund

We have audited the accompanying financial statements of Injured Marine Semper Fi Fund (a nonprofit organization), which are comprised of the statements of financial position as of June 30, 2018 and 2017, 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 controls 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Injured Marine Semper Fi Fund as of June 30, 2018 and 2017, 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.

Aldrich CPAs + Advisors LLP

San Diego, California
December 7, 2018

INJURED MARINE SEMPER FI FUND

Statements of Financial Position

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 828,788	\$ 1,020,716
Interest receivable	2,334	3,175
Accounts receivable	122,173	102,297
Investments	20,250,944	17,267,930
Unconditional promises to give	7,350,000	4,000,000
Prepaid expenses	880,041	805,901
Property and equipment, net of accumulated depreciation	<u>364,661</u>	<u>164,750</u>
Total Assets	<u>\$ 29,798,941</u>	<u>\$ 23,364,769</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 106,496	\$ 212,088
Accrued expenses	<u>870,590</u>	<u>651,367</u>
Total Liabilities	977,086	863,455
Net Assets:		
Unrestricted	16,239,094	14,466,280
Temporarily restricted	9,309,070	4,811,343
Permanently restricted	<u>3,273,691</u>	<u>3,223,691</u>
Total Net Assets	<u>28,821,855</u>	<u>22,501,314</u>
Total Liabilities and Net Assets	<u>\$ 29,798,941</u>	<u>\$ 23,364,769</u>

INJURED MARINE SEMPER FI FUND

Statement of Activities

Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Other Revenue:				
Contributions	\$ 29,043,606	\$ 10,112,215	\$ 50,000	\$ 39,205,821
Special events:				
Revenue	975,680	-	-	975,680
Expense	<u>(307,670)</u>	<u>-</u>	<u>-</u>	<u>(307,670)</u>
Special events, net	668,010	-	-	668,010
Investment income, net	331,882	298,268	-	630,150
In-kind contributions	128,268	4,900	-	133,168
Net assets released from restrictions	<u>5,917,656</u>	<u>(5,917,656)</u>	<u>-</u>	<u>-</u>
Total Support and Other Revenue	36,089,422	4,497,727	50,000	40,637,149
Expenses:				
Program services:				
Grants and support provided	31,445,610	-	-	31,445,610
Supporting services:				
Management and general	2,017,276	-	-	2,017,276
Fundraising	<u>853,722</u>	<u>-</u>	<u>-</u>	<u>853,722</u>
Total Expenses	<u>34,316,608</u>	<u>-</u>	<u>-</u>	<u>34,316,608</u>
Increase in Net Assets	1,772,814	4,497,727	50,000	6,320,541
Net Assets, beginning	<u>14,466,280</u>	<u>4,811,343</u>	<u>3,223,691</u>	<u>22,501,314</u>
Net Assets, ending	<u>\$ 16,239,094</u>	<u>\$ 9,309,070</u>	<u>\$ 3,273,691</u>	<u>\$ 28,821,855</u>

INJURED MARINE SEMPER FI FUND

Statement of Activities

Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Other Revenue:				
Contributions	\$ 27,931,440	\$ 4,200,045	\$ 3,014,691	\$ 35,146,176
Special events:				
Revenue	935,741	-	-	935,741
Expense	<u>(262,977)</u>	<u>-</u>	<u>-</u>	<u>(262,977)</u>
Special events, net	672,764	-	-	672,764
Investment income, net	523,205	71,228	-	594,433
In-kind contributions	39,055	50,000	-	89,055
Net assets released from restrictions	<u>6,155,087</u>	<u>(6,155,087)</u>	<u>-</u>	<u>-</u>
Total Support and Other Revenue	35,321,551	(1,833,814)	3,014,691	36,502,428
Expenses:				
Program services:				
Grants and support provided	29,496,957	-	-	29,496,957
Supporting services:				
Management and general	1,757,546	-	-	1,757,546
Fundraising	<u>840,988</u>	<u>-</u>	<u>-</u>	<u>840,988</u>
Total Expenses	<u>32,095,491</u>	<u>-</u>	<u>-</u>	<u>32,095,491</u>
Increase (Decrease) in Net Assets	3,226,060	(1,833,814)	3,014,691	4,406,937
Net Assets, beginning	<u>11,240,220</u>	<u>6,645,157</u>	<u>209,000</u>	<u>18,094,377</u>
Net Assets, ending	<u>\$ 14,466,280</u>	<u>\$ 4,811,343</u>	<u>\$ 3,223,691</u>	<u>\$ 22,501,314</u>

INJURED MARINE SEMPER FI FUND

Statement of Functional Expenses

Year Ended June 30, 2018

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Grants Provided:				
Service Member and Family Support Program:				
Service member and family assistance	\$ 7,378,827	\$ -	\$ -	\$ 7,378,827
Housing	5,766,055	-	-	5,766,055
Transportation	1,415,988	-	-	1,415,988
Adaptive equipment	1,321,314	-	-	1,321,314
Total Family Program	15,882,184	-	-	15,882,184
Transition Program:				
Military to civilian transition	1,864,627	-	-	1,864,627
Education and career	1,605,519	-	-	1,605,519
Total Transition Program	3,470,146	-	-	3,470,146
Integrative Wellness Program:				
Recovery through sport	2,132,917	-	-	2,132,917
PTSD, TBI and medical	1,146,263	-	-	1,146,263
Jinx McCain horsemanship	286,798	-	-	286,798
Total Wellness Program	3,565,978	-	-	3,565,978
Total Grants Provided	22,918,308	-	-	22,918,308
Operating Costs:				
Wages, taxes, and benefits	6,166,932	1,392,724	436,406	7,996,062
Travel, conferences and meetings	716,220	33,008	19,915	769,143
Education and promotional	316,494	-	167,324	483,818
Professional and consulting services	423,458	96,666	91,428	611,552
Postage and shipping	356,031	31,729	45,574	433,334
Donation processing	-	302,446	36,593	339,039
Other operating expenses	218,845	107,962	38,366	365,173
Office rent and expenses	193,824	27,038	12,312	233,174
Communications	135,498	25,703	5,804	167,005
Total Operating Costs	8,527,302	2,017,276	853,722	11,398,300
Total Expenses	31,445,610	2,017,276	853,722	34,316,608
Special Events Expenses	-	-	307,670	307,670
Total Functional Expenses	\$ 31,445,610	\$ 2,017,276	\$ 1,161,392	\$ 34,624,278

INJURED MARINE SEMPER FI FUND

Statement of Functional Expenses

Year Ended June 30, 2017

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Grants Provided:				
Service Member and Family Support Program:				
Service member and family assistance	\$ 6,890,040	\$ -	\$ -	\$ 6,890,040
Housing	5,559,352	-	-	5,559,352
Transportation	1,451,571	-	-	1,451,571
Adaptive equipment	931,042	-	-	931,042
Total Family Program	14,832,005	-	-	14,832,005
Transition Program:				
Military to civilian transition	1,542,700	-	-	1,542,700
Education and career	1,168,702	-	-	1,168,702
Total Transition Program	2,711,402	-	-	2,711,402
Integrative Wellness Program:				
Recovery through sport	2,946,957	-	-	2,946,957
PTSD, TBI and medical	1,344,858	-	-	1,344,858
Jinx McCain horsemanship	171,004	-	-	171,004
Total Wellness Program	4,462,819	-	-	4,462,819
Total Grants Provided	22,006,226	-	-	22,006,226
Operating Costs:				
Wages, taxes, and benefits	5,367,045	1,155,205	403,764	6,926,014
Travel, conferences and meetings	654,501	55,317	42,559	752,377
Education and promotional	398,888	1,129	238,120	638,137
Professional and consulting services	392,791	55,063	50,307	498,161
Postage and shipping	265,833	32,105	33,505	331,443
Donation processing	-	318,203	27,486	345,689
Other operating expenses	135,652	92,762	26,701	255,115
Office rent and expenses	147,517	23,172	12,993	183,682
Communications	128,504	24,590	5,553	158,647
Total Operating Costs	7,490,731	1,757,546	840,988	10,089,265
Total Expenses	29,496,957	1,757,546	840,988	32,095,491
Special Events Expenses	-	-	262,977	262,977
Total Functional Expenses	\$ 29,496,957	\$ 1,757,546	\$ 1,103,965	\$ 32,358,468

See accompanying notes to financial statements.

INJURED MARINE SEMPER FI FUND

Statements of Cash Flows

Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities:		
Cash received from donors and others	\$ 35,814,660	\$ 33,507,773
Cash received from investment earnings, net	402,299	379,447
Cash paid to employees and vendors	(10,980,300)	(9,779,285)
Cash paid for grants	<u>(22,717,763)</u>	<u>(21,546,200)</u>
Net Cash Provided by Operating Activities	2,518,896	2,561,735
Cash Flows from Investing Activities:		
Purchases of investments	(10,989,890)	(5,894,299)
Proceeds on sales of investments	8,579,168	2,800,064
Purchases of property and equipment	(325,102)	(68,080)
Purchases of other assets	<u>-</u>	<u>(15,200)</u>
Net Cash Used by Investing Activities	(2,735,824)	(3,177,515)
Cash Flows Provided by Financing Activities:		
Cash contributions restricted for endowment	<u>25,000</u>	<u>-</u>
Net Decrease in Cash and Cash Equivalents	(191,928)	(615,780)
Cash and Cash Equivalents, beginning	<u>1,020,716</u>	<u>1,636,496</u>
Cash and Cash Equivalents, ending	<u>\$ 828,788</u>	<u>\$ 1,020,716</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Increase in net assets	\$ 6,320,541	\$ 4,406,937
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Unrealized gains on investments	(228,692)	(227,903)
Donated investments	(343,600)	(372,593)
Contributions restricted to long-term purposes	(25,000)	(3,014,691)
Other in-kind donations of assets	(320,695)	(361,505)
Assets distributed as grants	244,545	504,026
Depreciation and amortization	125,191	80,646
Changes in operating assets and liabilities:		
Interest receivable	841	12,917
Accounts receivable	(19,876)	(13,054)
Unconditional promises to give	(3,350,000)	1,450,676
Prepaid expenses	2,010	(115,058)
Accounts payable	(105,592)	144,048
Accrued expenses	<u>219,223</u>	<u>67,289</u>
Net Cash Provided by Operating Activities	<u>\$ 2,518,896</u>	<u>\$ 2,561,735</u>

See accompanying notes to financial statements.

INJURED MARINE SEMPER FI FUND

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

The Injured Marine Semper Fi Fund (Organization) is a tax exempt organization incorporated in the State of California in 2004. The organization provides assistance to post-9/11 combat wounded, critically ill and catastrophically injured members of all branches of the U.S. Armed forces and their families. The primary source of income is from donor contributions. Since its inception in 2004, the Organization has assisted 21,000 service members and their families with \$177,000,000 in grants.

The Organization's three main programs are Service Member and Family Support, Transition, and Integrative Wellness.

Service Member and Family Support Program

The Service Member and Family Support Program provides direct financial assistance for emergency and longer-term support where needed, helping to cover daily living costs so the service member and the family can focus on recovery rather than on financial burdens. Longer-term support includes critical items such as service dogs, adaptive homes, adaptive cars and specialized wheelchairs. This program also provides assistance for service members' spouses, children, and caregivers to aid them in addressing the stresses the families bear.

Transition Program

The Transition Program focuses on the successful reintegration of service members into their communities and aids them in achieving their future goals in life. The reintegration services include veteran peer mentoring and unit reunions that connect our service members to the one resource that has gotten them through everything - each other. We also provide education and career support. The apprenticeship program helps veterans find meaningful trades, careers and small business opportunities through short-term vocational education and apprenticeships with trade experts.

Integrative Wellness Program

The Integrative Wellness Program provides integrative health therapies that focus on providing service members with a holistic approach to improving their body, mind and spirit. We combine numerous, interrelated areas of assistance to focus on suicide prevention and to alleviate PTSD/TBI symptoms, depression and sleep issues. We utilize innovative efforts such as neurofeedback, acupuncture and massage therapy. The program also includes competitive and recreational sports, a horsemanship riding program, therapeutic arts and ongoing education on PTSD and mental health through Doc's Corner on our website.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.

Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.

Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

INJURED MARINE SEMPER FI FUND

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 1 - Organization and 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 management to make 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 and Cash Equivalents

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

Accounts Receivable

Accounts receivable are recorded at estimated net realizable value. Receivables are written off when the Organization determines an account is uncollectible. Past due status is determined based on a review of the amounts recorded and the expected collection of these amounts. No allowance for doubtful accounts is deemed necessary as of June 30, 2018 and 2017 as management has determined that all amounts are deemed collectible.

Investments

Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Unconditional Promises to Give

When a donor has unconditionally promised to contribute funds to the Organization in future periods, the Organization recognizes an unconditional promise to give. Promises to give expected to be collected within one year are recorded as support and a receivable at net realizable value. Promises to give expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue.

An allowance for uncollectible pledges receivable, if any, is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. No allowance for doubtful promises to give is deemed necessary as of June 30, 2018 and 2017 as management has determined all amounts are deemed collectible.

Prepaid Expenses

Prepaid expenses include items such as insurance, promotional and educational materials, event costs and other items to be used in future periods. Purchased items are valued at the lower of cost (first-in, first-out method) or market. Prepaid expenses also include gift cards and computer equipment that are purchased or donated for distribution as grants to service members. Donated items are recorded at the estimated fair market value at the date of the gift.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment equal to or in excess of \$1,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of two-to-seven years.

INJURED MARINE SEMPER FI FUND

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Fair Value of Financial Instruments

The Organizations' financial instruments, none of which are held for trading purposes, include cash, receivables, and accounts payable. The Organization estimates that the fair value of all of these nonderivative financial instruments at June 30, 2018 and 2017 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

Revenue Recognition

Contributions - Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services – Donated services are recognized in the statement of activities if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Functional Allocation of Expenses

The costs of providing the Organization's programs and administration have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from California franchise and income tax under section 23701(d) of the Revenue and Taxation code. The Organization is not subject to income tax except for taxes on the receipt of income, if any, which is unrelated to the Organization's tax-exempt purpose. The Organization had no unrelated income as of June 30, 2018 and 2017.

The Organization follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2018 and 2017 and therefore, no amounts have been accrued.

Reclassifications

The reporting of investment income and in-kind contributions on the statement of activities and contributions restricted to long-term purposes on the cash flow statement in the June 30, 2017 financial statements have been reclassified for comparative purposes to the presentation in the June 30, 2018 financial statement. There was no impact on net assets or changes in net assets from these reclassifications.

Subsequent Events

The Organization has evaluated subsequent events through December 7, 2018, which is the date the financial statements were available to be issued.

INJURED MARINE SEMPER FI FUND

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 2 - Fair Value and Investments

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

Level 3 inputs are unobservable inputs for the investment.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Cash and equivalents: Reported at cost plus earned interest, which approximates market prices.

Equity and bond mutual funds and exchange traded funds (ETF): Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable characteristics, as provided by a third party using computerized valuation formula. If quoted market prices are not available, then fair market values are estimated using the most recent bid prices in the over-the-counter market in which the individual securities are traded and adjusted for other factors, such as interest rates, credit, etc., as determined by the broker and/or custodian.

Certificates of deposit: Reported at cost plus earned interest, which approximates market prices.

INJURED MARINE SEMPER FI FUND

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 2 - Fair Value and Investments, continued

The fair market value of investments is categorized as follows:

	Assets at Fair Value as of June 30, 2018				
	Level 1	Level 2	Level 3	NAV	Total
Cash and cash equivalents	\$ 1,762,875	\$ -	\$ -	\$ -	\$ 1,762,875
Equity Mutual Funds and ETFs:					
Large blend	1,222,860	-	-	-	1,222,860
Large blend ETF	1,177,716	-	-	-	1,177,716
Large value ETF	801,589	-	-	-	801,589
Foreign large value	515,848	-	-	-	515,848
Mid-cap blend ETF	515,634	-	-	-	515,634
Large growth	376,584	-	-	-	376,584
Small blend	323,007	-	-	-	323,007
Small value	279,740	-	-	-	279,740
Large value	274,353	-	-	-	274,353
Real estate	273,030	-	-	-	273,030
Europe ETF	259,673	-	-	-	259,673
Diversified emerging markets	209,425	-	-	-	209,425
Small blend ETF	172,019	-	-	-	172,019
Foreign large blend	167,105	-	-	-	167,105
Global real estate	164,010	-	-	-	164,010
Foreign small value	152,623	-	-	-	152,623
Other	244,896	-	-	-	244,896
Certificates of deposit	-	204,888	-	-	204,888
Corporate bonds	-	122,232	-	-	122,232
Bond Mutual Funds and ETFs:					
Short-term bond	5,191,867	-	-	-	5,191,867
Intermediate term bond	2,201,471	-	-	-	2,201,471
World bond	1,638,427	-	-	-	1,638,427
Inflation protected bond	1,101,705	-	-	-	1,101,705
Emerging market ETF bond	558,350	-	-	-	558,350
Corporate ETF bond	339,017	-	-	-	339,017
	<u>\$ 19,923,824</u>	<u>\$ 327,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,250,944</u>

INJURED MARINE SEMPER FI FUND

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 2 - Fair Value and Investments, continued

	Assets at Fair Value as of June 30, 2017				
	Level 1	Level 2	Level 3	NAV	Total
Cash and cash equivalents	\$ 2,957,488	\$ -	\$ -	\$ -	\$ 2,957,488
Equity Mutual Funds and ETFs:					
Large blend	976,219	-	-	-	976,219
Large blend ETF	632,832	-	-	-	632,832
Large value ETF	446,508	-	-	-	446,508
Foreign large value	405,951	-	-	-	405,951
Large growth	307,687	-	-	-	307,687
Mid-cap blend ETF	269,793	-	-	-	269,793
Small blend	240,919	-	-	-	240,919
Large value	222,944	-	-	-	222,944
Small value	202,897	-	-	-	202,897
Real estate	198,754	-	-	-	198,754
Foreign large blend	160,465	-	-	-	160,465
Diversified emerging markets	150,203	-	-	-	150,203
Foreign large growth	144,759	-	-	-	144,759
Foreign small value	139,061	-	-	-	139,061
Global real estate	138,687	-	-	-	138,687
Other	337,697	-	-	-	337,697
Certificates of deposit	-	403,600	-	-	403,600
Corporate bonds	-	137,172	-	-	137,172
Bond Mutual Funds and ETFs:					
Short-term bond	4,000,821	-	-	-	4,000,821
World bond	1,168,107	-	-	-	1,168,107
Emerging market ETF bond	1,094,567	-	-	-	1,094,567
Intermediate term bond	909,660	-	-	-	909,660
Inflation protected bond	902,390	-	-	-	902,390
High yield bond	454,023	-	-	-	454,023
Corporate ETF bond	264,726	-	-	-	264,726
	<u>\$ 16,727,158</u>	<u>\$ 540,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,267,930</u>

The following table summarizes investment income (loss) as of June 30:

	2018	2017
Dividends and interest	\$ 430,882	\$ 313,961
Unrealized gains	228,692	227,903
Realized gains	43,350	94,896
Investment fees	(72,774)	(42,327)
	<u>\$ 630,150</u>	<u>\$ 594,433</u>

INJURED MARINE SEMPER FI FUND

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 3 - Unconditional Promises to Give

Unconditional promises to give consist of the following at June 30:

	2018	2017
Due within one year	\$ 6,850,000	\$ 4,000,000
Due in one-to-five years	500,000	-
	<u>\$ 7,350,000</u>	<u>\$ 4,000,000</u>

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30:

	2018	2017
Software	\$ 64,141	\$ 64,141
Office furniture and equipment	359,481	259,138
Website Development	295,389	134,489
	<u>719,011</u>	<u>457,768</u>
Less accumulated depreciation	(433,409)	(308,218)
	<u>285,602</u>	<u>149,550</u>
CIP	79,059	15,200
	<u>\$ 364,661</u>	<u>\$ 164,750</u>

Depreciation and amortization expense was \$125,191 and \$80,646 for the years ended June 30, 2018 and 2017, respectively.

Note 5 - Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

	2018	2017
Unconditional Promise to Give	\$ 4,000,000	\$ 4,000,000
Transition Assistance	1,922,352	122,970
Housing	1,883,864	28,403
Service Member and Family Support	695,784	335,672
All other	314,342	59,755
Service Branch	255,535	96,424
Adaptive Equipment	130,552	76,850
LCpl Parsons Welcome Home Fund for Vietnam Veterans	100,000	-
Boston Marathon Bombing Survivors	6,641	50,346
PTSD/TBI/Medical Support	-	40,923
	<u>\$ 9,309,070</u>	<u>\$ 4,811,343</u>

INJURED MARINE SEMPER FI FUND

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 5 - Restricted Net Assets, continued

Permanently restricted net assets consist of the following at June 30:

	2018	2017
Endowment - Grants Only, Branch Specific	\$ 3,064,691	\$ 3,014,691
General Endowment	209,000	209,000
	<u>\$ 3,273,691</u>	<u>\$ 3,223,691</u>

Note 6 - Endowment Funds

The Organization's endowment consists of donor-restricted funds primarily established to support the Organization's operations and mission. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on existence or absence of donor-imposed restrictions. The Organization classifies as permanently restricted net assets the original value of amounts donated to the permanent endowment.

The Organization has interpreted the enacted version of the Uniform Prudent Management of Institutional funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment (2) the original value of subsequent gifts donated to the permanent endowment (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration.

These underwater endowments are recorded as reductions in unrestricted net assets until the market improves and the fund balance is restored.

INJURED MARINE SEMPER FI FUND

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 6 - Endowment Funds, continued

The Organization has adopted investment and spending policies for endowment funds that:

1. Preserve the capital: to seek to minimize the probability of loss of principal over the investment horizon of the portfolio relative to the market.
2. Long-term growth of capital: to seek long-term growth of principal.
3. Preservation of purchasing power: to seek returns in excess of the rate of inflation over the long-term investment horizon of the portfolio relative to the market.

The Organization's spending policy is to disburse funds available in accordance with donor restrictions to meet the current program needs of the Organization.

Endowment net assets composition by type of fund as of June 30, 2018 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowments	\$ -	\$ 280,436	\$ 3,273,691	\$ 3,554,127

Endowment net assets composition by type of fund as of June 30, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowments	\$ -	\$ 72,168	\$ 3,223,691	\$ 3,295,859

Changes in endowment net assets is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment, June 30, 2016	\$ -	\$ -	\$ 209,000	\$ 209,000
Contributions	-	-	3,014,691	3,014,691
Interest and dividends	-	25,745	-	25,745
Fees	-	(1,234)	-	(1,234)
Unrealized gain	-	47,657	-	47,657
Endowment, June 30, 2017	-	72,168	3,223,691	3,295,859
Distributions	-	(90,000)	-	(90,000)
Contributions	-	-	50,000	50,000
Interest and dividends	-	69,623	-	69,623
Fees	-	(1,260)	-	(1,260)
Realized and unrealized gain	-	229,905	-	229,905
Endowment, June 30, 2018	\$ -	\$ 280,436	\$ 3,273,691	\$ 3,554,127

INJURED MARINE SEMPER FI FUND

Notes to Financial Statements

Years Ended June 30, 2018 and 2017

Note 7 - Allocation of Joint Costs

In fulfilling its mission, the Organization conducts various special events and prepares numerous educational materials. The costs associated with these activities sometimes include so-called "joint costs" or costs that include both program as well as fundraising or general and administrative elements. Management reviews each such activity to determine the appropriate accounting treatment based upon the purpose of the activity, the audience to which the activity is directed and the content of the materials utilized.

Joint costs were allocated as follows for the year ended June 30:

	2018	2017
Program services	\$ 192,699	\$ 166,716
Management and general	-	1,125
Fundraising	84,679	70,060
	<u>\$ 277,378</u>	<u>\$ 237,901</u>

Note 8 - Risks and Concentrations

The Organization maintains cash and cash equivalents in bank deposit and other financial institution accounts which exceed federally insured deposit limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalents. The Organization had uninsured cash of \$2,210,939 and \$2,040,267 at June 30, 2018 and 2017, respectively.

The Organization invests in various types of investment securities, primarily mutual funds and exchange traded funds as discussed in footnote 2, which are exposed to normal investing risks, such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

Two donors comprised 37% and one donor comprised 28% of contributions for the years ended June 30, 2018 and 2017, respectively. Three donors comprised 100% and one donor comprised 100% of the unconditional promises to give at June 30, 2018 and 2017, respectively.