

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

As of and for the Years Ended  
December 31, 2019 and 2018



Rea & associates

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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, 2019 and 2018, the related statements of activities, changes in net assets, 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 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, 2019 and 2018, 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, 2019 AND 2018

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 527,839	\$ 730,268
Accounts receivable	422,121	128,480
Prepaid expenses	35,392	3,221
Total current assets	<u>985,352</u>	<u>861,969</u>
<b>NONCURRENT ASSETS:</b>		
Accounts receivable	51,500	-
Certificate of deposit	804,821	-
Property and equipment, net	1,342,154	1,026,074
Total noncurrent assets	<u>2,198,475</u>	<u>1,026,074</u>
Total assets	<u><u>\$ 3,183,827</u></u>	<u><u>\$ 1,888,043</u></u>
	<u>LIABILITIES AND NET ASSETS</u>	
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 78,737	\$ 38,930
Deferred revenue	50,000	-
Note payable, related party	400,000	-
Total current liabilities	<u>528,737</u>	<u>38,930</u>
NOTE PAYABLE, related party, net of current portion	<u>-</u>	<u>400,000</u>
Total liabilities	<u>528,737</u>	<u>438,930</u>
<b>NET ASSETS:</b>		
Without donor restrictions	1,933,803	1,095,998
With donor restrictions	721,287	353,115
Total net assets	<u>2,655,090</u>	<u>1,449,113</u>
Total liabilities and net assets	<u><u>\$ 3,183,827</u></u>	<u><u>\$ 1,888,043</u></u>

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, 2019 AND 2018

	2019	2018
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTION:		
Contributions	\$ 1,763,486	\$ 1,109,988
Net assets released from restrictions	178,416	197,010
Total revenue and support	1,941,902	1,306,998
EXPENSES:		
Program services	895,585	702,372
Management and general	48,005	100,298
Fundraising	160,507	74,886
Total expenses	1,104,097	877,556
Change in net assets without donor restrictions	837,805	429,442
REVENUE AND SUPPORT WITH DONOR RESTRICTION:		
Contributions	546,588	550,125
Net assets released from restrictions	(178,416)	(197,010)
Change in net assets with donor restrictions	368,172	353,115
Change in net assets	1,205,977	782,557
NET ASSETS, beginning of the year	1,449,113	666,556
NET ASSETS, end of the year	\$ 2,655,090	\$ 1,449,113

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

THE WARRIOR MEDITATION FOUNDATION, INC.  
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STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Fundraising	Total
FUNCTIONAL EXPENSES:				
Personnel	\$ 336,018	\$ -	\$ 119,138	\$ 455,156
Professional services	139,709	39,706	1,582	180,997
Events	40,928	1,277	20,820	63,025
Supplies	76,563	4,365	14,047	94,975
Repairs and maintenance	13,163	-	-	13,163
Travel	195,259	-	4,888	200,147
Advertising and promotion	1,601	-	32	1,633
Insurance	17,641	2,657	-	20,298
Depreciation	48,316	-	-	48,316
Interest	8,580	-	-	8,580
Other	17,807	-	-	17,807
Total functional expenses	<u>\$ 895,585</u>	<u>\$ 48,005</u>	<u>\$ 160,507</u>	<u>\$ 1,104,097</u>

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

THE WARRIOR MEDITATION FOUNDATION, INC.  
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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
Events	185,515	-	-	185,515
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, 2019 AND 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 1,205,977	\$ 782,557
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	48,316	29,003
Donated property and equipment	(175,023)	(71,919)
Contributions received for long-term purposes	(546,588)	(473,129)
(Increase) decrease in operating assets:		
Accounts receivable	(345,141)	(126,280)
Prepaid expenses	(32,171)	(3,221)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	39,807	212
Deferred revenue	50,000	-
Total adjustments	(960,800)	(645,334)
Net cash provided by operating activities	245,177	137,223
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payment for the purchase of certificate of deposit	(804,821)	-
Payments for the purchase of property and equipment	(189,373)	(182,960)
Contributions received for long-term purposes	546,588	473,129
Net cash (used in) provided by investing activities	(447,606)	290,169
Net (decrease) increase in cash	(202,429)	427,392
CASH, beginning of the year	730,268	302,876
CASH, end of the year	\$ 527,839	\$ 730,268

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

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers, as amended*, supersedes or replaces nearly all Generally Accepted Accounting Principles (“GAAP”) revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

In June 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

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

Contribution revenue is recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. During 2019, the Organization deferred recognition of a \$50,000 contribution conditioned upon the completion of specific program activities in 2020.

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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Certificates of Deposit

The Organization reports certificates of deposit with original maturities of 90 days or less as cash equivalents. Certificates of deposit with original maturities of more than 90 days are reported at original cost plus accrued interest.

As of December 31, 2019, the Organization held a certificate of deposit at a bank located in Ohio bearing interest at 1.48% and maturing on November 6, 2021.

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, 2019 and 2018 were fully collectible, and therefore, no allowance for doubtful accounts has been recorded.

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.

THE WARRIOR MEDITATION FOUNDATION, INC.  
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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

The Organization expenses advertising costs as they are incurred.

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.

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, 2019 and 2018.

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 February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which may 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, 2021, with early implementation permitted. Management does not expect this new standard to 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 members of the Board.

Property Taxes

The Organization applied for a property tax exemption during 2019 and has not yet received a final ruling as of the audit report date. Due to the uncertain nature of the ruling, all property taxes paid during the years ended December 31, 2019, and 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 \$14,442 and \$14,484 for the years ended December 31, 2019, and 2018, respectively. The Organization has paid \$6,848 in property taxes during 2020.

THE WARRIOR MEDITATION FOUNDATION, INC.  
dba SAVE A WARRIOR

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events through June 30, 2020, the date on which the financial statements were available to be issued. See Note 6 for subsequent events disclosed.

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:

	2019	2018
Depreciable property:		
Vehicles	\$ 113,434	\$ 61,000
Computer equipment	3,285	3,285
Furniture and equipment	10,137	-
Buildings	969,620	-
Depreciable property, at cost	1,096,476	64,285
Less: accumulated depreciation	(103,820)	(55,503)
Depreciable property, net	992,656	8,782
Non-depreciable property:		
Land	312,598	256,550
Construction in progress	-	760,742
Works of art	36,900	-
Non-depreciable property, at cost	349,498	1,017,292
Property and equipment, net	\$ 1,342,154	\$ 1,026,074

NOTE 4: RELATED PARTY TRANSACTIONS

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.

As of December 31, 2019, the accounts receivable balance includes pledges receivable from a board member totaling \$103,000.

THE WARRIOR MEDITATION FOUNDATION, INC.  
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NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: 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, 2019, 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 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	\$ 527,839
Accounts receivable	422,121
Financial assets, at year-end	<u>949,960</u>
Less: those unavailable for general expenditure within one year due to:	
Contractual or donor-imposed restrictions	(721,287)
Board designations	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 228,673</u>

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.

NOTE 6: SUBSEQUENT EVENTS

On March 10, 2020, the World Health Organization recognized the outbreak of COVID-19 disease as a pandemic. Governments worldwide have taken actions to prevent the spread of the outbreak, including event cancellations and quarantines that have created widespread adverse impacts to the global economy as well as business interruptions. Given the dynamic nature of these circumstances and the duration of business disruption, the financial impact on the Organization cannot be reasonably estimated at this time.

On April 23, 2020, the Organization entered into a note payable agreement with a bank under the Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic Security Act of 2020 ("CARES" Act). The unsecured note matures on April 23, 2022. The note requires monthly payments of principal and accrued interest at 1.00% beginning on October 23, 2020. The Organization plans to use the loan proceeds for allowable payroll and other costs to qualify for loan forgiveness as specified in the CARES Act.