

**THE COAST GUARD FOUNDATION, INC.**

FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT



**SANSIVERI, KIMBALL & CO., LLP**  
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
The Coast Guard Foundation, Inc.:

### **Opinion**

We have audited the accompanying financial statements of The Coast Guard Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Coast Guard Foundation, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

*Dansie, Kimball & Co., LLP*

Providence, Rhode Island  
June 16, 2023

**THE COAST GUARD FOUNDATION, INC.**

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021

	2022	2021		2022	2021
ASSETS			LIABILITIES AND NET ASSETS		
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$ 2,142,811	\$ 3,290,569	Accounts payable	\$ 177,019	\$ 256,848
Unconditional promises to give, net of allowance for uncollectible pledges	1,678,842	767,406	Accrued liabilities	142,149	138,909
Prepaid expenses and other current assets	381,602	148,867	Deferred revenue	511,845	453,005
Total current assets	<u>4,203,255</u>	<u>4,206,842</u>	Current portion of pledge payable	492,665	-
			Total current liabilities	<u>1,323,678</u>	<u>848,762</u>
INVESTMENTS	16,187,049	16,781,634	PLEDGE PAYABLE, less current portion	1,816,576	-
			Total liabilities	<u>3,140,254</u>	<u>848,762</u>
UNCONDITIONAL PROMISES TO GIVE, less current portion	95,000	190,000			
PROPERTY AND EQUIPMENT - At cost:			NET ASSETS:		
Land and land improvements	175,746	175,746	Net assets without donor restrictions	3,457,671	6,005,917
Building	859,269	850,663	Net assets with donor restrictions	<u>14,406,180</u>	<u>14,775,783</u>
Furniture and equipment	200,215	224,186	Total net assets	<u>17,863,851</u>	<u>20,781,700</u>
Website	110,500	110,500			
Construction in progress	74,050	-			
Total	<u>1,419,780</u>	<u>1,361,095</u>			
Less accumulated depreciation and amortization	<u>900,979</u>	<u>909,109</u>			
Property and equipment, net	<u>518,801</u>	<u>451,986</u>			
TOTAL	<u>\$ 21,004,105</u>	<u>\$ 21,630,462</u>	TOTAL	<u>\$ 21,004,105</u>	<u>\$ 21,630,462</u>

See notes to financial statements.

**THE COAST GUARD FOUNDATION, INC.**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions of cash and other financial assets	\$ 4,532,292	\$ 3,862,771	\$ 8,395,063	\$ 3,380,704	\$ 4,076,409	\$ 7,457,113
Contributions of nonfinancial assets - gifts in-kind	2,333,519	97,365	2,430,884	3,812,607	202,679	4,015,286
Special events revenue, net of costs of direct benefit to donors of \$569,640 in 2022 and \$246,925 in 2021	2,564,407	113,357	2,677,764	1,272,160	178,120	1,450,280
Investment return (loss), net	(673,810)	(1,642,480)	(2,316,290)	390,971	862,484	1,253,455
Income from forgiveness of Paycheck Protection Program note payable			-	389,500		389,500
Gift fee income	137,339	(56,154)	81,185	105,347		105,347
Miscellaneous	45,401		45,401	38,934		38,934
Total	8,939,148	2,374,859	11,314,007	9,390,223	5,319,692	14,709,915
Net assets released from restrictions	2,744,462	(2,744,462)	-	2,868,317	(2,868,317)	-
Total support and revenue	11,683,610	(369,603)	11,314,007	12,258,540	2,451,375	14,709,915
EXPENSES:						
Program services	10,240,224		10,240,224	8,798,625		8,798,625
Supporting services:						
Administrative and general	938,574		938,574	794,545		794,545
Development and fundraising	3,053,058		3,053,058	2,163,672		2,163,672
Total supporting services	3,991,632	-	3,991,632	2,958,217	-	2,958,217
Total program and supporting services expenses	14,231,856	-	14,231,856	11,756,842	-	11,756,842
CHANGE IN NET ASSETS	(2,548,246)	(369,603)	(2,917,849)	501,698	2,451,375	2,953,073
NET ASSETS, BEGINNING OF THE YEAR	6,005,917	14,775,783	20,781,700	5,504,219	12,324,408	17,828,627
NET ASSETS, END OF THE YEAR	\$ 3,457,671	\$ 14,406,180	\$ 17,863,851	\$ 6,005,917	\$ 14,775,783	\$ 20,781,700

See notes to financial statements.

# THE COAST GUARD FOUNDATION, INC.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services					Supporting Services		
	Academy Support	District Wide Support	Assistance to Families	Public Awareness	Total Program	Administrative and General	Development and Fundraising	Total
Grants to support the U.S. Coast Guard:								
Educational support	\$ 61,435	\$ 281,604	\$ 757,199		\$ 1,100,238			\$ 1,100,238
Academy waterfront program	4,300				4,300			4,300
Morale, welfare and other	1,573	3,044,920	142,903		3,189,396			3,189,396
Shipmate funds		885,619			885,619			885,619
Athletics	16,300				16,300			16,300
Public outreach	84,119	80,000			164,119			164,119
Emergency relief and tragedy assistance			427,326		427,326			427,326
Public service announcements				\$ 2,232,283	2,232,283			2,232,283
Salaries and benefits	199,507	358,989	209,977	444,427	1,212,900	\$ 545,938	\$ 934,953	2,693,791
Event production costs					-		387,308	387,308
Direct mail solicitations				327,467	327,467	64,160	919,824	1,311,451
Donor cultivation					-		44,077	44,077
Promotional and advertising				353,542	353,542		249,453	602,995
Travel, receptions and meetings	1,399	49,046	1,195	4,435	56,075	64,519	127,973	248,567
Professional fees				70,230	70,230	132,700	197,677	400,607
Information technology and communication			7,629	28,893	36,522	26,002	50,673	113,197
Occupancy	33,047	5,962	5,774	21,569	66,352	31,506	12,345	110,203
Miscellaneous	6,419	13,765	18,166	40,695	79,045	65,857	122,377	267,279
Total expenses before depreciation and amortization	408,099	4,719,905	1,570,169	3,523,541	10,221,714	930,682	3,046,660	14,199,056
Depreciation and amortization	10,139	3,031	3,031	2,309	18,510	7,892	6,398	32,800
Total	\$ 418,238	\$ 4,722,936	\$ 1,573,200	\$ 3,525,850	\$ 10,240,224	\$ 938,574	\$ 3,053,058	\$ 14,231,856

See notes to financial statements.

# THE COAST GUARD FOUNDATION, INC.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services					Supporting Services		
	Academy Support	District Wide Support	Assistance to Families	Public Awareness	Total Program	Administrative and General	Development and Fundraising	Total
Grants to support the U.S. Coast Guard:								
Educational support	\$ 9,263	\$ 371,587	\$ 515,017		\$ 895,867			\$ 895,867
Academy waterfront program	8,500				8,500			8,500
Morale, welfare and other	6,600	285,039	67,664		359,303			359,303
Shipmate funds		1,366,418			1,366,418			1,366,418
Athletics	15,000				15,000			15,000
Public outreach	9,791	25,000			34,791			34,791
Emergency relief and tragedy assistance			469,012		469,012			469,012
Public service announcements				\$ 3,695,260	3,695,260			3,695,260
Salaries and benefits	180,260	328,233	201,989	429,226	1,139,708	\$ 438,193	\$ 939,765	2,517,666
Event production costs				59,793	59,793		168,945	228,738
Direct mail solicitations				233,990	233,990	57,869	606,194	898,053
Donor cultivation					-		29,506	29,506
Promotional and advertising				259,257	259,257		129,595	388,852
Travel, receptions and meetings	1,219	7,556		951	9,726	35,697	55,970	101,393
Professional fees				80,178	80,178	123,408	100,692	304,278
Information technology and communication		375	7,200	25,733	33,308	25,452	36,634	95,394
Occupancy	25,321	4,307	4,307	15,303	49,238	41,349	9,073	99,660
Miscellaneous	2,012	18,242	13,144	36,442	69,840	64,605	80,802	215,247
Total expenses before depreciation and amortization	257,966	2,406,757	1,278,333	4,836,133	8,779,189	786,573	2,157,176	11,722,938
Depreciation and amortization	10,160	3,067	3,067	3,142	19,436	7,972	6,496	33,904
Total	\$ 268,126	\$ 2,409,824	\$ 1,281,400	\$ 4,839,275	\$ 8,798,625	\$ 794,545	\$ 2,163,672	\$ 11,756,842

See notes to financial statements.

# THE COAST GUARD FOUNDATION, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (2,917,849)	\$ 2,953,073
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized (gains) losses on investments	2,958,463	(1,011,163)
Depreciation and amortization	32,800	33,904
Present value discount on pledge payable	(190,759)	-
Income from forgiveness of Paycheck Protection Program note payable	-	(389,500)
Changes in operating assets and liabilities:		
Unconditional promises to give	(816,436)	36,645
Prepaid expenses and other current assets	(232,735)	(45,291)
Accounts payable	(79,829)	12,552
Accrued liabilities	3,240	27,385
Deferred revenue	58,840	259,338
Pledge payable	2,500,000	-
Contributions restricted for long-term investment	(516,437)	(1,244,746)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>799,298</u>	<u>632,197</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of:		
Investments	(8,352,022)	(2,693,978)
Property and equipment	(99,615)	(7,719)
Proceeds from sales of investments	5,988,144	1,398,600
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(2,463,493)</u>	<u>(1,303,097)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for long-term investment	516,437	1,244,746
Proceeds from Paycheck Protection Program note payable	-	389,500
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>516,437</u>	<u>1,634,246</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,147,758)	963,346
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>3,290,569</u>	<u>2,327,223</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u><u>\$ 2,142,811</u></u>	<u><u>\$ 3,290,569</u></u>

See notes to financial statements.



# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### History and Programs of the Coast Guard Foundation

The Coast Guard Foundation, Inc. (the Foundation) is a national nonprofit organization incorporated in 1986. It traces its roots, however, to 1969, when the Coast Guard Academy Foundation was established to raise funds to enrich programs and morale for the cadets. The mid-1980's were times of declining budgets throughout the Coast Guard, so the founders were determined to expand their support beyond the Academy to include the men, women and families of the entire Service. True to that vision of helping the broadest group possible, today's Foundation has a widely felt and positive impact on the well-being, retention and professionalism of the Coast Guard's workforce and their families. Additionally, the Foundation honors and highlights the accomplishments of the Coast Guard to heighten public awareness of the Service's critical roles in serving and protecting the Nation.

The Foundation focuses on three key impact areas – education and workforce development assistance; morale, wellness and community building; and family resilience and emergency support.

#### *Education and Workforce Development Assistance*

Education is essential to a strong future for the Coast Guard community, but the rising costs of school and other barriers make it inaccessible to many. The Coast Guard Foundation steps in to make higher education possible. For children of active duty, retired, or active reserve members, we offer scholarships that reduce the amount needed for student loans, allowing them to focus on their studies and setting them and their families up for stronger futures. For children of Coast Guard members who die in operational, line of duty service, we offer scholarships that cover 100% of the expenses of higher education. This investment gives families relief and honors their heroism. For spouses of Coast Guard members, achieving higher education or professional licensing and certification gives them personal fulfillment and boosts the family's financial stability. We provide professional development opportunities and training programs for Coast Guard members that support their mission and set them up for future success. The Coast Guard Academy is a top-tier educational institution training the future leaders of the Coast Guard. To ensure the Academy is accessible to top students and provides the best education possible, we support recruitment initiatives, leadership development, diversity and inclusion programs, and hands-on classroom and extracurricular experiences.

#### *Morale, Wellbeing and Community Building*

Prioritizing the morale and wellbeing of the Coast Guard is crucial - not only so they remain always ready for their assignments, but so they can maintain their own physical and mental well-being while at sea or stationed in remote areas. We provide exercise, sports, and outdoor recreation equipment at Coast Guard stations and on board cutters so Coast Guard members have the resources they need to remain physically ready for duty. We fund recreation spaces in Coast Guard communities around the country so members and families have a place to be together, form

See independent auditors' report.

# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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strong support systems, and improve morale. The mental well-being of Coast Guard members is as important as their health - for their duties, the stability of their families, and their future beyond the Coast Guard. We help members maintain resiliency by partnering with Coast Guard leadership and offering morale support where needed. We support healthy marriages through training programs that equip Coast Guard chaplains to counsel and guide members and their spouses toward strong family relationships.

A sense of community is powerful for members and families, as Coast Guard deployments can be remote and isolating. The Coast Guard Foundation creates and celebrates communal bonds so that our heroes always feel supported. We fund community spaces that serve as gathering places for Coast Guard families to meet and connect with each other while stationed far away from loved ones. Members and families can also spend time together at these spaces when members are off duty. For small duty stations that are remote and lack resources, we step in to offer support that brings the community together and boosts morale. We celebrate Coast Guard members through our tribute events, golf tournaments, and our Run to Remember, a worldwide movement where thousands of individuals participate in road races, memorial walks, and other types of fitness events.

### *Family Resilience and Emergency Support*

When the Coast Guard family faces difficult times, the Coast Guard Foundation prioritizes family resilience, so that members, spouses, and children have the support they need to recover. When natural disasters strike, the Foundation offers Coast Guard members immediate relief by assessing member and family needs through our disaster relief and response program. We make sure they receive the resources to bounce back from hurricanes, floods, tornadoes, and other emergencies. We strengthen Coast Guard members' readiness by teaching families how to protect their loved ones and homes during natural disasters through services like our hurricane preparedness seminars. By giving families the tools to prepare for and weather storms safely, we ensure they remain resilient when disasters strike. When Coast Guard families or units face the unthinkable loss of an active duty member, we are there with immediate financial and morale support. We listen closely to individuals and families—and anticipate their needs—to ensure we provide relevant care in the wake of tragedy. An injured or critically ill Coast Guard member deeply affects family and loved ones. Our tragedy assistance support program ensures that families can focus exclusively on recovery. This dedicated and robust financial support system allows families and fellow service members to be nearby during these difficult times.

### *Public Awareness*

The Coast Guard Foundation serves as a goodwill ambassador for the United States Coast Guard by making the public aware of the benefits of a strong Coast Guard. Through a public service announcement campaign, the foundation highlights the dedication and bravery of Coast Guard crews. For both the years ended December 31, 2022 and 2021, the airtime for the public service announcements was contributed to the Foundation.

See independent auditors' report.

# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

In order to ensure the observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts are classified into two classes of net assets as follows:

- *Net assets without donor restrictions* – funds for which management and the Board of Directors of the Foundation retain full control to use in achieving any organizational purpose. These funds may include net assets without donor restrictions subject to self-imposed limits by action of the Board of Directors of the Foundation whereby designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.
- *Net assets with donor restrictions* – funds restricted by outside sources which may only be utilized in accordance with purposes established by the donor of such funds. When a donor restriction expires, such as when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as assets released from restriction. Certain donor restricted net assets have been restricted by donors to be maintained in perpetuity and only the income is to be utilized by the Foundation. Income may be utilized for net assets with or without donor restrictions as established by the donor of such funds.

### Cash Equivalents

Cash equivalents include money market funds that have not been restricted by the donor for long-term purposes.

### Promises to Give

Promises to give received by the Foundation from donors are recognized as revenue in accordance with Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Unconditional promises to give are recognized as revenue in the period the promise is made. Conditional promises to give are recognized as revenue only when the conditions on which they depend are substantially met.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Material unconditional promises to give that are expected to be collected in a period beyond one year are recorded at net realizable value, discounted for the present value of estimated future cash flows. The discounts on those amounts are computed using the Foundation's internal investment rate of return applicable to the year of the gift and are included in contribution revenue. As of December 31, 2022 and 2021, a discount for the present value was not considered necessary.

See independent auditors' report.

# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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The Foundation did not incur bad debt expense during the years ended December 31, 2022 and 2021.

### Investments

Investments are reported at fair value. Investment income is reported net of management fees.

### Property and Equipment

Property and equipment are stated at cost or, if donated, at the estimated fair market value at the date of the donation.

Property and equipment are depreciated and amortized using the straight-line method over the respective estimated useful lives of the assets.

Construction in progress represents website development costs not yet placed in service. Amortization of such asset commences once the respective asset is placed in service.

### Deferred Revenue

Deferred revenue includes amounts collected in advance related to conditional promises to give and special event sponsorships. Conditional promises to give will be recognized as revenue when the donor conditions are met. Special event sponsorships collected in advance will be recognized as revenue in the subsequent year, which is when such special events will take place. As of December 31, 2022, deferred revenue includes conditional promises to give of approximately \$280,000 and special event sponsorships collected in advance of approximately \$232,000. As of December 31, 2021, deferred revenue includes conditional promises to give of approximately \$337,000 and special event sponsorships collected in advance of approximately \$116,000.

### Pledge Payable

Unconditional promises made by the Foundation are expensed in the period they are made or unconditionally promised. Material unconditional promises made that are to be paid in a period beyond one year are discounted for the present value of estimated future cash flows. The discounts on those amounts are computed using the Foundation's internal investment rate of return applicable to the year of the gift and are included in expenses.

### Revenue Recognition

The Foundation recognizes revenue from exchange transactions in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. Revenue is measured based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Foundation recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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The Foundation recorded the following exchange transaction revenue in its statements of activities and changes in net assets for the years ending December 31, 2022 and 2021.

### *Special Events Revenue*

The Foundation conducts special events to raise contributions to support its activities. The participants attending these events are offered something of value (such as a meal and/or entertainment) for a sum that exceeds the costs of the benefits provided to the participants. The difference between the amount paid by the participants and the fair value of the benefits received by the participants is considered a contribution and recognized in accordance with ASC Topic 958. The amount paid by the participants related to the benefits received is subject to the revenue recognition guidance of ASC Topic 606 and is valued using the cost incurred by the Foundation to provide such benefits. Special event fees collected by the Foundation in advance of the event are initially recognized as liabilities (deferred revenue) and recognized as special events revenue upon the occurrence of the event. Factors that affect the timing of revenues and cash flows relate primarily to the dates on which the special events are held.

### Contributed Nonfinancial Assets

The Foundation receives various forms of contributed nonfinancial assets including consumer goods, other property and services. It is the Foundation's policy to utilize consumer goods for its programs. The Foundation has a policy to either utilize or monetize donations of other property depending on its suitability for the Foundation's programs.

The Foundation recognized contributed nonfinancial assets within revenue, including airtime for public service announcements, consumer goods to be donated to the U.S. Coast Guard and other services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed consumer goods to be donated to the U.S. Coast Guard were donated for and utilized in the District Wide program. In valuing the consumer goods, the Foundation estimated the fair value on the basis of estimates of retail value that would be received for selling similar products in the United States.

Contributed television public service announcement airtime was donated for and utilized in the Public Awareness program. The fair value of the public service announcements was obtained from the donor and based on the cost that would have been incurred by the Foundation if it were required to purchase the airtime.

Advertising and other contributed services were donated for and utilized in the Public Awareness program. The fair value of the advertising and other contributed services was obtained from the donor and based on the cost that would have been incurred by the Foundation if it were required to purchase such services.

In addition, many individuals volunteer their time to the Foundation's program services and other activities. The value of these services has not been recognized in the accompanying financial

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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statements, as it does not create or enhance nonfinancial assets or require specialized skills, which if not provided by donation, would have to be purchased by the Foundation.

### Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated or implied time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

### Allocation of Functional Expenses

The costs of providing program services and supporting activities have been summarized on a functional basis. The Foundation incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Foundation also conducts a number of activities which benefit both its program objectives as well as supporting activities (i.e. development and fundraising and administrative and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount or estimates of time and effort incurred by personnel.

### Tax-Exempt Status

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state law as a charitable organization, whereby only unrelated business income, as defined by Section 512(a)(1) of the Code is subject to Federal income tax.

Management does not believe there are any material uncertain tax positions requiring disclosure or recognition. For the years ended December 31, 2022 and 2021, there were no tax related interest or penalties recorded or included in the accompanying financial statements.

### Paycheck Protection Program

The Foundation has elected to account for loan proceeds received under the Paycheck Protection Program (PPP) as a conditional government grant that is earned as income through compliance with the loan forgiveness criteria. The income recognized is reported as income from forgiveness of Paycheck Protection Program note payable on the accompanying statements of activities and changes in net assets.

### Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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. Significant estimates and assumptions made by management include the allowance for uncollectible pledges, depreciation and amortization of property and equipment which was based on the estimated useful lives of such assets, the valuation methodology used in determining the fair value of investments, management's determination that the Foundation met the criteria for the loan forgiveness of the PPP income and the value of donated property and contributed services received. Actual results could differ from those estimates and assumptions.

### Subsequent Events

Management has evaluated subsequent events through June 16, 2023, which is the date the financial statements were available to be issued.

## 2. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The Foundation's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 2,142,811	\$ 3,290,569
Unconditional promises to give, net	1,773,842	957,406
Investments	16,187,049	16,781,634
Total financial assets	20,103,702	21,029,609
Include amount available to be appropriated from endowment and used for general expenditures	582,632	693,485
Less amounts not available to be used within one year:		
Net assets with donor restrictions	14,406,180	14,775,783
Endowment funds designated by the Board of Directors	3,187,560	3,671,810
	17,593,740	18,447,593
Financial assets available to meet general expenditures over the next twelve months	\$ 3,092,594	\$ 3,275,501

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

The Foundation is substantially supported by contributions which include amounts with donor restrictions for use in a particular manner or in a future period. The Foundation must maintain sufficient resources to meet those responsibilities to its donors thus financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the amounts designated by the Board of Directors for endowment are subject to the Board of Directors' discretion and may be made available, if necessary. The Foundation also maintains a revolving line-of-credit agreement with a bank which provides for maximum available borrowings of \$750,000 as disclosed in Note 7.

### 3. UNCONDITIONAL PROMISES TO GIVE

As of December 31, 2022 and 2021, unconditional promises to give consist of the following:

	2022	2021
Receivable due in less than one year	\$ 1,701,992	\$ 790,556
Less allowance for uncollectible pledges	23,150	23,150
Net receivable due in less than one year	1,678,842	767,406
Receivable due in one to five years	95,000	190,000
Total net unconditional promises to give	<u>\$ 1,773,842</u>	<u>\$ 957,406</u>

As of December 31, 2022 and 2021, \$1,319,972 and \$534,400 of the Foundation's receivables were permanently restricted to be invested in perpetuity.

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

### 4. INVESTMENTS

As of December 31, 2022 and 2021, the Foundation's investments consisted of the following:

	2022	2021
Subject to the endowment spending policy:		
Mutual funds	\$ 14,581,632	\$ 15,714,353
Money market funds	-	637,643
Private equity fund	274,322	-
Total subject to the endowment spending policy	14,855,954	16,351,996
Not subject to the endowment spending policy:		
Mutual funds	428,142	429,559
Money market funds	81	79
Certificates of deposits	300,108	-
Government securities	602,764	-
Total restricted for specific purpose	1,331,095	429,638
Total investments	\$ 16,187,049	\$ 16,781,634

The Foundation invests excess cash not yet ready to be spent in money market funds, mutual funds, certificates of deposits and government securities. Investment in a private equity fund includes commitments which are described in Note 14. As of December 31, 2022 and 2021, \$6,923,533 and \$6,405,309 of the Foundation's investments were permanently restricted for investment in perpetuity.

Investment income and gains and losses are allocated to individual donor funds based upon the balance of each fund in relation to the total of investments within the portfolio.

### 5. FAIR VALUE MEASUREMENTS

Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, U.S. GAAP established a fair value hierarchy that prioritizes observable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. The fair value hierarchy gives the highest priority to Level 1 inputs.

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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Level 2: Observable prices, other than quoted prices within Level 1, including:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Unobservable inputs which are used when little or no market activity is available at the measurement date. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Foundation utilizes valuation methodologies that maximize the use of observable inputs to the extent possible.

The following is a description of the valuation methodologies used for assets measured at fair value. The application of the existing fair value methodologies was not changed during the year ended 2022.

*Money market funds and mutual funds* - valued using quoted prices in active markets.

*Certificates of deposits and government securities* - Certificates of deposits and government securities are valued at the closing price reported in the market in which they are traded.

*Private equity fund* - represents the fair value of the Foundation's ownership interest in a limited partnership (referred to as the Partnership) using the net asset value per share practical expedient which is a reasonable estimate of fair value. Fair value is determined by the General Partner. The Partnership invests in various limited liability companies. The General Partner's determination of fair value is based upon the best available information provided by the limited partnerships and may incorporate management assumptions and best estimates after considering a variety of internal and external factors. Such value generally represents the Partnership's proportionate share of the partner's capital in the various limited liability companies as reported by their general partners. Accordingly, the fund maintains separate capital accounts for each partner and credits to these accounts each partner's capital contributions, distributions, and allocable share of profits and losses of the fund. Capital contributions to the fund are made pro rata in proportion to each partner's committed capital. The partners will receive distributable proceeds, as defined in the partnership agreement, pro rata in proportion to their respective capital contributions subject to the priority allocations defined in the partnership agreement.

The methodologies used to determine fair value may produce fair value calculations that may not have been indicative of net realizable values or reflective of future fair values. Furthermore, although management believes its valuation methodologies are appropriate and consistent with

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Investments carried at fair value at December 31, 2022 and 2021 are as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Measured at Net Asset Value	Total
2022					
Investments	\$ 15,912,727	\$ -	\$ -	\$ 274,322	\$ 16,187,049
2021					
Investments	\$ 16,781,634	\$ -	\$ -	\$ -	\$ 16,781,634

### Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of December 31, 2022.

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
2022				
Private equity fund	\$ 274,322	\$ 725,168	(a)	(a)

(a) Distributable proceeds shall be distributed within ninety days after receipt by the partnership, or if distribution within such ninety day period is not practicable, as soon as practicable thereafter, in each case as determined by the General Partner in its reasonable discretion.

## 6. PLEDGE PAYABLE

Pledge payable consists of a \$2,500,000 pledge to the National Coast Guard Museum Association, Inc. to be paid over no more than 10 years. Such pledge was made in December 2022 with payment terms of ten installments of \$250,000 to be paid through December 2031. The first payment to be made during the year ended December 31, 2022, was paid in January 2023.

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

As of December 31, 2022, future minimum pledge payments are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 500,000
2024	250,000
2025	250,000
2026	250,000
2027	250,000
2028 and thereafter	1,000,000
Total	<u>2,500,000</u>
Less present value discount	190,759
Total pledge payable	<u><u>\$ 2,309,241</u></u>

### 7. NOTE PAYABLE - BANK

Note payable - bank consists of a revolving line-of-credit agreement with a bank. The note provides for maximum available borrowings of \$750,000. The note is due on demand and is not subject to a formal maturity date. The note is secured by unconditional promises to give and equipment. Payments of interest only are due monthly and are calculated at 0.50% above the bank's prime rate, which was 7.50% at December 31, 2022. In no event will the interest rate be less than 3.25%. There were no outstanding borrowings on the line-of-credit as of December 31, 2022 and 2021.

### 8. NET ASSETS

#### Net Assets Without Donor Restrictions

As of December 31, 2022 and 2021, net assets without donor restrictions include amounts which function as part of the endowment. See Note 10 for disclosures related to the endowment.

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

### Net Assets With Donor Restrictions

As of December 31, 2022 and 2021, the Foundation has net assets with donor restrictions available for the following purposes:

	2022	2021
Subject to expenditure for specified purpose:		
U.S. Coast Guard Academy support	\$ 621,450	\$ 948,329
District wide support	1,074,071	1,550,697
Assistance to families	3,936,537	4,783,292
Accelerated growth program	530,616	553,756
Subtotal	<u>6,162,674</u>	<u>7,836,074</u>
Subject to spending policy and appropriation:		
Investment in perpetuity:		
U.S. Coast Guard Academy support	830,806	830,181
District wide support	2,663,424	1,633,456
Assistance to families	4,259,515	3,986,312
Full mission support	489,761	489,760
Subtotal	<u>8,243,506</u>	<u>6,939,709</u>
 Total net assets with donor restrictions	 <u>\$ 14,406,180</u>	 <u>\$ 14,775,783</u>

As of December 31, 2022 and 2021, net assets available for expenditure for a specified purpose includes \$3,705,348 and \$5,611,680, respectively, which is subject to the Foundation's endowment spending policy.

### Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, the passage of time or by occurrence of events specified by donors. The amounts released during the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
U.S. Coast Guard Academy support	\$ 87,772	\$ 44,043
District wide support	1,239,666	1,818,230
Assistance to families	1,209,428	812,249
Accelerated growth program	207,596	193,795
 Total	 <u>\$ 2,744,462</u>	 <u>\$ 2,868,317</u>

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

### 9. GIFTS IN-KIND

For the years ended December 31, 2022 and 2021, gifts in-kind consisted of the following:

	2022	2021
Without donor restrictions:		
Air time for public service announcements	\$ 2,232,283	\$ 3,695,260
Advertising and other services	101,236	117,347
Total	2,333,519	3,812,607
With donor restrictions -		
Consumer goods	97,365	202,679
Total gifts in-kind	\$ 2,430,884	\$ 4,015,286

These gifts in-kind were utilized in the year in which they were received.

### 10. ENDOWMENT

The Foundation's endowment includes both donor-restricted endowment funds and funds without donor restrictions designated by the Board of Directors to provide income for Foundation purposes. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

The Foundation is subject to the Massachusetts Uniform Prudent Management Institutional Funds Act (MA UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Foundation has interpreted MA UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be a fund with deficiency if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted MA UPMIFA to permit spending from funds with deficiencies in accordance with the prudent measures required under the law.

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

- The duration and preservation of the fund;
- The purposes of the organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the organization; and
- The investment policy of the Foundation.

### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the organization to retain as a fund of perpetual duration. As of December 31, 2022, there was \$144,000 of deficiencies due to the losses from investment holdings. There were no funds with deficiencies as of December 31, 2021.

### Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested with a goal of capital enhancement and preservation over time, both in nominal and real terms while minimizing volatility through diversification and a sound asset allocation policy.

The long-term goal of the endowment fund is a total return target of 6% to 8%, net of inflation and expenses, compounded annually. Total returns include investment income plus realized and unrealized gains and losses on endowment fund assets. Actual returns in any given year may vary from this goal.

The investment manager operates within specific guidelines that are determined by the investment committee and described in the investment policy statement. Such statement is periodically reviewed and updated. Investment performance for each asset class is measured against an appropriate index. It is expected that the equity holdings will outperform their respective relevant benchmark over a normal market cycle of three to five years.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### Spending Policy and How the Investment Objectives Relate to Spending Policy

Distributions of assets for any calendar year shall not exceed any of the following guidelines:

- An amount not to exceed 5% of the three year average market value of the endowment funds as of December 31<sup>st</sup> of the previous years. The Foundation understands that a period of depressed investment values, absent new endowment gifts, will result in decreased distributions.
- In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2% to 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.
- The Foundation has a policy that permits spending from funds with deficiency depending on the degree to which the fund is deficient, unless otherwise precluded by donor intent or relevant laws and regulations.
- In no case will any donor-imposed restriction on any funds in the endowment be compromised. The policy does not apply to, and therefore does not limit the specific use of, restricted funds as specified by the donor.

### Board Designated Endowment Funds

As of December 31, 2022 and 2021, the endowment included board designated endowment funds of \$3,187,560 and \$3,671,810 respectively.

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

### Changes in Endowment Net Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2020	\$ 4,186,588	\$ 9,858,940	\$ 14,045,528
Investment return, net	406,349	885,049	1,291,398
Contributions received and invested	24,035	1,751,168	1,775,203
Appropriation for expenditure in accordance with spending policy	(382,015)	(378,118)	(760,133)
Endowment net assets, December 31, 2021	4,234,957	12,117,039	16,351,996
Investment return, net	(679,848)	(1,641,192)	(2,321,040)
Contributions received and invested	188,725	646,941	835,666
Appropriation for expenditure in accordance with spending policy	483,239	(493,907)	(10,668)
Endowment net assets, December 31, 2022	\$ 4,227,073	\$ 10,628,881	\$ 14,855,954

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

### 11. SPECIAL EVENTS

The Foundation holds a number of special events in order to generate awareness and raise funds. For the years ended December 31, 2022 and 2021, special events revenue, net consisted of the following:

	2022	2021
Gross receipts generated by special events:		
Benefits received by participants	\$ 569,640	\$ 246,925
Contribution revenue	2,677,764	1,450,280
Total gross receipts	3,247,404	1,697,205
Less direct expenses incurred by:		
Program services	(585,849)	(157,330)
Development and fundraising (includes facility, entertainment and other costs)	(1,251,610)	(567,223)
Special events revenue, net	<u>\$ 1,409,945</u>	<u>\$ 972,652</u>

### 12. PAYCHECK PROTECTION PROGRAM

On February 8, 2021, the Foundation executed an unsecured promissory note with a bank to provide borrowings of \$389,500. The note was guaranteed by the Small Business Administration (SBA) under the Paycheck Protection Program (PPP) Second Draw Loans and accrued interest at 1%. The PPP provisions contained in the promissory note restricted the use of the loan proceeds and included a provision in which the SBA may provide loan forgiveness of principal and accrued interest based on the terms set forth in the promissory note. During 2021, management applied for forgiveness having determined that the Foundation incurred expenses meeting the qualifications for forgiveness of the entire amount. On November 11, 2021, the Foundation was notified by the SBA that its PPP loan forgiveness application was approved and such note was forgiven in its entirety. The proceeds from the loan have been recognized as loan forgiveness income in the accompanying statement of activities and changes in net assets for the year ended December 31, 2021.

### 13. EMPLOYEE BENEFIT PLAN

The Foundation has a defined contribution retirement plan covering substantially all employees. Such plan qualifies under Section 403(b) of the Internal Revenue Code. Under the plan, the Foundation will make a matching contribution for each eligible participant up to a maximum of 4% of each participant's eligible compensation. For the years ended December 31, 2022 and 2021, the Foundation's contributions to the plan amounted to approximately \$83,800 and \$77,200, respectively.

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

### 14. COMMITMENT

#### Private Equity Fund

A private equity investment is generally made through a limited partnership. Under the terms of the agreement with the private equity fund, the Foundation is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the manager. The private equity fund has a limited existence (dissolution is scheduled for November 10, 2033) and provides for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The Foundation cannot anticipate such changes because they are based on unforeseen events, but should they occur they may result in less liquidity or return from the investment than originally anticipated. As a result, the timing and amount of future capital or liquidity calls expected to be exercised in any particular future year is uncertain. The amount of the unfunded commitment associated with the private equity investment as of December 31, 2022 was \$725,168.

### 15. ALLOCATION OF JOINT COSTS

The Foundation conducted activities that included appeals for contributions and in connection incurred joint costs. These activities included the publication of press releases and public announcements, newsletters and the annual report. For the years ended December 31, 2022 and 2021, the approximate allocation of joint costs are as follows:

	2022	2021
Program services	\$ 255,810	\$ 253,710
Support services:		
Administrative and general	13,280	16,400
Development and fundraising	217,780	194,290
Total approximate joint costs	\$ 486,870	\$ 464,400

### 16. RISKS AND UNCERTAINTIES

#### Concentrations of Credit, Market and Interest Rate Risks

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents, investments and unconditional promises to give. Investments are also exposed to other risks such as market and interest rate risks.

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# THE COAST GUARD FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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Cash and cash equivalents subject the Foundation to credit risk in that, from time to time, cash deposits exceed the insurance coverage. As of December 31, 2022, the Foundation had approximately \$1.4 million of cash deposits at one financial institution in excess of the insurance limit. Management considers such circumstances to be normal business risks.

As of December 31, 2022, investments consisted of a diversified portfolio of mutual funds, money market accounts, certificates of deposits, government securities, and a private equity fund. Management believes the diversity of the portfolio minimizes the risk of loss.

As of December 31, 2022, the Foundation had unconditional promises to give from two donors representing approximately 56% and 11% of total unconditional promises to give. The Foundation believes such amounts are fully collectible. Further, the Foundation does not have a history of significant bad debt write-offs.

### COVID-19 Uncertainty

The COVID-19 pandemic negatively impacted the Foundation during 2020 and 2021 due to the significant restrictions on the ability to hold special events and engage donors in person. The Foundation did not experience significant interruptions in 2022. While the virus remains a public health priority, the U.S. Department of Health and Human Services stated that the emergency phase is over and declared the pandemic as expired on May 11, 2023.

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