



Financial Statements  
December 31, 2018 and 2017  
**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, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the Organization has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Statements for Non-for-Profit Entities*. Our opinion is not modified with respect to this matter.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Fort Collins, Colorado  
September 16, 2019

No Barriers USA  
Statements of Financial Position  
December 31, 2018 and 2017

|                                    | 2018         | 2017         |
|------------------------------------|--------------|--------------|
| <b>Assets</b>                      |              |              |
| Cash and cash equivalents          | \$ 1,177,887 | \$ 915,717   |
| Accounts receivable, net           | 59,443       | 81,459       |
| Promises to give, net              | 495,000      | -            |
| Prepaid expenses                   | 245,174      | 339,419      |
| Property and equipment, net        | 102,927      | 132,713      |
| Intangible assets, net             | 48,474       | 96,949       |
|                                    | \$ 2,128,905 | \$ 1,566,257 |
| <b>Liabilities and Net Assets</b>  |              |              |
| Accounts payable                   | \$ 195,617   | \$ 173,392   |
| Accrued expenses                   | 66,791       | 45,011       |
| Deferred revenue                   | 710,739      | 531,639      |
| Note payable                       | 290,000      | -            |
| Total liabilities                  | 1,263,147    | 750,042      |
| <b>Net Assets (Deficit)</b>        |              |              |
| Without donor restrictions         |              |              |
| Undesignated                       | (311,654)    | (280,566)    |
| Invested in property and equipment | 102,927      | 132,713      |
|                                    | (208,727)    | (147,853)    |
| With donor restrictions            | 1,074,485    | 964,068      |
| Total net assets                   | 865,758      | 816,215      |
|                                    | \$ 2,128,905 | \$ 1,566,257 |

No Barriers USA  
Statement of Activities  
Year Ended December 31, 2018

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|---|-------------------------------|----------------------------|--------------|
| Revenue and Support                     |                               |                            |              |
| Contributions and grants                | \$ 338,784                    | \$ 2,412,089               | \$ 2,750,873 |
| Sponsorships                            | 2,184,217                     | -                          | 2,184,217    |
| Program service fees                    | 2,095,223                     | -                          | 2,095,223    |
| In-kind donations                       | 62,156                        | -                          | 62,156       |
| Interest and other revenue              | 23,001                        | -                          | 23,001       |
| <br>                                    |                               |                            |              |
| Gross special events revenue            | 339,807                       | -                          | 339,807      |
| Less cost of direct benefits to donors  | (139,871)                     | -                          | (139,871)    |
| Net special events revenue              | 199,936                       | -                          | 199,936      |
| <br>                                    |                               |                            |              |
| Net assets released from restrictions   | 2,301,672                     | (2,301,672)                | -            |
| Total revenue and support               | 7,204,989                     | 110,417                    | 7,315,406    |
| <br>                                    |                               |                            |              |
| Expenses                                |                               |                            |              |
| Program services                        | 5,770,234                     | -                          | 5,770,234    |
| Management and general                  | 804,476                       | -                          | 804,476      |
| Fundraising and development             | 691,153                       | -                          | 691,153      |
| Total expenses                          | 7,265,863                     | -                          | 7,265,863    |
| <br>                                    |                               |                            |              |
| Change in Net Assets                    | (60,874)                      | 110,417                    | 49,543       |
| Net Assets (Deficit), Beginning of Year | (147,853)                     | 964,068                    | 816,215      |
| Net Assets (Deficit), End of Year       | \$ (208,727)                  | \$ 1,074,485               | \$ 865,758   |

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

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|---|-------------------------------|----------------------------|--------------|
| Revenue and Support                     |                               |                            |              |
| 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 revenue and support               | 6,926,433                     | 85,413                     | 7,011,846    |
| Expenses                                |                               |                            |              |
| 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 Functional Expenses  
Year Ended December 31, 2018

|   | Program<br>Services | Management<br>and<br>General | Fundraising<br>and<br>Development | Cost of<br>Direct<br>Benefits | Total               |
|---|---------------------|------------------------------|-----------------------------------|-------------------------------|---------------------|
| Salaries and Wages  | \$ 1,183,104        | \$ 384,051                   | \$ 458,154                        | \$ -                          | \$ 2,025,309        |
| Tour Operator   | 1,203,804           | -                            | -                                 | -                             | 1,203,804           |
| Airfare   | 612,427             | 1,521                        | 21,807                            | -                             | 635,755             |
| Meals   | 399,127             | 2,671                        | 6,363                             | -                             | 408,161             |
| Facility & Equipment Rental   | 385,356             | 8,578                        | -                                 | -                             | 393,934             |
| Information Technology  | 333,692             | 86                           | 239                               | -                             | 334,017             |
| Contract Labor  | 249,614             | 5,558                        | -                                 | -                             | 255,172             |
| Employee Benefits   | 138,909             | 52,475                       | 41,655                            | -                             | 233,039             |
| Lodging   | 218,668             | 1,052                        | 11,694                            | -                             | 231,414             |
| Marketing   | 121,235             | 207                          | 72,197                            | -                             | 193,639             |
| Speakers  | 187,880             | -                            | 536                               | -                             | 188,416             |
| Payroll Taxes   | 101,699             | 22,995                       | 32,720                            | -                             | 157,414             |
| Video and Documentation   | 132,399             | -                            | -                                 | -                             | 132,399             |
| Depreciation and Amortization   | 3,000               | 106,061                      | -                                 | -                             | 109,061             |
| Occupancy   | 18,000              | 84,651                       | -                                 | -                             | 102,651             |
| Dues and Subscriptions  | 74,133              | 15,133                       | 10,032                            | -                             | 99,298              |
| Materials and Supplies  | 75,509              | 3,121                        | 4,037                             | -                             | 82,667              |
| Insurance   | 67,253              | 9,251                        | 4,077                             | -                             | 80,581              |
| Ground Transportation   | 71,313              | 1,560                        | 7,068                             | -                             | 79,941              |
| Field Incidentals   | 77,754              | -                            | 36                                | -                             | 77,790              |
| Professional Services   | 17,262              | 50,880                       | 3,000                             | -                             | 71,142              |
| Other   | 26,173              | 18,674                       | 20                                | -                             | 44,867              |
| Medical Staff and Supplies  | 33,610              | -                            | -                                 | -                             | 33,610              |
| Bank/Processing Fees  | 2,136               | 29,419                       | -                                 | -                             | 31,555              |
| Program and Curriculum Development  | 20,393              | 2,228                        | 79                                | -                             | 22,700              |
| Printing and Reproduction   | 6,201               | 833                          | 12,044                            | -                             | 19,078              |
| Postage and Shipping  | 9,583               | 3,471                        | 5,395                             | -                             | 18,449              |
| Cost of direct benefits to donors   | -                   | -                            | -                                 | 139,871                       | 139,871             |
| Total expenses by function  | <u>5,770,234</u>    | <u>804,476</u>               | <u>691,153</u>                    | <u>139,871</u>                | <u>7,405,734</u>    |
| Less expenses included with revenues<br>on the statement of activities              |                     |                              |                                   |                               |                     |
| Cost of direct benefits to donors   | -                   | -                            | -                                 | (139,871)                     | (139,871)           |
| Total expenses included in the<br>expense section on the statement<br>of activities | <u>\$ 5,770,234</u> | <u>\$ 804,476</u>            | <u>\$ 691,153</u>                 | <u>\$ -</u>                   | <u>\$ 7,265,863</u> |



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

|   | Program<br>Services | Management<br>and<br>General | Fundraising<br>and<br>Development | Cost of<br>Direct<br>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              |
| Insurance   | 66,740              | 11,605                       | 4,090                             | -                             | 82,435              |
| Program and Curriculum Development  | 72,595              | 8,171                        | -                                 | -                             | 80,766              |
| Occupancy   | -                   | 79,877                       | -                                 | -                             | 79,877              |
| Information Technology  | 66,318              | 1,417                        | 1,354                             | -                             | 69,089              |
| Contract Labor  | 54,718              | 1,920                        | 12,000                            | -                             | 68,638              |
| 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              |
| Facility & Equipment Rental   | 47,789              | 7,376                        | -                                 | -                             | 55,165              |
| Other   | 33,704              | 18,959                       | 216                               | -                             | 52,879              |
| Bank/Processing Fees  | 16,380              | 31,239                       | -                                 | -                             | 47,619              |
| Professional Services   | -                   | 29,898                       | 11,083                            | -                             | 40,981              |
| Medical Staff and Supplies  | 40,349              | -                            | -                                 | -                             | 40,349              |
| Printing and Reproduction   | 26,984              | 1,098                        | 10,549                            | -                             | 38,631              |
| Postage and Shipping  | 7,008               | 3,464                        | 4,703                             | -                             | 15,175              |
| 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<br>on the statement of activities              |                     |                              |                                   |                               |                     |
| Cost of direct benefits to donors   | -                   | -                            | -                                 | (68,144)                      | (68,144)            |
| Total expenses included in the<br>expense section on the statement<br>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  
Statements of Cash Flows  
Years Ended December 31, 2018 and 2017

|   | 2018         | 2017         |
|---|--------------|--------------|
| Cash Flows from Operating Activities            |              |              |
| Cash received from contributions and grants     | \$ 2,255,873 | \$ 2,594,036 |
| Cash received from sponsorships                 | 2,206,233    | 1,763,567    |
| Cash received from programming fees             | 2,274,323    | 1,996,061    |
| Cash received from special events, net of costs | 199,936      | 204,259      |
| Cash received from other sources                | 23,001       | 114,277      |
| Cash paid for salaries, benefits and taxes      | (2,393,982)  | (2,353,525)  |
| Cash paid to vendors                            | (4,561,267)  | (4,245,075)  |
| Cash paid for interest                          | (1,147)      | -            |
| Net Cash from Operating Activities              | 2,970        | 73,600       |
| Cash Flows from Investing Activities            |              |              |
| Purchases of property and equipment             | (30,800)     | (15,350)     |
| Cash Flows from Financing Activities            |              |              |
| Principal payment on note payable               | (60,000)     | -            |
| Proceeds from issuance of note payable          | 350,000      | -            |
| Net Cash from Financing Activities              | 290,000      | -            |
| Net Change in Cash and Cash Equivalents         | 262,170      | 58,250       |
| Cash and Cash Equivalents, Beginning of Period  | 915,717      | 857,467      |
| Cash and Cash Equivalents, End of Period        | \$ 1,177,887 | \$ 915,717   |

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

### **Organization**

No Barriers USA 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. We serve 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. We serve military veterans through transformative outdoor expeditions based on the same No Barriers Life Curriculum and also hold an annual Summit focused on providing a completely adaptive and inspirational environment for the broad spectrum of the population we serve.

### **Cash and Cash Equivalents**

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

### **Receivables and Credit Policies**

Accounts receivable consist primarily of noninterest-bearing amounts due for programs. Allowance for uncollectable accounts receivable is determined 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, 2018 and 2017, the allowance was \$90,373 and \$84,971, respectively.

### **Promises to Give**

We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. The allowance was \$0 at both December 31, 2018 and 2017.

### **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.

We review 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 years ended December 31, 2018 and 2017.

### **Intangible Assets**

Intangible assets with a finite life consist of rights to program branding and are carried at cost less accumulated amortization. We amortize 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:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### **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 our 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 \$93,082 and \$60,405 for the years ended December 31, 2018 and 2017, 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. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, amortization, materials and supplies, and others which are allocated on office or department use, as well as salaries and wages, benefits, payroll taxes, professional services, facilities and equipment rental, dues and subscriptions, information technology, marketing, insurance, and other, which are allocated on the basis of estimates of time and effort.

### **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). We are 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. We have determined that we are 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.

### **Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of our mission.

### Change in Accounting Policy

As of January 1, 2018, we adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for our donor restricted endowment funds and underwater endowments. The ASU introduces new disclosure requirements to provide information about what is included or excluded from our intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess our liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses.

The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the analysis of expenses by both natural classification and functional classification (the separate presentation of expenses by functional classification and expenses by natural classification is still required), and the disclosure about liquidity and availability of resources. We have elected not to present comparative liquidity information for these amendments.

We have adopted this standard as management believes the standard improves the usefulness and understandability of our financial reporting.

### Subsequent Events

We have evaluated subsequent events through September 16, 2019, the date which the financial statements were available to be issued

### Note 2 - Liquidity and Availability

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, comprise the following:

|                           |              |
|---------------------------|--------------|
| Cash and cash equivalents | \$ 1,177,887 |
| Accounts receivable       | 59,443       |
| Promises to give          | 235,000      |
|                           | <hr/>        |
|                           | \$ 1,472,330 |
|                           | <hr/> <hr/>  |

**Note 3 - Promises to Give**

Unconditional promises to give are estimated to be collected as follows at December 31, 2018 and 2017:

|                      | 2018       | 2017 |
|----------------------|------------|------|
| Within one year      | \$ 235,000 | \$ - |
| In one to five years | 260,000    | -    |
|                      | \$ 495,000 | \$ - |

Amounts due in more than one year have not been discounted to net present value because we believe the amount of the discount is not significant to the financial statements.

At December 31, 2018 two donors accounted for 71% of total promises to give. Three donors accounted for the remaining 29% of total promises to give. Total promises to give from contributors accounted for approximately 10% of total contribution revenue for the year ended December 31, 2018.

**Note 4 - Property and Equipment**

Property and equipment consists of the following at December 31, 2018 and 2017:

|  | 2018       | 2017       |
|--|------------|------------|
| Furniture, fixtures and equipment              | \$ 121,307 | \$ 121,307 |
| Vehicles                                       | 6,375      | 6,375      |
| Leasehold improvements                         | 144,000    | 144,000    |
| Construction in progress                       | 46,150     | 15,350     |
|  | 317,832    | 287,032    |
| Less accumulated depreciation and amortization | (214,905)  | (154,319)  |
|  | \$ 102,927 | \$ 132,713 |

Depreciation and amortization expense totaled \$60,587 and \$62,811 for the years ended December 31, 2018 and December 31, 2017, respectively.

**Note 5 - Intangible Assets**

Intangible assets as of December 31, 2018 and 2017 consist of the following:

|                               | 2018       | 2017       |
|-------------------------------|------------|------------|
| Rights to program branding    | \$ 145,423 | \$ 145,423 |
| Less accumulated amortization | (96,949)   | (48,474)   |
|                               | \$ 48,474  | \$ 96,949  |

Amortization expense totaled \$48,474 and \$48,474 for the years ended December 31, 2018 and 2017, respectively. Estimated future amortization expense related to these intangible assets is as follows:

| Year ending December 31, | Amount    |
|--------------------------|-----------|
| 2019                     | \$ 48,474 |

**Note 6 - Related Party Transactions**

During the years ended December 31, 2018 and 2017, we had the following transactions with members of our Board of Directors or their affiliated companies:

|                                   | 2018       | 2017       |
|-----------------------------------|------------|------------|
| Individual contributions received | \$ 959,878 | \$ 846,870 |
| Corporate contributions received  | 346,788    | 448,500    |
| Fee for service revenues received | 362,500    | 210,000    |
| Deferred revenues                 | 300,000    | 300,000    |
| Promises to give                  | 275,000    | -          |
| Royalties and commissions         | 3,607      | 15,116     |
| Marketing expenses                | -          | 341        |



**Note 7 - Note Payable**

Note payable consists of the following at December 31, 2018 and 2017:

|  | 2018       | 2017 |
|--|------------|------|
| 2% promissory note due in annual installments of \$60,000 of principal and monthly payments of accrued interest through September 2023. This note is secured by the collection of two specific promises to give. | \$ 290,000 | \$ - |

Future maturities of notes payable are as follows:

| Years Ending December 31, | Amount     |
|---------------------------|------------|
| 2019                      | \$ 60,000  |
| 2020                      | 60,000     |
| 2021                      | 60,000     |
| 2022                      | 60,000     |
| 2023                      | 50,000     |
|                           | \$ 290,000 |

**Note 8 - Leases**

We have a lease agreement for office space that specifies a one-year term that can be renewed annually. Current terms require monthly lease payments of \$7,042. During the years ended December 31, 2018 and 2017, we paid \$80,989 and \$79,877 rent expense, respectively, under this annual lease agreement.

**Note 9 - Net Assets with Donor Restrictions**

Net assets with donor restrictions at December 31, 2018 and 2017, consists of:

|   | <u>2018</u>         | <u>2017</u>       |
|---|---------------------|-------------------|
| Subject to Expenditure for Specified Purpose                    |                     |                   |
| Weißenmayer fund - restricted for certain strategic initiatives | \$ 74,027           | \$ 74,027         |
| Boston fund - restricted for victims of marathon bomb incident  | 31,371              | 31,371            |
| Reserves - future programming                                   | 226,272             | -                 |
| Capital campaign  | 742,815             | 330,670           |
| Youth Program   | -                   | 9,582             |
| Warrior Program   | -                   | 160,418           |
| Summit Program  | -                   | 358,000           |
|   | <u>\$ 1,074,485</u> | <u>\$ 964,068</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2018 and 2017:

|                                      | <u>2018</u>         | <u>2017</u>         |
|--------------------------------------|---------------------|---------------------|
| Satisfaction of purpose restrictions |                     |                     |
| Annual programming                   | \$ 354,356          | \$ -                |
| Youth Program                        | 503,976             | 1,058,049           |
| Warrior Program                      | 565,832             | 98,184              |
| Summit Program                       | 840,838             | 436,114             |
| Other                                | 36,670              | 55,717              |
|                                      | <u>\$ 2,301,672</u> | <u>\$ 1,648,064</u> |

**Note 10 - Donated Professional Services and Materials**

Donated professional services and materials are as follows during the years ended December 31, 2018 and 2017:

|                              | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising<br/>and Development</u> | <u>Total</u>     |
|------------------------------|-----------------------------|-----------------------------------|--|------------------|
| <u>December 31, 2018</u>     |                             |                                   |  |                  |
| Advertising                  | \$ -                        | \$ 33,162                         | \$ -                                   | \$ 33,162        |
| Supplies                     | 6,116                       | -                                 | -                                      | 6,116            |
| Office Space                 | -                           | -                                 | 3,200                                  | 3,200            |
| Red Feather campus lease     | 18,000                      | -                                 | -                                      | 18,000           |
| Legal                        | -                           | 1,678                             | -                                      | 1,678            |
|                              | <u>\$ 24,116</u>            | <u>\$ 34,840</u>                  | <u>\$ 3,200</u>                        | <u>\$ 62,156</u> |
| <br><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> |