

The Warrior Meditation Foundation, Inc.
dba Save A Warrior
Audited Financial Statements

As of and for the Years Ended
December 31, 2018 and 2017



Rea & associates

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August 9, 2019

To the Board of Directors
The Warrior Meditation Foundation, Inc.
dba Save A Warrior
Columbus, Ohio

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of The Warrior Meditation Foundation, Inc., (doing business as "Save A Warrior" and referred to as the "Organization"), which comprise the statements of financial position as of December 31, 2018 and 2017, the related statements of activities, changes in net assets, and cash flows for the years then ended, the statement of functional expenses for the year ended December 31, 2018, 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 audits 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, 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 the Organization 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.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio

THE WARRIOR MEDITATION FOUNDATION, INC.
dba SAVE A WARRIOR

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

	<u>ASSETS</u>	
	2018	2017
CURRENT ASSETS:		
Cash	\$ 730,268	\$ 302,876
Accounts receivable	128,480	2,200
Prepaid expenses	3,221	-
Total current assets	861,969	305,076
PROPERTY AND EQUIPMENT, net	1,026,074	800,198
Total assets	\$ 1,888,043	\$ 1,105,274
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 38,930	\$ 38,718
Total current liabilities	38,930	38,718
NOTE PAYABLE, related party	400,000	400,000
Total liabilities	438,930	438,718
NET ASSETS:		
Without donor restrictions	1,095,998	666,556
With donor restrictions	353,115	-
Total net assets	1,449,113	666,556
Total liabilities and net assets	\$ 1,888,043	\$ 1,105,274

The accompanying notes are an integral part of these financial statements.

THE WARRIOR MEDITATION FOUNDATION, INC.
dba SAVE A WARRIOR

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTION:		
Contributions	\$ 1,109,988	\$ 1,219,079
Net assets released from restrictions	197,010	-
Total revenue and support	1,306,998	1,219,079
EXPENSES:		
Personnel	268,128	144,438
Professional services	137,866	131,653
Program events	185,515	169,482
Program supplies	43,660	43,526
Repairs and maintenance	14,814	-
Travel	83,549	91,042
Advertising and promotion	29,673	25,448
Insurance	17,626	1,935
Depreciation	29,003	9,953
Interest	9,137	450
Other	58,585	12,816
Total expenses	877,556	630,743
Change in net assets without donor restrictions	429,442	588,336
REVENUE AND SUPPORT WITH DONOR RESTRICTION:		
Contributions	550,125	-
Net assets released from restrictions	(197,010)	-
Change in net assets with donor restrictions	353,115	-
Change in net assets	782,557	588,336
NET ASSETS, beginning of the year	666,556	78,220
NET ASSETS, end of the year	\$ 1,449,113	\$ 666,556

The accompanying notes are an integral part of these financial statements.

THE WARRIOR MEDITATION FOUNDATION, INC.
dba SAVE A WARRIOR

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Fundraising	Total
FUNCTIONAL EXPENSES:				
Personnel	\$ 249,407	\$ 18,721	\$ -	\$ 268,128
Professional services	45,715	55,554	36,597	137,866
Program events	185,515	-	-	185,515
Program supplies	43,235	-	425	43,660
Repairs and maintenance	14,814	-	-	14,814
Travel	72,127	11,422	-	83,549
Advertising and promotion	1,250	3,528	24,895	29,673
Insurance	11,169	6,457	-	17,626
Depreciation	29,003	-	-	29,003
Interest	9,137	-	-	9,137
Other	41,000	4,616	12,969	58,585
Total functional expenses	<u>\$ 702,372</u>	<u>\$ 100,298</u>	<u>\$ 74,886</u>	<u>\$ 877,556</u>

The accompanying notes are an integral part of these financial statements.

THE WARRIOR MEDITATION FOUNDATION, INC.
dba SAVE A WARRIOR

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 782,557	\$ 588,336
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	29,003	9,953
Donated property and equipment	(71,919)	-
Contributions received for long-term purposes	(473,129)	-
(Increase) decrease in operating assets:		
Accounts receivable	(126,280)	(2,200)
Prepaid expenses	(3,221)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	212	(14,758)
Total adjustments	(645,334)	(7,005)
Net cash provided by operating activities	137,223	581,331
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the purchase of property and equipment	(182,960)	(376,099)
Contributions received for long-term purposes	473,129	-
Net cash provided by (used in) investing activities	290,169	(376,099)
Net increase in cash	427,392	205,232
CASH, beginning of the year	302,876	97,644
CASH, end of the year	\$ 730,268	\$ 302,876

SUMMARY OF NON-CASH TRANSACTIONS

During the year ended December 31, 2017, the Organization financed the purchase of land and buildings with a long-term note payable in the amount of \$400,000.

The accompanying notes are an integral part of these financial statements.

THE WARRIOR MEDITATION FOUNDATION, INC.
dba SAVE A WARRIOR

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Warrior Meditation Foundation, Inc., (doing business as “Save A Warrior” and referred to as the “Organization”), was incorporated in 2012 in the state of California. Through safe, innovative and evidence-based resiliency programs, the Organization offers a solution for active duty military, returning veterans, and first responders experiencing psychological trauma. The Organization conducts operations in Malibu, California and Newark, Ohio.

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions and the nature of those restrictions. Accordingly, the Organization’s net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue 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, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions represent the balance of contributions received for the Organization’s Warrior Village Capital Campaign.

Accounting Pronouncements Adopted

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The ASU amends the previous reporting model for not-for-profit organizations and enhances their required disclosures. The major changes relevant to the Organization include; (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions, (b) requiring that all not-for-profit organizations present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (d) presenting investment return net of external and internal investment expenses, and (e) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of not-for-profit financial statements. The Organization has adopted this ASU as of and for the year ended December 31, 2018, and it has not been applied retroactively, with the exception of the net asset classifications.

Use of Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE WARRIOR MEDITATION FOUNDATION, INC.
dba SAVE A WARRIOR

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Organization's revenue recognition policies are as follows:

Contributions

Contributions and gifts are recorded at fair value at the date of the donor's promise to give. These contributions and gifts are considered to be available for unrestricted use, unless specifically restricted by the donor.

Donated Services and Facilities

Contributions of services are recognized, at their estimated fair value, if the services received a) create or enhance non-financial assets or, b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, and are recorded as expenses for program services. Contributed services and promises to give that do not meet the aforementioned criteria are not recognized. The value of donated services or the contributions of facilities are recorded at their fair value at the date of donation.

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. No amounts have been recognized in the statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

Accounts Receivable

Accounts receivable represent amounts earned for services provided or short-term pledges outstanding at year-end. The balances are presented net of estimated allowances for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Amounts are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded in revenue and support when received. Management has determined that the outstanding balances as of December 31, 2018 and 2017 were fully collectible, and therefore, no allowance for doubtful accounts has been recorded.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation. Donated property and equipment is recorded at the fair value at the time of donation, less accumulated depreciation. Depreciation is provided on the straight-line method, over the estimated useful lives of the underlying assets ranging from 3 to 27.5 years. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in income. The Organization's capitalization policy threshold for individual property and equipment items is \$1,500.

Allocation of Functional Expenses

The Organization allocates expenses to program services, management and general, and fund-raising activities whenever costs are associated with more than one activity, and are attributed to each activity accordingly.

Advertising Costs

The Organization expenses advertising costs as they are incurred.

THE WARRIOR MEDITATION FOUNDATION, INC.
dba SAVE A WARRIOR

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. In the course of pursuing its stated purpose, certain activities may, from time to time, be considered to generate unrelated business income, taxable by the Internal Revenue Service. In the event such taxable income exists, a provision is made in the financial statements. The Organization had no unrelated business income for the years ended December 31, 2018 and 2017.

Generally accepted accounting principles require the Organization to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying statements of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Management believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded.

Recently Issued But Not Yet Effective Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09 entitled "Revenue from Contracts with Customers (Topic 606)," which will change the Organization's method of revenue recognition. This new standard is effective for the Organization's annual reporting periods beginning after December 15, 2018, with early implementation permitted. The provisions of this standard will be applied retrospectively. Management has not yet determined whether this new standard will have a material effect on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02 entitled "Leases (Topic 842)," which will change the Organization's statement of financial position by adding lease-related assets and liabilities. This may affect compliance with contractual agreements and loan covenants. This new standard is effective for the Organization's annual reporting periods beginning after December 15, 2020, with early implementation permitted. Management has not yet determined whether this new standard will have a material effect on its financial statements.

In August 2018, the FASB issued ASU No. 2018-08, "Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made." The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancelation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the Organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The new standard is effective for annual reporting periods beginning after December 15, 2018. Management has not yet determined whether this new standard will have a material effect on its financial statements.

Related Parties

Related parties exist when an entity has the ability to significantly influence the management or operating policies of another entity. Related parties also include the Organization's management and board of directors.

THE WARRIOR MEDITATION FOUNDATION, INC.
dba SAVE A WARRIOR

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

The Organization applied for a property tax exemption during 2019 and has not yet received a ruling as of the audit report date. Due to the uncertain nature of the ruling, all property taxes paid during the year ended December 31, 2018 have been expensed as paid and any refunds received in the future will be recorded as other revenue in the year of the ruling. Property taxes paid were \$14,484 for the year ended December 31, 2018. The Organization has paid \$13,960 in property taxes during 2019.

Subsequent Events

The Organization has evaluated subsequent events through August 9, 2019, the date on which the financial statements were available to be issued. Management has determined that there were no transactions or events that required disclosure through the evaluation date.

NOTE 2: RISKS AND UNCERTAINTIES

Uninsured Risk - Cash Deposits

The Organization maintains its cash balances in financial institutions where deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a coverage limit of \$250,000 at each FDIC-insured depository institution. As a result, the Organization may have balances that exceed the insured limit.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2018	2017
Depreciable property:		
Vehicles	\$ 61,000	\$ 45,500
Computer equipment	3,285	-
Depreciable property, at cost	64,285	45,500
Less: accumulated depreciation	(55,503)	(26,501)
Depreciable property, net	8,782	18,999
Non-depreciable property:		
Land	256,550	240,950
Construction in progress	760,742	540,249
Non-depreciable property, at cost	1,017,292	781,199
Property and equipment, net	\$ 1,026,074	\$ 800,198

NOTE 4: LONG-TERM DEBT AND RELATED PARTY TRANSACTION

In December 2017, the Organization entered into a term note payable agreement with a board member to finance the purchase of land and a building. The note requires interest-only payments calculated at the short-term applicable federal rate beginning January 1, 2018 until the maturity date of December 4, 2020, when the principal balance is due in full. The note is secured by the land and building.

THE WARRIOR MEDITATION FOUNDATION, INC.
dba SAVE A WARRIOR

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: FUNCTIONAL ALLOCATION OF EXPENSES

Expenses allocated on a functional basis consist of the following at December 31:

	2018	2017
Program services	\$ 702,372	\$ 473,270
Management and general	100,298	78,475
Fundraising	74,886	78,998
Total	\$ 877,556	\$ 630,743

NOTE 6: LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of December 31, 2018, because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside by the Board for growth and sustainability of the Organization that could be drawn upon if the Board of Directors approves the action. The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

Financial assets:	
Cash	\$ 730,268
Accounts receivable	128,480
Financial assets, at year-end	858,748
Less: those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions	(276,119)
Board designations	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 582,629

Liquidity Policy

As part of the Organization's liquidity management, it maintains a sufficient level of operating cash to be available as its general expenditures, liabilities, and other obligations come due.