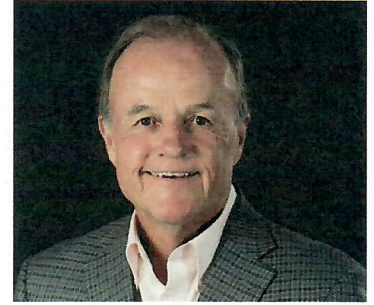




FROM OUR FOUNDATION PRESIDENT

Thank YOU!



Dear Heart of America Patriot Foundation Friends,

With your help-WE DID IT! We not only met but exceeded our aggressive 2022 budget goals. As a result, \$1,000,000 in scholarship impact was realized. Approximately 400 scholarships will be awarded to deserving dependents of the deceased or 100 % disabled veteran in 2023. The immense joy in the hearts of these deserving families when receiving news of a scholarship award should give each of us a great deal of personal gratification.

Collegiate partner institutions grew from 12 to 23. Each partner provides 100% matching contributions. Our footprint now extends to seven states. Our 2023 goal is to expand to 40 partners and award 800 scholarships.

These impressive results could not have happened without your sustained support. We called, you answered, and you GAVE!! You gave unhesitatingly and you gave generously.

Because of our success, the workload to manage the Foundation has exceeded the capacity of our all-volunteer Board to oversee. To meet the growing challenge and take our Foundation to the next level, we took a leap of faith and hired a full-time executive.



With great respect and personal admiration, I am pleased to announce that Ms. Kelli Campbell-Goodnow has been selected as the Foundation's Executive Director effective March 1, 2023. As a Gold Star Wife, Kelli brings a complete understanding and awareness facing families of today's disabled veteran. She brings hope and help to those military families navigating the uncertainties following a life-changing injury.

Kelli has years of non-profit experience and will take the lead on our 2023 fundraising goals. She will guide us as we expand our collegiate footprint and increase our scholarship impact. She has my complete confidence and I look forward to working with Kelli as we take our Foundation to the next level.

We are at a time of great need for the children of our military heroes. Your support remains critical so we can continue to fund scholarships for the children of the neediest disabled military families.

We will continue to be there for them to ease the financial burden of their education. PLEASE JOIN US.

Sincerely,

Al Gorthy

President, Heart of America Patriot Foundation

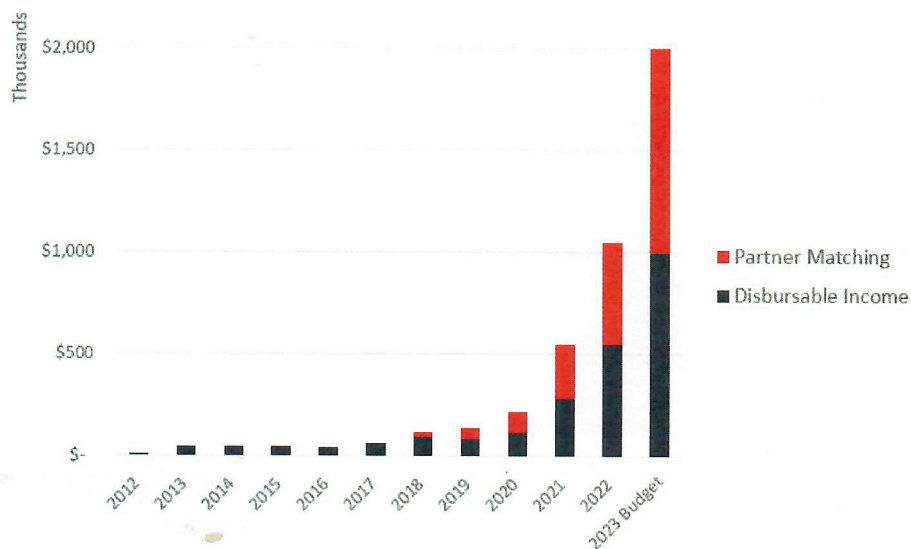
Heart of America Patriot Foundation

Honor veterans. Support their legacy.

2022 Annual Report

We proudly remain resolute in our mission to provide scholarships to the dependents of the deceased or 100% disabled veteran. The Heart of America Patriot Foundation transformed from success to significance in 2022 as a result of our passion in helping these dependents. The chart below indicates that our revenue nearly doubled. Also, the first HOAPF Dependents' Educational Assistance (DEA) Program scholarships were distributed, and the number of partner collegiate institutions grew from 12 to 23. A \$1,000,000 impact on DEA-qualified students was realized given the matching donations from our partner schools. The average scholarship award was \$2,500, meaning 400 scholarships will be distributed in 2023.

Heart of America Patriot Foundation
Disbursable Income and Partner Matching



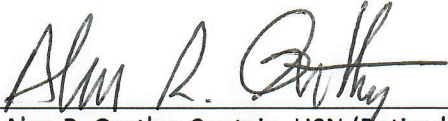
We are very pleased with our growth, but it is just the beginning. Our strategic plan called for us to (1) focus on DEA-qualified students, (2) develop a model requiring matching funding and accountability from our partner schools, and (3) establish the infrastructure for continued growth. We have accomplished the first two of these strategic priorities, and at the end of 2022 the Board made a couple of decisions to help accomplish the third.

The first of these was to have the 2022 financial statements audited. The Board felt that this is important step toward being transparent and accountable. Our audited financial statements are attached, and our 990 has been posted on our website (HOAPF.org).

The second was to move away from an all-volunteer organization. HOAPF has operated and prided itself on maintaining a low administrative cost ratio (1.3% in both 2021 and 2022). However, the workload of managing HOAPF has grown beyond the capacity of a volunteer Board to oversee. Therefore, we have hired an Executive Director to lead us forward. In his President's cover letter, Al Gorthy introduces Kelli Campbell-Goodnow as the Foundation's inaugural Executive Director. As a Gold Star Wife, Kelli possesses credibility and a proven track record of superb leadership skills in the non-profit arena. We are fortunate to have a person of Kelli's character and ability to lead HOAPF into the future. She has the Board's unanimous and complete confidence. Kelli's start is March 1, 2023.

The proposed 2023 budget is to double the disbursable income and grow the number of partner collegiate institutions to 40, affording 800 scholarships to DEA-qualified students. With Kelli's leadership and the continued and unhesitating support of our valued donors, the aggressive 2023 budget projections can be achieved. The budget also reflects an administrative expense ratio of 10%, which is comparable to other efficient and effective non-profit organizations.

Finally, we owe an immense debt of gratitude to deceased or 100% disabled veterans. We call on you for your continued support as a tangible way of acknowledging our never-ending appreciation for their selfless service and sacrifice.



Alan R. Gorthy, Captain, USN (Retired)

President

algorithy@gmail.com



David W. Cornell

Secretary/Treasurer

cornelld@umkc.edu

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

**HEART OF AMERICA PATRIOT FOUNDATION
KANSAS CITY, MISSOURI**

YEAR ENDED DECEMBER 31, 2022

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS
KANSAS CITY

HEART OF AMERICA PATRIOT FOUNDATION

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McBRIDE, LOCK & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Heart of America Patriot Foundation

Opinion

We have audited the accompanying financial statements of Heart of America Patriot Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heart of America Patriot Foundation as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Heart of America Patriot Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Heart of America Patriot Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Unaudited Comparative Information

We have not audited, reviewed, or compiled the 2021 financial statements and assume no responsibility for the summarized comparative information presented herein as of and for the year ended December 31, 2021.

McBride, Lock & Associates, LLC

McBride, Lock & Associates, LLC
Kansas City, Missouri
February 22, 2023

HEART OF AMERICA PATRIOT FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
(with summarized comparative information at December 31, 2021)

<u>ASSETS</u>	<u>2022</u>	<u>(Unaudited)</u> <u>2021</u>
Current Assets:		
Cash	\$ 130,421	\$ 171,543
Prepaid Benefit Expense	-	3,060
Total Current Assets	<u>\$ 130,421</u>	<u>\$ 174,603</u>
TOTAL ASSETS	<u>\$ 130,421</u>	<u>\$ 174,603</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 70,000	\$ 159,500
Prepaid Benefit Registration	1,500	1,500
Total Current Liabilities	<u>\$ 71,500</u>	<u>\$ 161,000</u>
TOTAL LIABILITIES	<u>\$ 71,500</u>	<u>\$ 161,000</u>
<u>NET ASSETS</u>		
Net Assets Without Donor Restrictions	\$ 58,921	\$ 13,603
TOTAL NET ASSETS	<u>\$ 58,921</u>	<u>\$ 13,603</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 130,421</u>	<u>\$ 174,603</u>

The accompanying notes are an integral part of this statement.

HEART OF AMERICA PATRIOT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(with summarized comparative information at December 31, 2021)

	Net Assets Without Donor Restrictions	(Unaudited) 2021
<u>REVENUE</u>		
Patriot Benefit	\$ 64,726	\$ 56,656
Less: Costs of Direct Benefits to Donors	(20,395)	(27,385)
Patriot Benefit, Net of Expenses	44,331	29,271
Grant Revenue	408,500	188,500
Corporate Donations	68,050	30,000
Donations Revenue	23,401	24,252
In-Kind Contributions	8,161	9,700
Net Assets Released from Restrictions	-	-
TOTAL REVENUE	\$ 552,443	\$ 281,723
<u>EXPENDITURES</u>		
Program Services:		
DEA Scholarships	\$ 500,000	\$ 277,500
Management and General	7,125	3,799
TOTAL EXPENDITURES	\$ 507,125	\$ 281,299
CHANGE IN NET ASSETS	\$ 45,318	\$ 424
NET ASSETS, BEGINNING OF YEAR	13,603	13,179
NET ASSETS, END OF YEAR	\$ 58,921	\$ 13,603

The accompanying notes are an integral part of this statement.

HEART OF AMERICA PATRIOT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(with summarized comparative information at December 31, 2021)

	Program		Supporting		Total	(Unaudited) 2021
	DEA Scholarships	Cost of Direct Benefits	Management and General	Management and General		
<u>EXPENDITURES:</u>						
Grants Disbursed	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000	\$ 277,500
Insurance	-	728	1,804	-	2,532	2,531
Postage, Printing & PO Box	-	-	1,384	-	1,384	765
Website and Video Expense	-	-	-	-	-	170
Travel	-	-	880	-	880	-
Fees	-	-	217	-	217	321
Miscellaneous	-	-	2,840	-	2,840	740
Course Rental	-	12,110	-	-	12,110	12,503
Benefit Supplies	-	2,604	-	-	2,604	8,360
Food	-	2,860	-	-	2,860	1,190
Gift Bags	-	2,093	-	-	2,093	3,104
Bad Debt Expense	-	-	-	-	-	1,500
TOTAL EXPENDITURES	\$ 500,000	\$ 20,395	\$ 7,125	\$ -	\$ 527,520	\$ 308,684

The accompanying notes are an integral part of this statement.

**HEART OF AMERICA PATRIOT FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(with summarized comparative information at December 31, 2021)**

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2022</u>	<u>2021</u>
Change in Net Assets	\$ 45,318	\$ 424
Adjustments to Reconcile Change in Net Assets to Cash Flows from Operating Activities:		
(Increase)/Decrease in Prepaid Expenses	3,060	(3,060)
(Increase)/Decrease in Pledges Receivable	-	1,500
Increase/(Decrease) in Accounts Payable	(89,500)	159,500
Increase/(Decrease) in Prepaid Benefit Registration	<u>-</u>	<u>1,500</u>
Net Cash Received From Operating Activities	<u>\$ (41,122)</u>	<u>\$ 159,864</u>
NET INCREASE (DECREASE) IN CASH	\$ (41,122)	\$ 159,864
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>171,543</u>	<u>11,679</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 130,421</u>	<u>\$ 171,543</u>

The accompanying notes are an integral part of this statement.

HEART OF AMERICA PATRIOT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The mission of the Heart of America Patriot Foundation (the Foundation) is to honor veterans and educate their legacy. The Foundation holds an annual patriotic ceremony and fundraising golf tournament called the Patriot Benefit on or around September 11 each year. The Foundation provides scholarship money to partner institutions who match the funds provided by the Foundation. The funds are distributed to the dependents of deceased or 100% disabled veterans who qualify under the Dependents' Educational Assistance (DEA) Program under Chapter 35 of the GI bill attending those institutions.

Basis of Accounting and Presentation

The Foundation's policy is to prepare its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the organization is required to report 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.

Assets are sequenced according to their nearness of conversion to cash, and liabilities are sequenced according to the nearness of their maturity and resulting use of cash.

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 expenditures during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and accounts payable approximate their fair value because of the relatively short maturity of these instruments.

Contributions

Contributions that are unconditional are recognized when received in the form of cash or other assets or an unconditional promise to give. Conditional contributions are recognized when the conditions on which they depend have been substantially met. 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 support is recognized. All other donor-restricted contributions are reported as increases to net assets with donor restrictions. Whenever a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

Registration fees received in connection with the Patriot Benefit event are considered to be exchange transactions to the extent of the fair market value of benefits received by attendees and are recognized when the event is held. The amount received in excess of the value of the benefits received is treated as a contribution.

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets With Donor Restrictions: Net assets subject to donor-imposed restrictions that may or will be met by the actions of the agency and/or with the passage of time.

Net Assets Without Donor Restrictions: Net assets not subject to donor-imposed restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Functional Expenses

The organization has one major program – DEA scholarships. Expenses are recorded directly to either program services, management and general, or costs of direct benefits to donors based on specific identification. Costs of direct benefits to donors from the Patriot Benefit event have been presented as a separate supporting function on the Statement of Functional Expenses as these costs are attributable to exchange transactions. These costs have been presented as a line item deducted from Special Event gross revenues on the Statement of Activities.

Donated Services and In-Kind Contributions

The Foundation's policy is to recognize contributed professional services at the fair value of the services received if the services create or enhance nonfinancial assets or require specialized skills and provided by individuals possessing those skills. Services provided by volunteers are not recognized in the financial statements because they do not meet the

criteria for recognition under generally accepted accounting principles. Contributed goods are recorded at fair value on the date of donation.

Items donated to the Foundation for fundraising purposes are recognized as contributions and assets measured at fair value. The difference between the fair value of the contribution and the amount received for the items is recognized as an adjustment to the original contribution amount when the items are sold.

New Accounting Pronouncements

The organization has adopted the requirements of FASB ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This guidance requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the Statement of Activities, apart from contributions of cash and other financial assets, along with expanded disclosure requirements. The adoption of this standard did not have a material effect on the Foundation's financial statements and required no adjustment to beginning net asset balances. Disclosures related to ASU 2020-07 have been included as required.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Foundation, an approved 501(c)(3), manages its cash flow to ensure that cash is available for current expenses. The Foundation operates primarily on corporate and individual grants and donations, and funds raised through the annual Patriot Benefit fundraising event. As a Not-for-Profit, the Foundation's liquidity management has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation has operating reserves set aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. The reserves are held in cash.

The organization had financial assets of \$130,421 as of December 31, 2022. All of the organization's financial assets were available for general use within one year of the Statement of Financial Position date.

NOTE 3 – CONCENTRATIONS

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash deposits. The Foundation primarily maintains its cash deposits in a financial institution located in Overland Park, Kansas. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2021, all of the organization's cash deposits were covered by FDIC insurance. The organization has not experienced any losses in bank deposit accounts. The organization believes it is not exposed to any significant credit risk on cash balances.

The Foundation received a \$300,000 grant from a single donor during 2022 that comprises 54% of the Foundation's total revenues.

NOTE 4 – INCOME TAXES

The Foundation has received a determination from the Internal Revenue Service exempting it from federal income tax under Code Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service further determined that the Foundation is not a private foundation within the meaning of Section 509(a)(2) of the Code.

As required by FASB ASC No. 740, *Income Taxes*, the Foundation evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the organization's continued qualification as a tax-exempt organization and whether there is unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Foundation is no longer subject to United States federal or state examinations by tax authorities for the years before 2019. During 2022, the organization did not recognize any interest or penalties associated with any positions.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Foundation received \$3,056 in cash contributions from Board members for the year ended December 31, 2022. The Foundation also received \$2,636 of non-cash contributions from Board members (see Note 7).

NOTE 6 – CASH

Cash consists of checking accounts maintained at FDIC insured financial institutions. The organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. The Foundation did not have any cash equivalents as of December 31, 2022.

NOTE 7 – CONTRIBUTED NON-FINANCIAL ASSETS

The Foundation receives non-financial asset contributions. These assets are recognized at fair value as based on the market value of the item(s) being donated and are presented in the financial statements as "In-Kind Contributions." A total of \$5,525 in donations of supplies, food, and items for golfer gift bags were utilized in the Foundation's Patriot Benefit event rather than monetized. The Foundation also received \$2,636 of non-cash in-kind contributions in the form of expenses paid by Board members on behalf of the Foundation. Of this, \$332 were for the Patriot Benefit, and \$2,304 were for administrative expenses. No in-kind contributions were donor restricted. Below is a summary of non-financial asset contributions for the year ended December 31, 2022:

Description	Amount	Program/Activity	Restrictions
Supplies	\$ 904	Patriot Benefit	None
Food	2,860	Patriot Benefit	None
Gift bag items	2,093	Patriot Benefit	None
Total Patriot Benefit	<u>5,857</u>		
Postage	1,384	Management and General	None
Travel	880	Management and General	None
Miscellaneous	40	Management and General	None
Total Management and General	<u>2,304</u>		
Total In-Kind Contributions	<u>\$ 8,161</u>		

NOTE 8 – PRIOR-YEAR SUMMARIZED INFORMATION

The financial statement include certain unaudited prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the organization’s unaudited financial statements for the year ended December 31, 2021 from which the summarized information was derived.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated and noted no subsequent events through February 22, 2023, the date which the financial statements were available to be issued.