

**UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

**UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Upstate Warrior Solution
Greenville, South Carolina

We have audited the accompanying financial statements of Upstate Warrior Solution (a nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2014, 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 Upstate Warrior Solution as of September 30, 2015 and 2014, 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.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
April 4, 2016

**UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA**

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and Cash Equivalents	\$ 101,632	\$ 103,375
Contributions Receivable	16,300	15,500
Prepaid Rent	3,083	-
Leasehold Improvements, Furniture, and Equipment, Net	33,679	44,024
TOTAL ASSETS	<u>\$ 154,694</u>	<u>\$ 162,899</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 243	\$ -
TOTAL LIABILITIES	<u>243</u>	<u>-</u>
NET ASSETS		
Unrestricted	144,451	162,899
Temporarily restricted	10,000	-
TOTAL NET ASSETS	<u>154,451</u>	<u>162,899</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 154,694</u>	<u>\$ 162,899</u>

The notes to the financial statements are an integral part of the financial statements.
See accompanying independent auditor's report.

**UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA**

STATEMENTS OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

YEAR ENDED SEPTEMBER 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Corporate Donations	\$ 131,407	-	\$ 131,407
Individual Donations	98,913	-	98,913
Grants	434,650	5,000	439,650
Fundraising Event Income	52,899	5,000	57,899
Donated Services, Material and Space	56,104	-	56,104
TOTAL REVENUES	<u>773,973</u>	<u>10,000</u>	<u>783,973</u>
EXPENSES			
Program Services	660,056	-	660,056
Supporting Services:			
Management and General	81,542	-	81,542
Fundraising	50,823	-	50,823
TOTAL EXPENSES	<u>792,421</u>	<u>-</u>	<u>792,421</u>
CHANGE IN NET ASSETS	(18,448)	10,000	(8,448)
NET ASSETS, BEGINNING OF YEAR	162,899	-	162,899
NET ASSETS, END OF YEAR	<u>\$ 144,451</u>	<u>10,000</u>	<u>\$ 154,451</u>

YEAR ENDED SEPTEMBER 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Corporate Donations	\$ 88,292	-	\$ 88,292
Individual Donations	74,038	-	74,038
Grants	500	-	500
Fundraising Event Income	28,650	-	28,650
Donated Services, Material and Space	61,775	-	61,775
TOTAL REVENUES	<u>253,255</u>	<u>-</u>	<u>253,255</u>
EXPENSES			
Program Services	95,248	-	95,248
Supporting Services:			
Management and General	11,453	-	11,453
Fundraising	5,051	-	5,051
TOTAL EXPENSES	<u>111,752</u>	<u>-</u>	<u>111,752</u>
CHANGE IN NET ASSETS	141,503	-	141,503
NET ASSETS, BEGINNING OF YEAR	21,396	-	21,396
NET ASSETS, END OF YEAR	<u>\$ 162,899</u>	<u>-</u>	<u>\$ 162,899</u>

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**UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA**

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	Program Services	Support Services		Total
		Management and General	Fundraising	
FUNCTIONAL EXPENSES - 2015				
Payroll & Benefits	\$ 501,206	34,081	28,034	\$ 563,321
Quality of Life	7,625	-	-	7,625
Employment Program	1,964	-	-	1,964
Healthcare and Benefits Program	5,843	-	-	5,843
Housing Program	400	-	-	400
Education Program	9,500	-	-	9,500
Training Program	1,529	-	-	1,529
Outreach/Mentor Program	2,175	-	-	2,175
Family Outreach Program	7,283	-	-	7,283
Fundraising Expense	-	-	15,741	15,741
Advertising and Promotion	16,818	1,032	2,523	20,373
Office Expense	13,801	18,372	658	32,831
Field Office - Clemson	8,646	-	-	8,646
Field Office - Spartanburg	1,149	-	-	1,149
Computer and Internet Expense	12,897	744	-	13,641
Travel, Meals, and Entertainment	24,302	188	-	24,490
Event and Hosting	7,828	-	-	7,828
Program Supplies	5,832	-	-	5,832
Professional Fees	-	20,873	-	20,873
Rent Expense	23,500	4,700	2,833	31,033
Depreciation Expense	7,758	1,552	1,034	10,344
	<u>\$ 660,056</u>	<u>81,542</u>	<u>50,823</u>	<u>\$ 792,421</u>
FUNCTIONAL EXPENSES - 2014				
Payroll & Benefits	\$ 25,134	528	794	\$ 26,456
Quality of Life	12,878	-	-	12,878
Employment Program	8,173	-	-	8,173
Housing Program	6,759	-	-	6,759
Outreach/Mentor Program	2,968	-	-	2,968
Fundraising Expense	-	-	1,852	1,852
Advertising and Promotion	1,965	123	368	2,456
Office Expense	4,000	5,662	85	9,747
Computer and Internet Expense	1,145	322	-	1,467
Travel, Meals, and Entertainment	2,443	-	-	2,443
Event and Hosting	3,278	-	-	3,278
Program Supplies	11,863	-	-	11,863
Professional Fees	-	1,890	-	1,890
Rent Expense	12,596	2,519	1,679	16,794
Depreciation Expense	2,046	409	273	2,728
	<u>\$ 95,248</u>	<u>11,453</u>	<u>5,051</u>	<u>\$ 111,752</u>

The notes to the financial statements are an integral part of the financial statements.
See accompanying independent auditor's report.

**UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA**

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ (8,448)	\$ 141,503
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:		
Depreciation Expense	10,344	2,728
Donations of Furniture and Leasehold Improvements	-	(44,231)
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Contributions Receivable	(799)	(15,500)
(Increase) Decrease in Prepaid Rent	(3,083)	-
Increase (Decrease) in Accounts Payable	243	-
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(1,743)</u>	<u>84,500</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Equipment	-	(2,521)
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>(2,521)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,743)	81,979
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>103,375</u>	<u>21,396</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 101,632</u>	<u>\$ 103,375</u>
NON-CASH INVESTING ACTIVITY:		
Furniture and Leasehold Improvements Donated	\$ -	\$ 44,231

The notes to the financial statements are an integral part of the financial statements.
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**UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE A—NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Upstate Warrior Solution (the “Organization”) is incorporated under the laws of the state of South Carolina as a not-for-profit organization and has been authorized to transact business as a not-for-profit organization within the state of South Carolina. The Organization is established to connect warriors and their families to the resources they need, and to guide them through the process of developing realistic solutions for a variety of areas in their lives. A warrior is any service member who is currently serving or has served, regardless of military branch, nature of discharge, current status, or troubling past. The Organization’s primary program services are warrior outreach, healthcare, education and training, housing, and employment.

Basis of Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements were issued on April 4, 2016, and subsequent events have been evaluated through that date.

Net assets and revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions. Grants and contributions are considered to be unavailable for unrestricted use unless specifically restricted by the donor.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may be or will be met either by actions of the Organization or the passage of time. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets release from restrictions. If a restriction is fulfilled during the same fiscal year in which the contribution is received, the Organization reports that support as unrestricted.

Permanently restricted net assets – Net assets that consist of donor-imposed stipulations that are permanent in nature and not subject to expiration by actions of the Organization or the passage of time. There were no permanently restricted net assets at September 30, 2015 and 2014.

Cash and Cash Equivalents

For purposes of these financial statements, cash equivalents include all highly liquid investments available for current use with an initial original maturity of three months or less.

Contributions Receivable

Contributions receivable are expected to be collected within one year. Management evaluates contributions receivable and records an allowance for uncollectible contributions receivable based on an estimate of losses to be sustained. Uncollectible amounts are charged against the allowance account when management determines the possibility of collection is remote. There was no allowance for uncollectible contributions at September 30, 2015 and 2014.

**UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

**NOTE A—NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Leasehold Improvements, Furniture, and Equipment

Leasehold improvements, furniture, and equipment with values over \$1,000 are capitalized, with purchases being recorded at cost and donations being recorded as contributions at their estimated fair market value. Leasehold improvements are depreciated using the straight-line method over the shorter of the remaining lease term or their estimated useful lives. Furniture and equipment are depreciated using the straight-line method over their estimated useful lives (three to five years).

Support and Revenue

The Organization's primary source of revenue are grants and contributions from businesses and individuals. The Organization also receives support from scheduled fundraising events throughout the year.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net assets classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Contributed Services

A number of unpaid volunteers have made significant contributions of their time to the Organization. For those contributed services that did not create or enhance non-financial assets or require specialized skills or that would not have been purchased if not donated, no amounts have been reflected in the financial statements for these services, since these services do not meet the criteria for recognition as contributed services. Services that meet the criteria for recognition as contributed services are recorded as contributions at their estimated fair market value.

Functional Allocation of Expenses

The costs of providing program and supporting services has been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among program and supporting services based on how employees spend their time or the purpose of the services or expense.

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.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore is exempt from federal income taxes. As a result, the Organization has made no provisions for federal income taxes in the accompanying financial statements. In addition, the Organization has not been determined by the Internal Revenue Service to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no significant unrelated business income for the years ended September 30, 2015 and 2014. The Organization is open to examination by taxing authorities for the past two fiscal years.

**UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE B—LEASEHOLD IMPROVEMENTS, FURNITURE, AND EQUIPMENT

Leasehold improvements, furniture, and equipment consist of the following:

	2015	2014
Leasehold Improvements	\$ 4,854	\$ 4,854
Furniture	39,377	39,377
Equipment	2,521	2,521
	46,752	46,752
Accumulated Depreciation	(13,072)	(2,728)
Total	\$ 33,680	\$ 44,024

NOTE C—NET ASSETS AND RESTRICTIONS

Substantially all of the restrictions on the net assets at September 30, 2015 were related to funds raised for ongoing efforts to help prepare the Organization for future needs and service to the community. During the prior year, all funds received by the Organization were unrestricted by the donors and are presented as such in the financial statements.

Temporarily restricted net assets are available for the following purposes at September 30, 2015:

	2015	2014
Education Outreach	\$ 5,000	\$ -
Wilderness Fellowship	3,500	-
Project Healing Waters	1,500	-
	\$ 10,000	\$ -

Net assets are released from restrictions by incurring expenses satisfying the restricted purposes, by the occurrence of other events specified by donors, or by being released from restrictions by the donors.

**UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE D—DONATED SERVICES, MATERIAL AND LEASED SPACE

During the years ended September 30, 2015 and 2014, the Organization recorded \$44,954 and \$61,775, respectively, in donated services, material and space. Included in the donated amount for the year ended September 30, 2014 are donations of an estimated \$4,854 in materials and services which were capitalized as leasehold improvements and donations of an estimated \$39,377 in furniture.

The Organization leases office space under an operating lease that was renewed through August 31, 2020. The initial term of the lease was for six months beginning on March 1, 2014 for a period of six months at a rate of \$1 per month. The lease was renewed for an additional six months beginning on September 1, 2014 for a period of six months at a rate of \$500 per month. The lease was then renewed for an additional 6 months beginning on March 1, 2015 for a period of 6 months at a rate of \$500 per month. The estimated fair market rental rate for the office space under this lease was \$2,400 per month. Beginning September 1, 2015, the Organization entered into a new lease for existing and additional office space. The term of the lease is for 60 months at a rate of \$3,083 for the first 24 months and \$3,392 for the last 36 months. The estimated fair market rental rate for the office space under this lease is \$4,933 per month.

The difference between the estimated fair market rental rate and the actual rents paid under the above leases is included in donated services, material and space and totaled \$22,750 and \$16,294 in the year ended September 30, 2015 and 2014, respectively.

The Organization also leases a field office in Clemson which commenced on May 15, 2015. The term of the lease is for 36 months at a rate of \$550 per month, which is the estimated fair market rental rate.

The Organization also leases a field office in Spartanburg which commenced on May 29, 2015 for a term of six month at no cost to the Organization. The Organization did not record the difference between the estimated fair market rental rate and the actual rent paid under this lease because it was not considered significant.

NOTE E—CONCENTRATIONS

During the year ended September 30, 2015, the Organization received grant revenue of \$402,150 from America's Warrior Partnership. No other donors contributed a significant portion of the Organization's total revenues for the years ended September 30, 2015 and 2014.