

Warrior Expeditions

Audited Financial Statements

For the Years Ended December 31, 2018 and 2017

**Sam Brown, CPA, Inc.
Certified Public Accountant
Troy, Ohio**

Warrior Expeditions
Audited Financial Statements
Years Ended December 31, 2018 and 2017

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Independent Auditor's Report

To the Board of Directors
Warrior Expeditions

I have audited the accompanying financial statements of Warrior Expeditions (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Warrior Expeditions 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.

A handwritten signature in black ink that reads "Sam Brown".

Sam Brown, CPA, Inc.
Troy, Ohio
April 1, 2019

Warrior Expeditions
Statements of Financial Position
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash	\$ 265,406	\$ 270,903
Accounts Receivable	65,491	0
Prepaid Expenses	1,582	1,067
Total Current Assets	<u>332,479</u>	<u>271,970</u>
Property and Equipment		
Property and Equipment	25,991	44,583
Total Property and Equipment	<u>25,991</u>	<u>44,583</u>
Total Assets	<u><u>\$ 358,470</u></u>	<u><u>\$ 316,553</u></u>
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Accrued Expenses	\$ 3,973	\$ 1,484
Total Current Liabilities	<u>3,973</u>	<u>1,484</u>
Net Assets		
Net Assets		
Unrestricted Net Assets	249,197	315,069
Temporarily Restricted Net Assets	105,300	0
Total Net Assets	<u>354,497</u>	<u>315,069</u>
Total Liabilities and Net Assets	<u><u>\$ 358,470</u></u>	<u><u>\$ 316,553</u></u>

See accompanying notes to the financial statement.

Warrior Expeditions
Statements of Activities
For the Year Ended December 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Support			
Contributions	353,275	\$ 109,370	\$ 462,645
Fundraising	<u>11,733</u>	<u>0</u>	<u>11,733</u>
Total Support Revenue	<u>365,008</u>	<u>109,370</u>	<u>474,378</u>
Other Income			
Interest and Dividends	99	0	99
Gain (Loss) on Disposal of Assets	<u>40</u>	<u>0</u>	<u>40</u>
Total Other Income	<u>139</u>	<u>0</u>	<u>139</u>
Net Assets Released from Restrictions	<u>4,070</u>	<u>(4,070)</u>	<u>0</u>
Total Revenues	<u>369,217</u>	<u>105,300</u>	<u>474,517</u>
Expenses			
Program Services			
Program Services	370,645	0	370,645
Total Program Services	<u>370,645</u>	<u>0</u>	<u>370,645</u>
Supporting Services			
Management and General	29,459	0	29,459
Fundraising	<u>34,985</u>	<u>0</u>	<u>34,985</u>
Total Supporting Services	<u>64,444</u>	<u>0</u>	<u>64,444</u>
Total Expenses	<u>435,089</u>	<u>0</u>	<u>435,089</u>
Total Change In Unrestricted Net Assets	(65,872)	105,300	39,428
Net Assets at Beginning of Year	<u>315,069</u>	<u>0</u>	<u>315,069</u>
Net Assets at End of Year	<u><u>\$ 249,197</u></u>	<u><u>\$ 105,300</u></u>	<u><u>\$ 354,497</u></u>

See accompanying notes to the financial statement.

Warrior Expeditions
Statements of Activities
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Support			
Contributions	\$ 377,209	\$ 0	\$ 377,209
Total Support Revenue	<u>377,209</u>	<u>0</u>	<u>377,209</u>
Other Income			
Interest and Dividends	<u>129</u>	<u>0</u>	<u>129</u>
Total Other Income	<u>129</u>	<u>0</u>	<u>129</u>
Net Assets Released from Restrictions	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>377,338</u>	<u>0</u>	<u>377,338</u>
Expenses			
Program Services			
Program Services	<u>406,833</u>	<u>0</u>	<u>406,833</u>
Total Program Services	<u>406,833</u>	<u>0</u>	<u>406,833</u>
Supporting Services			
Management and General	<u>33,962</u>	<u>0</u>	<u>33,962</u>
Fundraising	<u>32,835</u>	<u>0</u>	<u>32,835</u>
Total Supporting Services	<u>66,797</u>	<u>0</u>	<u>66,797</u>
Total Expenses	<u>473,630</u>	<u>0</u>	<u>473,630</u>
Total Change In Unrestricted Net Assets	(96,292)	0	(96,292)
Net Assets at Beginning of Year	<u>411,361</u>	<u>0</u>	<u>411,361</u>
Net Assets at End of Year	<u><u>\$ 315,069</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 315,069</u></u>

See accompanying notes to the financial statement.

Warrior Expeditions
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 39,428	\$ (96,292)
Adjustments to reconcile net assets to net cash provided (used) by operating activities		
Depreciation	17,481	17,561
Miscellaneous noncash income		
(Gain) loss on disposal of fixed assets	(40)	0
(Increase) decrease in accounts receivable	(65,491)	0
(Increase) decrease in prepaid assets	(515)	38
Increase (decrease) in other accrued liabilities	<u>2,490</u>	<u>(556)</u>
Total adjustments	<u>(46,075)</u>	<u>17,043</u>
Net Cash Provided (Used) by Operating Activities	(6,647)	(79,249)
Cash Flows From Investing Activities		
Proceeds from disposal of fixed assets	5,000	0
Purchases of fixed assets	<u>(3,850)</u>	<u>0</u>
Net Cash Provided (Used) by Investing Activities	<u>1,150</u>	<u>0</u>
Net Increase (Decrease) in Cash	(5,497)	(79,249)
Cash at Beginning of Year	<u>270,903</u>	<u>350,152</u>
Cash at End of Year	<u><u>\$ 265,406</u></u>	<u><u>\$ 270,903</u></u>

See accompanying notes to the financial statement.

Warrior Expeditions
Schedules of Functional Expenses
For the Year Ended December 31, 2018

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and Related Expenses				
Other Salaries and Wages	\$ 84,000	\$ 9,000	\$ 9,000	\$ 102,000
Payroll Taxes and Employee Benefits	<u>7,258</u>	<u>1,077</u>	<u>1,061</u>	<u>9,396</u>
Total Salaries and Related Expenses	91,258	10,077	10,061	111,396
Other Expenses				
Travel	22,566	0	3,012	25,578
Advertising	0	0	2,526	2,526
Program Expenditures	214,177	6,653	16,425	237,255
Postage	2,852	0	1,028	3,880
Office Support	0	7,750	789	8,539
Insurance	13,688	2,479	0	16,167
Printing	0	0	1,144	1,144
Professional Fees	0	2,500	0	2,500
Training	8,623	0	0	8,623
Depreciation	<u>17,481</u>	<u>0</u>	<u>0</u>	<u>17,481</u>
Total Functional Expenses - Support	<u>\$ 370,645</u>	<u>\$ 29,459</u>	<u>\$ 34,985</u>	<u>\$ 435,089</u>

See accompanying notes to the financial statement.

WARRIOR EXPEDITIONS
Schedules of Functional Expenses
For the Year Ended December 31, 2017

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and Related Expenses				
Other Salaries and Wages	\$ 74,248	\$ 11,562	\$ 11,562	\$ 97,372
Payroll Taxes and Employee Benefits	8,746	1,751	1,752	12,249
Total Salaries and Related Expenses	82,994	13,313	13,314	109,621
Other Expenses				
Travel	17,213	0	2,462	19,675
Advertising	0	0	3,406	3,406
Program Supplies	281,960	6,397	11,152	299,509
Postage	6,675	0	1,073	7,748
Office Support	0	9,414	1,196	10,610
Dues and Subscriptions	430	0	0	430
Insurance	0	2,338	0	2,338
Printing	0	0	232	232
Professional Fees	0	2,500	0	2,500
Depreciation	17,561	0	0	17,561
Total Functional Expenses - Support	\$ 406,833	\$ 33,962	\$ 32,835	\$ 473,630

See accompanying notes to the financial statement.

Warrior Expeditions
Notes to Financial Statements
December 31, 2018 and 2017

1. Summary of Significant Accounting Principles

Operations

Warrior Expeditions is a veteran nonprofit outdoor therapy program that helps veterans transition from their wartime experiences through long-distance outdoor expeditions.

Date of Management's Review

Management has evaluated subsequent events through the date of the Independent Auditor's Report, the date on which the financial statements were available.

Method of Accounting

The accrual method of accounting is used for both financial and tax reporting purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and deposits with original maturities of three months or less.

Functional Expenses

Expenses are charged directly to program or management in general categories based on specific identification.

Donated Services

Donated services such as professional volunteer hours are valued based on standard nonprofit pay scales.

Warrior Expeditions
Notes to Financial Statements (continued)
December 31, 2018 and 2017

1. Summary of Significant Accounting Policies (continued)

Income Tax Status

Warrior Expeditions is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization that is not a private foundation under Section 509(a) (2). However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. Therefore, the Organization adopted the provisions of *Accounting for Uncertainty in Income Taxes*. Those provisions clarify the accounting and recognition for income tax provisions taken or expected to be taken in the Organization's annual reporting returns.

The income tax returns filed are not subject to examination by the U.S. federal tax authority for tax years ended before December 31, 2014.

Property and Equipment

All fixed assets are recorded at cost. It is the Organization's policy to capitalize individual items costing more than \$500 with a useful life of greater than one year. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets. Donated property and equipment are recorded at the fair market value at the date of the donation and depreciated over their useful life.

Upon retirement, asset cost and related depreciation are removed from the books. Repairs and maintenance are expensed when incurred.

Financial Statement Presentation

The Organization adopted FASB Accounting Standards Codification (ASC) No. 958-205, Financial Statements of Not-for-Profit Organizations. Under ASC No. 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no temporarily restricted net assets at December 31, 2017.

See accountant's report.

Warrior Expeditions
Notes to Financial Statements (continued)
December 31, 2018 and 2017

1. Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that may be permanently maintained by the Organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets at December 31, 2018 and 2017.

Contributions

The Organization also adopted ASC No. 958, Accounting for Contributions Received and Contributions Made. In accordance with ASC No. 958, contributions received as recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restriction. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

Accounts Receivable

Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effects of the direct write-off method are not materially different from the results that would have been obtained had the allowance been followed.

2. Concentration of Risk

The Organization maintains cash balances at financial institutions. Bank accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018 and 2017, the Organization did not have cash balances with financial institutions that exceeded the maximum amount insured by the Federal Deposit Insurance Corporation.

3. Property and Equipment

	2018	2017
Transportation Equipment	\$ 68,590	\$ 84,690
Office Equipment	4,464	3,114
	73,054	87,804
Accumulated Depreciation	(47,063)	(43,221)
Total Property and Equipment	<u>\$ 25,991</u>	<u>\$ 44,583</u>

Depreciation of property and equipment was \$17,481 and \$17,561, for the years ended December 31, 2018 and 2017, respectively.

See accountant's report.

Warrior Expeditions
Notes to Financial Statements (continued)
December 31, 2018 and 2017

4. Contributions In-Kind

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. Certain in-kind contributions are recorded at the estimated fair market value as an expense on the Organization's financial statements, unless the in-kind contribution is a gift of property or equipment, and similarly increases contributions by a like amount. The value of in-kind contributions is included in the financial statements and the corresponding expense or asset account for the year ended December 31, 2018 and 2017, as follows:

	2018	2017
Equipment and Supplies	\$ 104,953	\$ 108,145
Expedition Support	11,329	43,208
Volunteer Services	66,965	69,257
	<u>\$ 183,247</u>	<u>\$ 220,610</u>

5. Temporarily Restricted Net Assets

	2018	2017
Appalachian Trail Warrior Hike	\$ 15,000	\$ 0
Pacific Crest Trail Warrior Hike	20,000	0
Operational Expenses	5,000	0
Warrior Hike Programing	65,300	0
	<u>\$ 105,300</u>	<u>\$ 0</u>

6. Net Assets Released from Restrictions

	2018	2017
Warrior Hike Programing	\$ 4,070	\$ 0
	<u>\$ 4,070</u>	<u>\$ 0</u>

See accountant's report.

Warrior Expeditions
Notes to Financial Statements (continued)
December 31, 2018 and 2017

7. Fair Value Measurements

The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, and accounts payable approximated fair value as of December 31, 2018 and 2017. The carrying values of financial instruments, other than debt instruments are representative of their fair values due to their short term maturities.

See accountant's report.