

**UPSTATE WARRIOR SOLUTION, INC.**  
**Greenville, South Carolina**

**FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

**(With Independent Auditors' Report Thereon)**

**UPSTATE WARRIOR SOLUTION, INC.**  
**GREENVILLE, SOUTH CAROLINA**  
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**September 30, 2019 and 2018**

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# MARTIN · SMITH

& COMPANY CPAs

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Upstate Warrior Solution, Inc.  
Greenville, South Carolina

### **Report on the Financial Statements**

We have audited the accompanying statements of financial position of Upstate Warrior Solution, Inc. (a nonprofit organization), as of September 30, 2019 and 2018, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 consolidated 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, Inc. as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Martin Smith and Company CPAs PA*

January 21, 2020  
Greenville, South Carolina

**EXHIBIT A**

**UPSTATE WARRIOR SOLUTION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2019 and 2018**

|  | <u>2019</u>                  | <u>2018</u>                  |
|--|------------------------------|------------------------------|
| <b><u>ASSETS</u></b>                     |                              |                              |
| Cash and cash equivalents                | \$ 417,539                   | \$ 103,416                   |
| Contributions and other receivables      | 30,825                       | 60,019                       |
| Grants receivable                        | 144,664                      | 195,621                      |
| Land held for sale                       | 16,000                       | 16,000                       |
| Property and equipment, net              | <u>19,633</u>                | <u>27,600</u>                |
| <br>Total assets                         | <br>\$ <u><u>628,661</u></u> | <br>\$ <u><u>402,656</u></u> |
| <b><u>LIABILITIES AND NET ASSETS</u></b> |                              |                              |
| Accounts payable and accrued expenses    | \$ <u>26,987</u>             | \$ <u>30,057</u>             |
| Total liabilities                        | <u>26,987</u>                | <u>30,057</u>                |
| Net assets:                              |                              |                              |
| Without donor restrictions               | 238,043                      | 263,110                      |
| With donor restrictions                  | <u>363,631</u>               | <u>109,489</u>               |
| Total net assets                         | <u>601,674</u>               | <u>372,599</u>               |
| <br>Total liabilities and net assets     | <br>\$ <u><u>628,661</u></u> | <br>\$ <u><u>402,656</u></u> |

See accompanying notes to financial statements.

**EXHIBIT B**

**UPSTATE WARRIOR SOLUTION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended September 30, 2019 and 2018**

|                                       | 2019                          |                            |            | 2018                          |                            |            |
|---------------------------------------|-------------------------------|----------------------------|------------|-------------------------------|----------------------------|------------|
|                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total      | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total      |
| Revenue and support:                  |                               |                            |            |                               |                            |            |
| Corporate donations                   | \$ 163,252                    | \$ 51,061                  | \$ 214,313 | \$ 99,256                     | \$ 60,525                  | \$ 159,781 |
| Individual donations                  | 319,412                       | 116,216                    | 435,628    | 186,751                       | 28,254                     | 215,005    |
| Grants                                | 253,311                       | 479,497                    | 732,808    | 440,868                       | 227,600                    | 668,468    |
| Fundraising event income              | 176,754                       | -                          | 176,754    | 239,241                       | -                          | 239,241    |
| Donated services, material and space  | 62,258                        | -                          | 62,258     | 52,793                        | -                          | 52,793     |
| Sublease income                       | 24,476                        | -                          | 24,476     | 24,818                        | -                          | 24,818     |
| Other net investment income           | 823                           | -                          | 823        | 39                            | -                          | 39         |
| Net assets released from restrictions | 392,632                       | (392,632)                  | -          | 278,306                       | (278,306)                  | -          |
| Total revenue and support             | 1,392,918                     | 254,142                    | 1,647,060  | 1,322,072                     | 38,073                     | 1,360,145  |
| Other costs and expenses:             |                               |                            |            |                               |                            |            |
| Program services                      | 1,249,768                     | -                          | 1,249,768  | 1,016,028                     | -                          | 1,016,028  |
| Supporting services:                  |                               |                            |            |                               |                            |            |
| Management and general                | 82,787                        | -                          | 82,787     | 105,394                       | -                          | 105,394    |
| Fundraising                           | 85,430                        | -                          | 85,430     | 72,498                        | -                          | 72,498     |
| Total other costs and expenses        | 1,417,985                     | -                          | 1,417,985  | 1,193,920                     | -                          | 1,193,920  |
| Changes in net assets                 | (25,067)                      | 254,142                    | 229,075    | 128,152                       | 38,073                     | 166,225    |
| Net assets at beginning of year       | 263,110                       | 109,489                    | 372,599    | 134,958                       | 71,416                     | 206,374    |
| Net assets at end of year             | \$ 238,043                    | \$ 363,631                 | \$ 601,674 | \$ 263,110                    | \$ 109,489                 | \$ 372,599 |

See accompanying notes to financial statements.

**UPSTATE WARRIOR SOLUTION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Years Ended September 30, 2019 and 2018

|  | <u>2019</u>             |                               |                    |                     | <u>2018</u>             |                               |                    |                     |
|--|-------------------------|-------------------------------|--------------------|---------------------|-------------------------|-------------------------------|--------------------|---------------------|
|  | <u>Support Services</u> |                               |                    |                     | <u>Support Services</u> |                               |                    |                     |
|  | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u>        | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u>        |
| Payroll and benefits                   | \$ 659,798              | \$ 31,965                     | \$ 38,022          | \$ 729,785          | \$ 639,008              | \$ 42,367                     | \$ 40,252          | \$ 721,627          |
| Fellowship stipends and contract labor | 112,770                 | -                             | -                  | 112,770             | 117,810                 | -                             | -                  | 117,810             |
| Quality of life                        | 5,010                   | -                             | -                  | 5,010               | 8,957                   | -                             | -                  | 8,957               |
| Employment program                     | 2,384                   | -                             | -                  | 2,384               | -                       | -                             | -                  | -                   |
| Outdoor program                        | 9,263                   | -                             | -                  | 9,263               | 1,716                   | -                             | -                  | 1,716               |
| Healthcare and benefits program        | 1,000                   | -                             | -                  | 1,000               | 730                     | -                             | -                  | 730                 |
| Housing program                        | 2,116                   | -                             | -                  | 2,116               | 3,000                   | -                             | -                  | 3,000               |
| Education program                      | 1,000                   | -                             | -                  | 1,000               | 1,615                   | -                             | -                  | 1,615               |
| Training program                       | 12,667                  | -                             | -                  | 12,667              | 12,513                  | -                             | -                  | 12,513              |
| Outreach/mentor program                | 33,941                  | -                             | -                  | 33,941              | 11,521                  | -                             | -                  | 11,521              |
| Family outreach program                | 1,694                   | -                             | -                  | 1,694               | 817                     | -                             | -                  | 817                 |
| Community engagement program           | 22,037                  | -                             | -                  | 22,037              | 11,361                  | -                             | -                  | 11,361              |
| Old Hickory program                    | 1,250                   | -                             | -                  | 1,250               | 43,529                  | -                             | -                  | 43,529              |
| NVI program                            | 800                     | -                             | -                  | 800                 | 124                     | -                             | -                  | 124                 |
| Operation Dragonfly program            | 157,527                 | -                             | -                  | 157,527             | 500                     | -                             | -                  | 500                 |
| Mission 85 program                     | 10,125                  | -                             | -                  | 10,125              | -                       | -                             | -                  | -                   |
| Fundraising expense                    | -                       | -                             | 11,595             | 11,595              | -                       | -                             | 13,563             | 13,563              |
| Advertising and promotion              | 12,626                  | 789                           | 2,367              | 15,782              | 8,557                   | 533                           | 1,600              | 10,690              |
| Office expense                         | 39,841                  | 19,171                        | 4,424              | 63,436              | 39,998                  | 15,412                        | 3,355              | 58,765              |
| Computer and internet expense          | 11,922                  | 1,845                         | 426                | 14,193              | 13,248                  | 2,087                         | 380                | 15,715              |
| Travel, meals, and entertainment       | 13,685                  | 2,049                         | -                  | 15,734              | 16,066                  | 2,428                         | -                  | 18,494              |
| Event and hosting                      | 1,591                   | -                             | 24,043             | 25,634              | -                       | -                             | 13,348             | 13,348              |
| Program supplies                       | 4,987                   | -                             | -                  | 4,987               | -                       | -                             | -                  | -                   |
| Professional fees                      | 36,556                  | 13,978                        | 3,226              | 53,760              | 3,248                   | 36,164                        | -                  | 39,412              |
| Rent expense                           | 83,242                  | 7,239                         | -                  | 90,481              | 72,430                  | 6,403                         | -                  | 78,833              |
| Other expense                          | 3,969                   | 5,751                         | 1,327              | 11,047              | -                       | -                             | -                  | -                   |
| Depreciation expense                   | 7,967                   | -                             | -                  | 7,967               | 9,280                   | -                             | -                  | 9,280               |
|  | <u>\$ 1,249,768</u>     | <u>\$ 82,787</u>              | <u>\$ 85,430</u>   | <u>\$ 1,417,985</u> | <u>\$ 1,016,028</u>     | <u>\$ 105,394</u>             | <u>\$ 72,498</u>   | <u>\$ 1,193,920</u> |

**EXHIBIT D**

**UPSTATE WARRIOR SOLUTION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended September 30, 2019 and 2018**

|   | <u>2019</u>       | <u>2018</u>       |
|---|-------------------|-------------------|
| Cash flows from operating activities:   |                   |                   |
| Increase in net assets  | \$ 229,075        | \$ 166,225        |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |                   |                   |
| Depreciation  | 7,967             | 9,280             |
| Non-cash property donations   | -                 | (16,000)          |
| (Increase) decrease in assets:  |                   |                   |
| Contributions and other receivables   | 29,194            | (3,431)           |
| Grants receivable   | 50,957            | (149,156)         |
| Increase (decrease) in liabilities:   |                   |                   |
| Accounts payable and accrued expenses   | (3,070)           | (42,391)          |
| Other liabilities   | -                 | 100               |
| Net cash provided by (used in) operating activities   | <u>314,123</u>    | <u>(35,373)</u>   |
| Cash flows from investing activities:   |                   |                   |
| Purchases of property and equipment   | <u>-</u>          | <u>-</u>          |
| Net cash provided by investing activities   | <u>-</u>          | <u>-</u>          |
| Net increase (decrease) in cash and cash equivalents  | 314,123           | (35,373)          |
| Cash and cash equivalents at beginning of year  | <u>103,416</u>    | <u>138,789</u>    |
| Cash and cash equivalents at end of year  | <u>\$ 417,539</u> | <u>\$ 103,416</u> |

Schedule of non-cash financing and investing activities:

During the year ended September 30, 2019, the Organization received \$11,170 in non-cash donations, in the form of investment securities.

During the year ended September 30, 2018, the Organization received \$16,000 in non-cash donations, in the form of land.

See accompanying notes to financial statements.

**UPSTATE WARRIOR SOLUTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) **Nature of Organization**

Upstate Warrior Solution, Inc. (“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.

b) **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

c) **Financial Statement Presentation**

These financial statements have been prepared to focus on the Organization as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with recommendations of the Financial Accounting Standards Board (“FASB”) in the *Accounting Standards Codification* (“ASC”). This guidance requires that unconditional promises to give be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. It establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories 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:

**Net assets without donor restrictions** - Net assets not subject to donor-imposed stipulations and currently available for operating purposes under the direction of the Board of Directors (“the Board”), designated by the Board for specific purposes, or invested in property and equipment.

**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 are reported in the Statements of Activities as net assets released from restrictions.

d) **Contributions and Revenue**

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence of any donor restrictions. Contributions are recognized when received or when the donor makes an unconditional promise to give to the Organization. Contributions which are restricted by the donor are reported as increases in net assets with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon the satisfaction of the time or purpose restrictions.

Noncash contributions are recorded as support at their estimated fair value at the date they are placed into service or are sold. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support.

e) **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, cash balances in depository institutions, and money market balances.



**UPSTATE WARRIOR SOLUTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**f) Contributions and Other Receivables and Grants Receivable**

Receivables are expected to be collected within one year. Management evaluates receivables and records an allowance for uncollectible receivables based upon an estimate of losses to be sustained. Uncollectible amounts are charged against the allowance account when management determined the possibility of collection is remote. There was no allowance for uncollectible contributions or grants receivable at September 30, 2019 and 2018.

**g) Land Held for Sale**

From time to time, the Organization may receive gifts of property. In accordance with donor intent, the Organization has offered the land for sale.

**h) Property 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).

**i) Donated 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 net assets without donor restrictions 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 contributions with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions at that time.

**j) Income Taxes**

The Organization is exempt from Federal and State income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted the provisions of the *Accounting for Uncertainty in Income Taxes* topic of FASB ASC. This guidance addresses the accounting uncertainty in income taxes recognized in an organization's financial statements and prescribes a threshold of more-likely-than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It also provides related guidance on measurement classification, interest and penalties, and disclosure. The Organization has determined that it has no uncertain tax positions requiring accrual and disclosure.

**k) Use of Estimates**

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

**UPSTATE WARRIOR SOLUTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**l) Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**m) New Accounting Pronouncement**

During the year ended September 30, 2019, the Organization adopted the requirements of the FASB ASC No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14)* (“the Update”). This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by the Update is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (see Footnote 8).

**2) CASH AND CASH EQUIVALENTS**

The Organization maintains bank and investment accounts at several banking institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At September 30, 2019, the Organization’s uninsured cash balances total \$72,974. Management believes that, due to the strength of the financial institution, the Organization is not exposed to any significant credit risk on cash and cash equivalents.

**3) PROPERTY AND EQUIPMENT**

Property and equipment at September 30, 2019 and 2018 are summarized as follows:

|                                 | <b>2019</b> | <b>2018</b> |
|---------------------------------|-------------|-------------|
| Leasehold improvements          | \$ 4,854    | \$ 4,854    |
| Furniture                       | 39,377      | 39,377      |
| Equipment                       | 7,022       | 7,022       |
| Programming content development | 17,500      | 17,500      |
|                                 | 68,753      | 68,753      |
| Less accumulated depreciation   | (49,120)    | (41,153)    |
|                                 | \$ 19,633   | \$ 27,600   |

Depreciation expense for the years ended September 30, 2019 and 2018 was \$7,967 and \$9,280, respectively.

**UPSTATE WARRIOR SOLUTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

**4) NET ASSET DESIGNATIONS AND RESTRICTIONS**

Substantially all of the restrictions on the net assets at September 30, 2019 and 2018 were related to funds raised for ongoing efforts to help prepare the Organization for future needs and service to the community.

Net assets with donor restrictions are available for the following purposes at September 30, 2019 and 2018:

|                                  | <u>2019</u>       | <u>2018</u>       |
|----------------------------------|-------------------|-------------------|
| Workforce Development/Fellowship | \$ 156,499        | \$ -              |
| Mission 85 Program               | 73,675            | -                 |
| Endowment Funds                  | 49,600            | -                 |
| Development Program              | 44,000            | -                 |
| Development Program              | 16,667            | -                 |
| Mental Health Program            | 11,998            | -                 |
| Employment Program               | 5,116             | 7,500             |
| WarriorServe Technology          | 5,000             | -                 |
| NVI Program                      | 1,076             | 1,877             |
| Operation Dragonfly Program      | -                 | 39,850            |
| Wellness in Pickens              | -                 | 19,444            |
| Support and Caseworkers          | -                 | 11,962            |
| Financial Stability in Anderson  | -                 | 10,276            |
| Fellowship Program               | -                 | 10,000            |
| Fellowship Program               | -                 | 5,680             |
| Old Hickory Program              | -                 | 2,900             |
|                                  | <u>\$ 363,631</u> | <u>\$ 109,489</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. Net assets with donor restrictions of \$392,632 and \$278,306 were released from restrictions for the years ended September 30, 2019 and 2018, respectively.

**5) DONATED SERVICES, MATERIAL AND LEASED SPACE**

During the years ended September 30, 2019 and 2018, the Organization recorded \$62,258 and \$52,793, respectively, in donated services, material and space.

During the year ended September 30, 2019, the Organization received \$14,859 in donated goods and services related to fundraising activities and \$23,845 in donated goods and services to support programs of the Organization. During the year ended September 30, 2018, the Organization received \$10,328 in donated goods and services related to fundraising activities and \$6,575 in donated goods and services to support programs of the Organization.

The Organization leases office space in Greenville under an operating lease through August 2020. The lease began in September 2015 and has a term of 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 \$4,317 per month in the years ended September 30, 2019 and 2018, respectively.

**UPSTATE WARRIOR SOLUTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

**5) DONATED SERVICES, MATERIAL AND LEASED SPACE, Continued**

The Organization leased a field office in Spartanburg on a month-to-month basis for no cost through January 2018. In February 2018, the Organization began leasing a field office in Spartanburg for a term of twelve months at a rate of \$750 per month. The estimated fair market rental for the office space under this lease was \$1,500 per month in the year ended September 30, 2019.

The Organization leased a field office in Clemson through August 2018 at a rate of \$1,000 per month, which is the estimated fair market rental rate. In September 2018, the Organization began leasing a field office in Clemson for a term of twelve months at a rate of \$1,500 per month. The estimated fair market rental for the office space under this lease was \$1,600 per month in the year ended September 30, 2019.

The difference between the estimated fair market rental rates and the actual rates paid under the above leases is included in donated services, material and space and totaled \$23,554 and \$19,890 in the years ended September 30, 2019 and 2018, respectively.

The Organization subleases space in its Greenville office to tenants under separate lease agreements with each and recorded \$24,476 and \$24,818 in sublease rental income during the years ended September 30, 2019 and 2018, respectively. 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.

**6) CONCENTRATIONS**

During the years ended September 30, 2019 and 2018, the Organization received grant revenue of \$185,000 and \$187,500, respectively, from a major U.S. corporation and from America's Warrior Partnership, respectively. No other donors contributed a significant portion of the Organization's total revenues for the years ended September 30, 2019 and 2018.

**7) FAIR VALUES OF FINANCIAL INSTRUMENTS**

The Organization has adopted the provisions of the *Fair Value Measurement and Disclosures* topic of FASB ASC. This guidance defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

This guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value. Level 1 inputs represent fair values obtained using quoted prices in active markets. Level 2 inputs represent fair values obtained from observable market data but not from quoted market prices. Level 3 inputs represent unobservable inputs that are supported by little or no market activity and are generally based on the entity's own assumptions.

The following methods and assumptions are used to estimate the fair value of each financial instrument:

**Cash and cash equivalents, accounts payable, accrued expenses, other liabilities** - the carrying values approximate fair value due to their short maturities.

**Contributions, Other, and Grants Receivable** - the carrying values approximate fair value due to their short maturities.

**UPSTATE WARRIOR SOLUTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

**8) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Organization's financial assets as of September 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable because certain net assets are donor restricted (see Footnote 3). The Organization has the following financial assets that could readily be made available within one year of the Statements of Financial Position date to fund expenses without limitations:

|  |                   |
|--|-------------------|
| Financial assets:  |                   |
| Cash and cash equivalents  | \$ 417,539        |
| Contributions and other receivables  | 30,825            |
| Grants receivable  | <u>144,664</u>    |
| Financial assets, at year-end  | <u>593,028</u>    |
| Less those unavailable for general expenditures within one year due to:                |                   |
| Donor imposed restrictions:  |                   |
| Restrictions by donor with purpose restrictions  | <u>(363,631)</u>  |
|  | <u>(363,631)</u>  |
| Financial assets available to meet cash needs for general expenditures within one year | \$ <u>229,397</u> |

The Organization has a policy to structure its financial assets to be available as its general expenses, liabilities and other obligations come due. The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash.

**9) SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 21, 2020, the date the financial statements were available to be issued. There were no such events requiring recording or disclosure for the years ended September 30, 2019 and 2018.