

**UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

**UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA**

TABLE OF CONTENTS

YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6



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, 2016 and 2015, 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, 2016 and 2015, 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
February 3, 2017

UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and Cash Equivalents	\$ 252,351	\$ 101,632
Contributions and Other Receivables	9,070	16,300
Prepaid Rent	-	3,083
Leasehold Improvements, Furniture, and Equipment, Net	28,660	33,679
TOTAL ASSETS	<u><u>\$ 290,081</u></u>	<u><u>\$ 154,694</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 71,987	\$ 243
Deferred Revenue	1,698	-
TOTAL LIABILITIES	<u>73,685</u>	<u>243</u>
NET ASSETS		
Unrestricted	144,314	144,451
Temporarily restricted	72,082	10,000
TOTAL NET ASSETS	<u>216,396</u>	<u>154,451</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 290,081</u></u>	<u><u>\$ 154,694</u></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, 2016 AND 2015

YEAR ENDED SEPTEMBER 30, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Corporate Donations	\$ 139,062	-	\$ 139,062
Individual Donations	141,213	-	141,213
Grants	461,701	120,000	581,701
Fundraising Event Income	197,180	-	197,180
Donated Services, Material and Space	49,559	-	49,559
Sublease Income	30,034	-	30,034
Net Assets Released from Restrictions	57,918	(57,918)	-
TOTAL REVENUES	1,076,667	62,082	1,138,749
EXPENSES			
Program Services	913,997	-	913,997
Supporting Services:			
Management and General	96,591	-	96,591
Fundraising	66,216	-	66,216
TOTAL EXPENSES	1,076,804	-	1,076,804
CHANGE IN NET ASSETS	(137)	62,082	61,945
NET ASSETS, BEGINNING OF YEAR	144,451	10,000	154,451
NET ASSETS, END OF YEAR	\$ 144,314	72,082	\$ 216,396

YEAR ENDED SEPTEMBER 30, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Corporate Donations	\$ 126,907	4,500	\$ 131,407
Individual Donations	98,913	-	98,913
Grants	429,650	10,000	439,650
Fundraising Event Income	52,899	5,000	57,899
Donated Services, Material and Space	56,104	-	56,104
Net Assets Released from Restrictions	9,500	(9,500)	-
TOTAL REVENUES	773,973	10,000	783,973
EXPENSES			
Program Services	660,056	-	660,056
Supporting Services:			
Management and General	81,542	-	81,542
Fundraising	50,823	-	50,823
TOTAL EXPENSES	792,421	-	792,421
CHANGE IN NET ASSETS	(18,448)	10,000	(8,448)
NET ASSETS, BEGINNING OF YEAR	162,899	-	162,899
NET ASSETS, END OF YEAR	\$ 144,451	10,000	\$ 154,451

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 FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	Program Services	Support Services		Total
		Management and General	Fundraising	
FUNCTIONAL EXPENSES - 2016				
Payroll & Benefits	\$ 702,979	40,818	19,730	\$ 763,527
Quality of Life	4,549	-	-	4,549
Employment Program	632	-	-	632
Healthcare and Benefits Program	98	-	-	98
Housing Program	4,154	-	-	4,154
Education Program	7,896	-	-	7,896
Training Program	5,374	-	-	5,374
Outreach/Mentor Program	6,667	-	-	6,667
Family Outreach Program	2,336	-	-	2,336
Fundraising Expense	-	-	35,741	35,741
Advertising and Promotion	17,707	1,527	4,582	23,816
Office Expense	26,200	23,430	1,203	50,833
Field Office - Clemson	23,951	-	-	23,951
Field Office - Spartanburg	8,915	-	-	8,915
Computer and Internet Expense	17,521	2,389	-	19,910
Travel, Meals, and Entertainment	24,954	941	-	25,895
Event and Hosting	5,364	-	-	5,364
Program Supplies	17,496	-	-	17,496
Professional Fees	-	20,045	-	20,045
Rent Expense	30,063	6,013	4,008	40,084
Depreciation Expense	7,141	1,428	952	9,521
	\$ 913,997	96,591	66,216	\$ 1,076,804
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
	\$ 660,056	81,542	50,823	\$ 792,421

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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ 61,945	\$ (8,448)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:		
Depreciation Expense	9,521	10,344
Donations of Equipment	(3,200)	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Contributions and Other Receivables	7,229	(799)
(Increase) Decrease in Prepaid Rent	3,083	(3,083)
Increase (Decrease) in Accounts Payable	71,744	243
Increase (Decrease) in Deferred Revenue	1,698	-
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>152,020</u>	<u>(1,743)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Equipment	(1,301)	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,301)</u>	<u>-</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	150,719	(1,743)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>101,632</u>	<u>103,375</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 252,351</u>	<u>\$ 101,632</u>
NON-CASH INVESTING ACTIVITY:		
Equipment Donated	\$ 3,200	\$ -

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**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2016 AND 2015

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 February 3, 2017, and subsequent events have been evaluated through that date.

Net assets and revenues 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.

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.

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, 2016 and 2015.

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. At September 30, 2016 and 2015, the Organization had \$8,095 and \$16,300, respectively, in contributions receivable. 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, 2016 and 2015.

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).

**UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2016 AND 2015

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

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 and Goods

A number of unpaid volunteers have made significant contributions of their time to the Organization. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria was not met.

Donations of goods and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Functional Allocation of Expenses

The costs of providing program and supporting services has been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. 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.

Reclassifications

Certain prior year amounts were reclassified to conform to current year presentation. There was no impact on net assets or change in net assets as a result of the reclassification.

**UPSTATE WARRIOR SOLUTION
GREENVILLE, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2016 AND 2015

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

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. 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, 2016 and 2015. As a result, the Organization has made no provisions for federal income taxes in the accompanying financial statements. The Organization is open to examination by taxing authorities for the past three fiscal years.

NOTE B—LEASEHOLD IMPROVEMENTS, FURNITURE, AND EQUIPMENT

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

	2016	2015
Leasehold Improvements	\$ 4,854	\$ 4,854
Furniture	39,377	39,377
Equipment	7,022	2,521
	51,253	46,752
Accumulated Depreciation	(22,593)	(13,072)
Total	<u>\$ 28,660</u>	<u>\$ 33,680</u>

NOTE C—NET ASSETS AND RESTRICTIONS

Substantially all of the restrictions on the net assets at September 30, 2016 and 2015 were related to funds raised for ongoing efforts to help prepare the Organization for future needs and service to the community.

Temporarily restricted net assets are available for the following purposes at September 30, 2016:

	2016	2015
Fellowship Program in Spartanburg	\$ 16,818	\$ -
Outreach and Engagement in Pickens	7,133	-
Housing Coordinator - Spartanburg	10,057	-
Marketing and Fundraising	38,074	-
Education Outreach	-	5,000
Wilderness Fellowship	-	3,500
Project Healing Waters	-	1,500
	<u>\$ 72,082</u>	<u>\$ 10,000</u>

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, 2016 AND 2015

NOTE D—DONATED SERVICES, MATERIAL AND LEASED SPACE

During the years ended September 30, 2016 and 2015, the Organization recorded \$49,559 and \$56,104, respectively, in donated services, material and space.

Included in the donated amount for the year ended September 30, 2016 are donations of a vehicle with an estimated value of \$3,200, computers, furniture and equipment with an estimated value of \$2,100, and skilled services valued at \$8,450. The Organization also received \$11,165 in donated goods and services related to fundraising activities and \$4,676 in donated goods and services to support programs of the Organization. As detailed below, the Organization also received below market rents.

Included in the donated amount for the year ended September 30, 2015 are donations of computers, furniture and equipment with an estimated value of \$9,365, and skilled services valued at \$2,245. The Organization also received \$12,219 in donated goods and services related to fundraising activities and \$9,525 in donated goods and services to support programs of the Organization. As detailed below, the Organization also received below market rents.

The Organization leases office space in Greenville 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 this 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 was \$4,933 and \$4,317 per month in the years ended September 30, 2016 and 2015, respectively.

The Organization also leases a field office in Spartanburg which commenced on May 29, 2015 for a term of six months at no cost to the Organization. Subsequent to the expiration of the lease, the Organization continued to rent space on a month-to-month basis for no cost.

The difference between the estimated fair market rental rates and the actual rents paid under the above leases is included in donated services, material and space and totaled \$19,968 and \$22,750 in the years ended September 30, 2016 and 2015, 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 subleases space in its Greenville office to three tenants under separate lease agreements with each and recorded \$30,034 in sublease rental income during the year ended September 30, 2016. Under the terms of the subleases, the tenants are required to pay annual rents totaling \$28,070 in the first year plus a 2% rent escalator in subsequent years. The lease terms, including renewal options, generally extend until September 1, 2020, which is when the Organization's lease term for the Greenville office space expires. One of the sublease agreements, with annual rental payments of approximately \$20,000, is with an entity managed by a director of the Organization.

NOTE E—CONCENTRATIONS

During the years ended September 30, 2016 and 2015, the Organization received grant revenue of \$414,213 and \$402,150, respectively, from America's Warrior Partnership. No other donors contributed a significant portion of the Organization's total revenues for the years ended September 30, 2016 and 2015.