



Financial Statements  
December 31, 2017 and 2016  
**No Barriers USA**

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CPAs & BUSINESS ADVISORS

## Independent Auditor's Report

To the Board of Directors  
No Barriers USA  
Fort Collins, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of No Barriers USA, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2017, and also for the four-month period ended December 31, 2016, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of No Barriers USA as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the year ended December 31, 2017, and also for the four-month period ended December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fort Collins, Colorado  
November 2, 2018

No Barriers USA  
Statements of Financial Position  
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 915,717	\$ 857,467
Accounts receivable, net	81,459	88,281
Prepaid expenses	326,717	267,395
Deposits	12,702	18,202
Property and equipment, net	132,713	180,174
Intangible assets, net	96,949	145,423
	\$ 1,566,257	\$ 1,556,942
Liabilities and Net Assets		
Accounts payable	\$ 173,392	\$ 214,687
Accrued payables	45,011	1,132
Deferred revenue	531,639	871,562
	750,042	1,087,381
Net Assets (Deficit)		
Unrestricted		
Undesignated	(280,566)	(589,268)
Invested in property and equipment, net	132,713	180,174
	(147,853)	(409,094)
Temporarily restricted	964,068	878,655
	816,215	469,561
	\$ 1,566,257	\$ 1,556,942

No Barriers USA  
Statement of Activities  
Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenue</b>				
Contributions and grants	\$ 860,559	\$ 1,733,477	\$ -	\$ 2,594,036
Sponsorships	1,756,745	-	-	1,756,745
Program service fees	2,330,484	-	-	2,330,484
In-kind donations	12,045	-	-	12,045
Interest and other revenue	114,277	-	-	114,277
Gross special events revenue	272,403	-	-	272,403
Less cost of direct benefits to donors	(68,144)	-	-	(68,144)
Net special events revenue	204,259	-	-	204,259
Net assets released from restrictions	1,648,064	(1,648,064)	-	-
Total support and revenue	6,926,433	85,413	-	7,011,846
<b>Expenses</b>				
Program services	5,271,955	-	-	5,271,955
Management and general	853,152	-	-	853,152
Fundraising and development	540,085	-	-	540,085
Total expenses	6,665,192	-	-	6,665,192
Change in Net Assets	261,241	85,413	-	346,654
Net Assets (Deficit), Beginning of Year	(409,094)	878,655	-	469,561
Net Assets (Deficit), End of Year	\$ (147,853)	\$ 964,068	\$ -	\$ 816,215

No Barriers USA  
Statement of Activities  
Four-Month Period Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenue</b>				
Contributions and grants	\$ 145,703	\$ 333,615	\$ -	\$ 479,318
Program service fees	115,933	-	-	115,933
In-kind donations	64,838	-	-	64,838
Interest and other revenue	150,445	-	-	150,445
Gross special events revenue	36,299	-	-	36,299
Less cost of direct benefits to donors	(4,356)	-	-	(4,356)
Net special events revenue	31,943	-	-	31,943
Net assets released from restrictions	557,001	(557,001)	-	-
Total support and revenue	<u>1,065,863</u>	<u>(223,386)</u>	<u>-</u>	<u>842,477</u>
<b>Expenses</b>				
Program services	946,727	-	-	946,727
Management and general	323,154	-	-	323,154
Fundraising and development	193,083	-	-	193,083
Total expenses	<u>1,462,964</u>	<u>-</u>	<u>-</u>	<u>1,462,964</u>
Change in Net Assets	(397,101)	(223,386)	-	(620,487)
Net Assets (Deficit), Beginning of Period	(11,993)	1,102,041	-	1,090,048
Net Assets (Deficit), End of Period	<u>\$ (409,094)</u>	<u>\$ 878,655</u>	<u>\$ -</u>	<u>\$ 469,561</u>

No Barriers USA  
Statement of Functional Expenses  
Year Ended December 31, 2017

	Program Services	Management and General	Fundraising and Development	Cost of Direct Benefits	Total
Salaries and Wages	\$ 1,310,613	\$ 369,333	\$ 368,112	\$ -	\$ 2,048,058
Tour Operator	1,274,662	-	-	-	1,274,662
Airfare	914,192	778	15,313	-	930,283
Meals	307,744	1,773	5,295	-	314,812
Lodging	216,047	609	9,882	-	226,538
Employee Benefits	128,875	31,942	30,463	-	191,280
Video and Documentation	153,435	-	13,359	-	166,794
Payroll Taxes	102,602	29,215	26,249	-	158,066
Materials and Supplies	106,723	7,383	13,948	-	128,054
Ground Transportation	105,067	1,825	7,307	-	114,199
Depreciation and Amortization	-	111,285	-	-	111,285
Bad Debt	-	85,943	-	-	85,943
Contract Labor	54,718	1,920	12,000	-	68,638
Insurance	66,740	11,605	4,090	-	82,435
Program and Curriculum Development	72,595	8,171	-	-	80,766
Facility & Equipment Rental	47,789	7,376	-	-	55,165
Occupancy	-	79,877	-	-	79,877
Information Technology	66,318	1,417	1,354	-	69,089
Speakers	66,796	-	-	-	66,796
Field Incidentals	60,726	-	-	-	60,726
Advertising	56,381	300	2,414	-	59,095
Dues and Subscriptions	35,507	17,742	3,748	-	56,997
Bank/Processing Fees	16,380	31,239	-	-	47,619
Professional Services	-	29,898	11,083	-	40,981
Printing and Reproduction	26,984	1,098	10,549	-	38,631
Medical Staff and Supplies	40,349	-	-	-	40,349
Postage and Shipping	7,008	3,464	4,703	-	15,175
Other	12,000	2,295	145	-	14,440
Licenses/Permit Fees	11,979	257	71	-	12,307
Telephone and Internet	5,297	5,827	-	-	11,124
Office Expense	1,571	7,075	-	-	8,646
Repairs and Maintenance	2,857	3,505	-	-	6,362
Cost of direct benefits to donors	-	-	-	68,144	68,144
Total expenses by function	<u>5,271,955</u>	<u>853,152</u>	<u>540,085</u>	<u>68,144</u>	<u>6,733,336</u>
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors	-	-	-	(68,144)	(68,144)
Total expenses included in the expense section on the statement of activities	<u>\$ 5,271,955</u>	<u>\$ 853,152</u>	<u>\$ 540,085</u>	<u>\$ -</u>	<u>\$ 6,665,192</u>

No Barriers USA  
Statement of Functional Expenses  
Four-Month Period Ended December 31, 2016

	Program Services	Management and General	Fundraising and Development	Cost of Direct Benefits	Total
Salaries and Wages	\$ 410,667	\$ 117,127	\$ 115,793	\$ -	\$ 643,587
Tour Operator	172,410	-	-	-	172,410
Airfare	79,174	106	9,679	-	88,959
Professional Services	5,136	71,424	-	-	76,560
Employee Benefits	44,354	13,875	10,282	-	68,511
Payroll Taxes	36,465	8,698	7,651	-	52,814
Video and Documentation	38,118	-	-	-	38,118
Dues and Subscriptions	22,074	8,659	-	-	30,733
Lodging	20,250	232	7,628	-	28,110
Occupancy	-	27,286	-	-	27,286
Meals	10,758	1,434	12,819	-	25,011
Depreciation and Amortization	-	23,180	-	-	23,180
Ground Transportation	17,304	126	4,069	-	21,499
Advertising	14,967	135	5,064	-	20,166
Materials and Supplies	16,684	-	583	-	17,267
Contract Labor	8,588	-	9,628	-	18,216
Program and Curriculum Development	10,124	8,662	-	-	18,786
Bank/Processing Fees	9,468	9,257	-	-	18,725
Insurance	4,784	13,106	-	-	17,890
Office Expense	-	11,454	-	-	11,454
Printing and Reproduction	1,825	701	5,855	-	8,381
Field Incidentals	6,457	-	-	-	6,457
Medical Staff and Supplies	6,050	-	-	-	6,050
Licenses/Permit Fees	5,186	237	517	-	5,940
Facility & Equipment Rental	1,143	1,681	1,954	-	4,778
Repairs and Maintenance	463	3,104	-	-	3,567
Telephone and Internet	1,099	2,124	-	-	3,223
Postage and Shipping	588	546	1,561	-	2,695
Information Technology	2,380	-	-	-	2,380
Other	211	-	-	-	211
Cost of direct benefits to donors	-	-	-	4,356	4,356
Total expenses by function	<u>946,727</u>	<u>323,154</u>	<u>193,083</u>	<u>4,356</u>	<u>1,467,320</u>
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,356)</u>	<u>(4,356)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 946,727</u>	<u>\$ 323,154</u>	<u>\$ 193,083</u>	<u>\$ -</u>	<u>\$ 1,462,964</u>

**No Barriers USA**  
 Statements of Cash Flows  
 Year Ended December 31, 2017 and  
 Four-Month Period Ended December 31, 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	\$ 346,654	\$ (620,487)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	111,285	23,180
Donated intangible assets	-	(145,423)
Changes in operating assets and liabilities		
Accounts receivable, net	6,822	640,957
Prepaid expenses	(59,322)	(167,389)
Deposits	5,500	9,445
Accounts payable	(41,295)	(129,191)
Accrued payables	43,879	(8,064)
Deferred revenue	(339,923)	768,987
Net Cash from Operating Activities	73,600	372,015
 Cash Flows from Investing Activities		
Purchases of property and equipment	(15,350)	(1,999)
Net Cash (used for) Investing Activities	(15,350)	(1,999)
 Net Change in Cash and Cash Equivalents	58,250	370,016
 Cash and Cash Equivalents, Beginning of Period	857,467	487,451
Cash and Cash Equivalents, End of Period	\$ 915,717	\$ 857,467

## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Organization**

No Barriers USA (the “Organization”) is a nonprofit organization established to provide transformative experiences, tools, and inspiration to help people embark on a quest to contribute their absolute best to the world. No Barriers serves students and teachers of all ages, abilities, and socioeconomic circumstances, in providing educational, life-changing, immersive experiences that emphasize global citizenship and provides a curriculum designed to identify and overcome physical, economic, social, and other personal barriers that might be in the way of living to an individual’s full potential. The Organization serves military veterans through transformative outdoor expeditions based on the same No Barriers Life Curriculum and also holds an annual Summit focused on providing a completely adaptive and inspirational environment for the broad spectrum of the population it serves.

The Organization changed its financial year end from August 31 to December 31 effective with the four-month period ended December 31, 2016. The financial statements for the current period include activity of the Organization for the twelve months ended December 31, 2017.

### **Cash and Cash Equivalents**

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

### **Receivables and Credit Policies**

Accounts receivable consist primarily of noninterest-bearing amounts due for programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2017 and 2016, the allowance was \$84,971 and \$0, respectively.

### **Property and Equipment**

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from five to forty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2017 or for the four-month period ended December 31, 2016.

### **Intangible Assets**

Intangible assets with a finite life consist of rights to program branding, and are carried at cost less accumulated amortization. The Organization amortizes the cost of identifiable intangible assets on a straight-line basis over the expected period of benefit, which is three years.

### **Net Assets**

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

*Unrestricted Net Assets* – Net assets available for use in general operations.

*Temporarily Restricted Net Assets* – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time.

The Organization reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently Restricted Net Assets* – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreements. There were no permanently restricted net assets at December 31, 2017 and 2016.

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

### **Advertising Costs**

Advertising costs are expensed as incurred, and totaled \$60,405 and \$20,166 for the year ended December 31, 2017 and for the four-month period ended December 31, 2016, respectively.

### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### Income Taxes

No Barriers USA is organized as a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Sections 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity would be subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

### Note 2 - Property and Equipment

Property and equipment consists of the following at December 31, 2017 and 2016:

	2017	2016
Furniture, fixtures and equipment	\$ 121,307	\$ 121,307
Vehicles	6,375	6,375
Leasehold improvements	144,000	144,000
Construction in progress	15,350	-
	287,032	271,682
Less accumulated depreciation and amortization	(154,319)	(91,508)
	\$ 132,713	\$ 180,174

Depreciation and amortization expense totaled \$62,811 and \$23,180 for the year ended December 31, 2017 and for the four-month period ended December 31, 2016, respectively.

**Note 3 - Intangible Assets**

Intangible assets as of December 31, 2017 and 2016 consist of the following:

	2017	2016
Rights to program branding	\$ 145,423	\$ 145,423
Less accumulated amortization	(48,474)	-
	\$ 96,949	\$ 145,423

Amortization expense totaled \$48,474 and \$0 for the year ended December 31, 2017 and for the four-month period ended December 31, 2016, respectively. Estimated future amortization expense related to these intangible assets is as follows:

Years ending December 31,	Amount
2018	\$ 48,474
2019	48,475
	\$ 96,949

**Note 4 - Related Party Transactions**

A member of the Organization's board of directors is also an owner in a marketing company. During the year ended December 31, 2017 and for the four-month period ended December 31, 2016, the Organization had the following related party transactions:

	2017	2016
Marketing expenses	\$ 341	\$ 14,108
In kind donations received	\$ -	\$ 5,628

As of December 31, 2017 and 2016 the Organization owed \$0 and \$7,822, respectively, to the marketing company.

**Note 5 - Leases**

The Organization has a lease agreement for office space that specifies a one-year term that can be renewed annually. Current terms require monthly lease payments of \$6,856. During the year ended December 31, 2017 and for the four-month period ended December 31, 2016, the Organization paid \$79,877 and \$27,286 rent expense, respectively, under this annual lease agreement.

**Note 6 - Restricted Net Assets**

Temporarily restricted net assets at December 31, 2017 and 2016, consists of:

	2017	2016
Restricted by donors for		
Weißenmayer fund - restricted for certain strategic initiatives	\$ 74,027	\$ 74,027
Boston fund - restricted for victims of marathon bomb incident	31,371	31,371
Capital campaign	330,670	-
Youth Program	9,582	295,585
Warrior Program	160,418	176,991
Summit Program	358,000	300,681
	\$ 964,068	\$ 878,655

Net assets were released from restrictions as follows during the year ended December 31, 2017 and for the four-month period ended December 31, 2016:

	2017	2016
Satisfaction of purpose restrictions		
Weißenmayer fund	\$ -	\$ 159,412
Youth Program	1,058,049	108,090
Warrior Program	98,184	277,905
Summit Program	436,114	4,119
Other	55,717	7,475
	\$ 1,648,064	\$ 557,001

**Note 7 - In-Kind Donations**

Donated professional services and materials received during the year ended December 31, 2017 and for the four month period ended December 31, 2016 are as follows:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
<u>December 31, 2017</u>				
Advertising	\$ 10,250	\$ -	\$ -	\$ 10,250
Food	1,795	-	-	1,795
	<u>\$ 12,045</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,045</u>
<u>December 31, 2016</u>				
Advertising	\$ 270	\$ -	\$ 5,628	\$ 5,898
Legal services	5,000	238	-	5,238
Food	902	-	-	902
Tour operators	25,000	-	-	25,000
Technology consulting	-	27,800	-	27,800
	<u>\$ 31,172</u>	<u>\$ 28,038</u>	<u>\$ 5,628</u>	<u>\$ 64,838</u>

**Note 8 - Subsequent Events**

On October 29, 2018 the Organization signed a promissory note for \$350,000 to be repaid in annual installments of \$60,000. Interest on the unpaid principal balance is due monthly at a rate of 2.0% per annum. The note matures on September 30, 2023 and is collateralized by promises to give from certain donors.

The Organization has evaluated subsequent events through November 2, 2018, the date the financial statements were available to be issued.