

**Warrior Expeditions**

**Audited Financial Statements**

**For the Years Ended December 31, 2019 and 2018**

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

**Warrior Expeditions  
Audited Financial Statements  
Years Ended December 31, 2019 and 2018**

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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, 2019 and 2018, 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, 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.

Sam Brown, CPA, Inc.  
Troy, Ohio  
March 26, 2020

**Warrior Expeditions**  
**Statements of Financial Position**  
**For the Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 288,257	\$ 265,406
Accounts Receivable	85,330	65,491
Prepaid Expenses	1,472	1,582
Investment Fund	5,237	0
Total Current Assets	380,296	332,479
<b>Property and Equipment</b>		
Property and Equipment	11,144	25,991
Total Property and Equipment	11,144	25,991
Total Assets	\$ 391,440	\$ 358,470
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accrued Expenses	\$ 1,364	\$ 3,973
Total Current Liabilities	1,364	3,973
<b>Net Assets</b>		
<b>Net Assets</b>		
Net Assets Without Donor Restrictions	312,113	249,197
Net Assets With Donor Restrictions	77,963	105,300
Total Net Assets	390,076	354,497
Total Liabilities and Net Assets	\$ 391,440	\$ 358,470

See accompanying notes to the financial statement.

**Warrior Expeditions**  
**Statements of Activities**  
**For the Year Ended December 31, 2019**

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>Revenues</b>			
Support			
Contributions	\$ 437,994	\$ 80,915	\$ 518,909
Total Support Revenue	437,994	80,915	518,909
Other Income			
Interest and Dividends	110	0	110
Unrealized Gain	13	0	13
Gain (Loss) on Disposal of Assets	(54)	0	(54)
Total Other Income	69	0	69
Net Assets Released from Restrictions	108,252	(108,252)	0
Total Revenues	546,315	(27,337)	518,978
<b>Expenses</b>			
Program Services			
Program Services	423,521	0	423,521
Total Program Services	423,521	0	423,521
<b>Supporting Services</b>			
Management and General	29,264	0	29,264
Fundraising	31,946	0	31,946
Total Supporting Services	61,210	0	61,210
Total Expenses	484,731	0	484,731
<b>Total Change In Net Assets</b>	61,584	(27,337)	34,247
<b>Net Assets at Beginning of Year</b>	249,197	105,300	354,497
<b>Prior Period Adjustment</b>	1,332	0	1,332
<b>Net Assets at End of Year</b>	\$ 312,113	\$ 77,963	\$ 390,076

See accompanying notes to the financial statement.

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

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>Revenues</b>			
Support			
Contributions	\$ 353,275	\$ 109,370	\$ 462,645
Fundraising	11,733	0	11,733
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	40	0	40
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>
<b>Expenses</b>			
Program Services			
Program Services	370,645	0	370,645
Total Program Services	<u>370,645</u>	<u>0</u>	<u>370,645</u>
<b>Supporting Services</b>			
Management and General	29,459	0	29,459
Fundraising	34,985	0	34,985
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>
<b>Total Change In Net Assets</b>	(65,872)	105,300	39,428
<b>Net Assets at Beginning of Year</b>	<u>315,069</u>	<u>0</u>	<u>315,069</u>
<b>Net Assets at End of Year</b>	<u>\$ 249,197</u>	<u>\$ 105,300</u>	<u>\$ 354,497</u>

See accompanying notes to the financial statement.

**Warrior Expeditions**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 34,247	\$ 39,428
Adjustments to reconcile net assets to net cash provided (used) by operating activities		
Depreciation	14,431	17,481
Unrealized (Gain) Loss on Investments	(13)	0
(Gain) loss on disposal of fixed assets	54	(40)
(Increase) decrease in accounts receivable	(18,507)	(65,491)
(Increase) decrease in prepaid assets	110	(515)
Increase (decrease) in other accrued liabilities	(2,610)	2,490
	<u>(6,535)</u>	<u>(46,075)</u>
Net Cash Provided (Used) by Operating Activities	27,712	(6,647)
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of fixed assets	2,000	5,000
Purchases of fixed assets	(1,637)	(3,850)
Net purchase of investment fund	(5,224)	0
	<u>(4,861)</u>	<u>1,150</u>
Net Cash Provided (Used) by Investing Activities	(4,861)	1,150
Net Increase (Decrease) in Cash	22,851	(5,497)
Cash at Beginning of Year	<u>265,406</u>	<u>270,903</u>
Cash at End of Year	<u>\$ 288,257</u>	<u>\$ 265,406</u>

See accompanying notes to the financial statement.

**Warrior Expeditions**  
**Schedules of Functional Expenses**  
**For the Year Ended December 31, 2019**

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
<b>Salaries and Related Expenses</b>				
Other Salaries and Wages	\$ 84,000	\$ 9,000	\$ 9,000	\$ 102,000
Payroll Taxes and Employee Benefits	<u>4,967</u>	<u>643</u>	<u>643</u>	<u>6,253</u>
Total Salaries and Related Expenses	88,967	9,643	9,643	108,253
<b>Other Expenses</b>				
Travel	24,536	0	3,105	27,641
Advertising	0	0	2,549	2,549
Program Expenditures	281,561	6,573	12,313	300,447
Postage	2,987	0	2,309	5,296
Office Support	0	8,363	1,174	9,537
Insurance	1,288	2,185	0	3,473
Printing	0	0	853	853
Professional Fees	0	2,500	0	2,500
Training	9,751	0	0	9,751
Depreciation	<u>14,431</u>	<u>0</u>	<u>0</u>	<u>14,431</u>
<b>Total Functional Expenses - Support</b>	<u>\$ 423,521</u>	<u>\$ 29,264</u>	<u>\$ 31,946</u>	<u>\$ 484,731</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>
<b>Salaries and Related Expenses</b>				
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
<b>Other Expenses</b>				
Travel	22,566	0	3,012	25,578
Advertising	0	0	2,526	2,526
Program Supplies	214,177	6,653	16,425	237,255
Postage	2,852	0	1,028	3,880
Office Support	0	7,750	789	8,539
Dues and Subscriptions	0	0	0	0
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>
<b>Total Functional Expenses - Support</b>	<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**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**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, 2019 and 2018**

**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, 2015.

**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 two classes of net assets:

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Warrior Expeditions**  
**Notes to Financial Statements (continued)**  
**December 31, 2019 and 2018**

**1. Summary of Significant Accounting Policies (continued)**

**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 without donor restricted or with donor restricted support depending on the existence or nature of any donor restriction. When a restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions.

**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, 2019 and 2018, 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**

	<u>2019</u>	<u>2018</u>
Transportation Equipment	\$ 66,090	\$ 68,590
Office Equipment	6,101	4,464
	<u>72,191</u>	<u>73,054</u>
Accumulated Depreciation	(61,047)	(47,063)
Total Property and Equipment	<u>\$ 11,144</u>	<u>\$ 25,991</u>

Depreciation of property and equipment was \$14,431 and \$17,481, for the years ended December 31, 2019 and 2018, respectively.

**Warrior Expeditions**  
**Notes to Financial Statements (continued)**  
**December 31, 2019 and 2018**

**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, 2019 and 2018, as follows:

	<u>2019</u>	<u>2018</u>
Equipment and Supplies	\$ 141,166	\$ 104,953
Expedition Support	14,769	13,329
Volunteer Services	<u>66,265</u>	<u>64,965</u>
	<u>\$ 222,200</u>	<u>\$ 183,247</u>

**5. Net Assets With Donor Restrictions**

	<u>2019</u>	<u>2018</u>
Appalachian Trail Warrior Hike	\$ 0	\$ 15,000
Pacific Crest Trail Warrior Hike	0	20,000
Operational Expenses	0	5,000
Disabled American Veterans	14,838	0
Disabled Veterans National Foundation	10,979	0
Warrior Hike/Bike/Paddle Programing	<u>52,146</u>	<u>65,300</u>
	<u>\$ 77,963</u>	<u>\$ 105,300</u>

See accountant's report.

**Warrior Expeditions**  
**Notes to Financial Statements (continued)**  
**December 31, 2019 and 2018**

**6. Net Assets Released from Restrictions**

**Net Assets Released from Restrictions**

	<u>2019</u>	<u>2018</u>
Appalachian Trail Warrior Hike	\$ 15,000	\$ 0
Pacific Crest Trail Warrior Hike	20,000	0
Operational Expenses	5,000	0
Disabled American Veterans	162	0
Disabled Veterans National Foundation	2,021	0
Warrior Hike/Bike/Paddle Programing	66,069	4,070
	<u>\$ 108,252</u>	<u>\$ 4,070</u>

**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, 2019 and 2018. The carrying values of financial instruments, other than debt instruments are representative of their fair values due to their short-term maturities.

Fair value of debt instruments:

<u>Investment Fund</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets</u>
For the Year Ended December 31, 2019	<u>\$ 5,237</u>	<u>\$ 5,237</u>
For the Year Ended December 31, 2018	<u>\$ 0</u>	<u>\$ 0</u>

See accountant's report.

**Warrior Expeditions**  
**Notes to Financial Statements (continued)**  
**December 31, 2019 and 2018**

**8. Liquidity**

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2019</u>	<u>2018</u>
Cash	\$ 288,257	\$ 265,406
Accounts Receivable	85,330	65,491
Investment Fund	<u>5,237</u>	<u>0</u>
	<u>\$ 378,824</u>	<u>\$ 330,897</u>

**9. Prior Period Adjustment**

The December 31, 2019, prior period adjustment of \$1,332 relates to changes in accounts receivable corrections.