



**CHALLENGED ATHLETES, INC.  
D.B.A. CHALLENGED ATHLETES FOUNDATION**

**Financial Statements**

*Years Ended March 31, 2015 and 2014*



# CHALLENGED ATHLETES, INC. D.B.A. CHALLENGED ATHLETES FOUNDATION

## Financial Statements

Years Ended March 31, 2015 and 2014

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## INDEPENDENT AUDITORS' REPORT

To the Audit Committee  
Challenged Athletes, Inc. d.b.a. Challenged Athletes Foundation

We have audited the accompanying financial statements of Challenged Athletes, Inc. d.b.a. Challenged Athletes Foundation (a nonprofit organization), which comprise the statements of financial position as of March 31, 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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 Challenged Athletes, Inc. d.b.a. Challenged Athletes Foundation as of March 31, 2015 and 2014, 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.

**AKT LLP**

San Diego, California  
October 22, 2015

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**CHALLENGED ATHLETES, INC. D.B.A. CHALLENGED ATHLETES FOUNDATION****Statements of Financial Position**

March 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 5,887,537	\$ 2,808,752
Accounts receivable	707,284	281,875
Prepaid expenses	124,687	135,803
Inventory	<u>127,287</u>	<u>279,796</u>
Total Current Assets	6,846,795	3,506,226
Non-Current Assets:		
Property and equipment, net of accumulated depreciation	120,024	36,167
Note receivable - related party	<u>450,000</u>	<u>750,000</u>
Total Assets	<u>\$ 7,416,819</u>	<u>\$ 4,292,393</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 350,941	\$ 108,425
Deferred revenue	928,589	1,006,225
Accrued expenses	190,584	102,868
Payable to endowment funds	2,700,000	-
Grants payable	<u>1,159,099</u>	<u>967,378</u>
Total Current Liabilities	5,329,213	2,184,896
Net Assets:		
Unrestricted:		
Undesignated	1,795,999	2,072,966
Board designated	<u>6,976</u>	<u>-</u>
	1,802,975	2,072,966
Temporarily restricted	282,631	32,531
Permanently restricted	<u>2,000</u>	<u>2,000</u>
Total Net Assets	<u>2,087,606</u>	<u>2,107,497</u>
Total Liabilities and Net Assets	<u>\$ 7,416,819</u>	<u>\$ 4,292,393</u>

See accompanying notes to financial statements.

**CHALLENGED ATHLETES, INC. D.B.A CHALLENGED ATHLETES FOUNDATION****Statement of Activities**

Year Ended March 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating Revenue and Support:				
Special events	\$ 6,578,063	\$ 250,687	\$ -	\$ 6,828,750
Less direct expenses	(2,542,954)	(105,654)	-	(2,648,608)
Contributions and other income	3,617,804	982,721	-	4,600,525
In-kind contributions	709,406	746,645	-	1,456,051
Grants	209,509	-	-	209,509
Net assets released from restrictions, satisfaction of program and time restrictions	<u>1,624,299</u>	<u>(1,624,299)</u>	-	-
Total Operating Revenue and Support	10,196,127	250,100	-	10,446,227
Operating Expenses:				
Program services:				
Access for Athletes	3,114,938	-	-	3,114,938
San Diego Triathlon Challenge	1,159,242	-	-	1,159,242
Operation Rebound	581,407	-	-	581,407
Community Outreach	400,923	-	-	400,923
Catch a Rising Star	315,523	-	-	315,523
Paratriathlete Training	126,851	-	-	126,851
Supporting services:				
Management and general	247,499	-	-	247,499
Fundraising:				
General	867,389	-	-	867,389
Special events	<u>440,559</u>	-	-	<u>440,559</u>
Total Operating Expenses	<u>7,254,331</u>	-	-	<u>7,254,331</u>
Change in Operations	2,941,796	250,100	-	3,191,896
Non-operating Revenues (Expenses):				
Interest income	32,860	-	-	32,860
Other expense	(144,647)	-	-	(144,647)
Transfer to San Diego Foundation	(700,000)	-	-	(700,000)
Transfer to Jewish Community Foundation	<u>(2,400,000)</u>	-	-	<u>(2,400,000)</u>
Change in Net Assets	(269,991)	250,100	-	(19,891)
Net Assets, beginning	<u>2,072,966</u>	<u>32,531</u>	<u>2,000</u>	<u>2,107,497</u>
Net Assets, ending	<u>\$ 1,802,975</u>	<u>\$ 282,631</u>	<u>\$ 2,000</u>	<u>\$ 2,087,606</u>

See accompanying notes to financial statements

**CHALLENGED ATHLETES, INC. D.B.A CHALLENGED ATHLETES FOUNDATION****Statement of Activities**

Year Ended March 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating Revenue and Support:				
Special events	\$ 4,111,287	\$ -	\$ -	\$ 4,111,287
Less direct expenses	(2,237,883)	-	-	(2,237,883)
Contributions and other income	3,239,139	792,254	-	4,031,393
In-kind contributions	721,408	808,666	-	1,530,074
Grants	58,000	-	-	58,000
Net assets released from restrictions, satisfaction of program and time restrictions	<u>1,576,143</u>	<u>(1,576,143)</u>	-	-
Total Operating Revenue and Support	7,468,094	24,777	-	7,492,871
Operating Expenses:				
Program services:				
Access for Athletes	2,611,791	-	-	2,611,791
San Diego Triathlon Challenge	981,824	-	-	981,824
Community Outreach	499,140	-	-	499,140
Operation Rebound	611,666	-	-	611,666
Catch A Rising Star	309,627	-	-	309,627
Paratriathlete Training	133,048	-	-	133,048
Supporting services:				-
Management and general	200,215	-	-	200,215
Fundraising:				-
General	923,621	-	-	923,621
Special events	<u>390,770</u>	-	-	<u>390,770</u>
Total Operating Expenses	<u>6,661,702</u>	-	-	<u>6,661,702</u>
Change in Operations	806,392	24,777	-	831,169
Non-operating Revenues (Expenses):				
Interest income	44,766	-	-	44,766
Other income	5,789	-	-	5,789
Transfer to Jewish Community Foundation	<u>(1,952,705)</u>	-	-	<u>(1,952,705)</u>
Change in Net Assets	(1,095,758)	24,777	-	(1,070,981)
Net Assets, beginning	<u>3,168,724</u>	<u>7,754</u>	<u>2,000</u>	<u>3,178,478</u>
Net Assets, ending	<u>\$ 2,072,966</u>	<u>\$ 32,531</u>	<u>\$ 2,000</u>	<u>\$ 2,107,497</u>

See accompanying notes to financial statements

# CHALLENGED ATHLETES, INC. D.B.A CHALLENGED ATHLETES FOUNDATION

## Statement of Functional Expenses

Year Ended March 31, 2015

	Program Services						Supporting Services			Total
	Access for Athletes	San Diego Triathlon Challenge	Community Outreach	Operation Rebound	Catch A Rising Star	Paratriathlete Training	Fundraising			
							Management and General	General	Special Events	
Salaries	\$ 100,781	\$ 188,649	\$ 139,042	\$ 100,236	\$ 119,428	\$ 54,071	\$ 127,545	\$ 222,138	\$ 318,899	\$ 1,370,789
Employee benefits	10,675	18,642	11,031	15,868	9,849	5,703	13,598	21,338	28,988	135,692
Payroll taxes	7,838	14,723	10,906	7,813	9,369	4,206	9,658	17,348	25,407	107,268
<b>Total Salaries and Related Expenses</b>	<b>119,294</b>	<b>222,014</b>	<b>160,979</b>	<b>123,917</b>	<b>138,646</b>	<b>63,980</b>	<b>150,801</b>	<b>260,824</b>	<b>373,294</b>	<b>1,613,749</b>
Accounting	2,505	4,294	2,361	2,290	2,290	286	2,941	4,509	-	21,476
Bank service charge	354	607	333	323	353	40	768	635	-	3,413
Building costs	2,896	5,830	2,733	2,647	2,647	331	3,457	6,293	-	26,834
Casual labor	1,114	2,529	1,050	1,018	1,018	127	1,308	2,004	-	10,168
Computer consultant	2,477	4,129	2,567	1,813	2,154	227	2,615	4,298	7,015	27,295
Computers	639	1,065	662	460	555	160	6,104	1,108	4,333	15,086
Depreciation	-	-	-	-	-	-	14,905	-	-	14,905
Direct event costs	408	313,431	3,377	2,473	50,450	8,999	1,426	283,177	-	663,741
Gifts	16	1,594	278	105	479	-	610	3,320	-	6,402
Grants given	2,174,209	-	58,440	352,828	13,000	-	-	4,361	11,098	2,613,936
In-kind benefits	745,090	395,182	-	1,555	-	-	1,975	288	-	1,144,090
Insurance	2,827	4,902	2,664	2,586	3,023	324	3,242	11,305	-	30,873
Internet	638	1,094	602	583	583	73	928	2,587	2,275	9,363
Legal services	2	4	181	2,358	2	-	4,945	1,504	-	8,996
Licenses and fees	172	337	160	734	156	19	744	1,774	-	4,096
Meetings	178	3,449	191	253	44	2	11,826	7,692	3,232	26,867
Occupancy	39,439	16,395	32,675	36,045	36,068	4,517	10,869	17,228	28,471	221,707
Office copy machine	569	975	536	519	520	65	745	1,024	-	4,953
Office costs	2,873	4,094	769	815	767	85	6,059	8,528	3,991	27,981
Outside services	20	24	9	9	9	1	241	297	-	610
Payroll services	766	1,313	723	701	701	88	876	1,378	1,861	8,407
Postage and shipping	1,101	3,308	1,454	1,764	1,348	534	756	12,579	-	22,844
Program development	-	-	-	-	-	-	450	795	-	1,245
Promotions	7,084	163,128	31,262	39,865	55,603	46,447	7,563	202,489	-	553,441
Recruiting	-	-	-	-	-	-	1,893	10,355	-	12,248
Rentals	-	1,509	-	-	-	-	20	638	-	2,167
Software	5,661	61	410	1,534	31	19	772	228	1,813	10,529
Spokesperson	-	-	91,875	-	800	-	-	-	-	92,675
Telephone equipment	1,332	2,362	1,321	1,218	1,282	153	3,607	2,870	3,176	17,321
Training courses	8	14	232	8	8	1	1,320	7,423	-	9,014
Utilities	3,266	5,598	3,079	2,986	2,986	373	3,733	5,878	-	27,899
<b>Total Expenses</b>	<b>\$ 3,114,938</b>	<b>\$ 1,159,242</b>	<b>\$ 400,923</b>	<b>\$ 581,407</b>	<b>\$ 315,523</b>	<b>\$ 126,851</b>	<b>\$ 247,499</b>	<b>\$ 867,389</b>	<b>\$ 440,559</b>	<b>\$ 7,254,331</b>

See accompanying notes to financial statements

# CHALLENGED ATHLETES, INC. D.B.A CHALLENGED ATHLETES FOUNDATION

## Statement of Functional Expenses

Year Ended March 31, 2014

	Program Services						Supporting Services			Total
	Access for Athletes	San Diego Triathlon Challenge	Community Outreach	Operation Rebound	Catch A Rising Star	Paratriathlete Training	Fundraising			
							Management and General	General	Special Events	
Salaries	\$ 105,438	\$ 176,117	\$ 105,953	\$ 97,585	\$ 92,178	\$ 56,259	\$ 111,746	\$ 198,131	\$ 332,408	\$ 1,275,815
Employee benefits	9,130	15,725	7,731	13,179	7,972	4,875	9,669	17,681	28,815	114,777
Payroll taxes	8,627	14,406	7,307	7,983	7,536	4,604	9,658	16,204	26,668	102,993
<b>Total Salaries and Related Expenses</b>	<b>123,195</b>	<b>206,248</b>	<b>120,991</b>	<b>118,747</b>	<b>107,686</b>	<b>65,738</b>	<b>131,073</b>	<b>232,016</b>	<b>387,891</b>	<b>1,493,585</b>
Accounting	2,290	3,925	1,897	2,093	2,093	262	2,688	4,121	-	19,369
Bank service charge	333	570	276	304	304	38	633	598	-	3,056
Building costs	3,651	6,566	3,027	3,337	3,337	417	4,180	7,931	-	32,446
Casual labor	462	-	-	-	-	-	-	-	-	462
Computer consultant	686	1,143	648	506	597	63	724	1,128	63	5,558
Computers	771	1,286	729	569	671	71	814	1,360	71	6,342
Depreciation	-	-	-	-	-	-	20,213	-	-	20,213
Direct event costs	11,579	304,592	46,789	6,500	53,461	17,677	-	433,395	-	873,993
Gifts	123	428	4	161	8	1	712	2,891	-	4,328
Grants given	1,662,894	-	110,854	354,333	15,000	-	-	-	-	2,143,081
In-kind benefits	734,702	272,859	6,602	31,148	900	3,153	2,542	1,660	-	1,053,566
Insurance	2,811	4,816	2,327	2,570	2,935	322	3,207	11,151	-	30,139
Internet	671	1,150	556	613	613	77	766	1,165	77	5,688
Legal services	5	9	393	252	5	1	9,414	10	-	10,089
Licenses and fees	265	519	218	1,132	240	30	710	1,723	-	4,837
Meetings	291	3,090	147	213	134	4	301	3,518	1,221	8,919
Occupancy	38,132	15,851	31,592	34,851	34,873	4,367	10,508	15,585	1,064	186,823
Office copy machine	497	852	412	454	455	57	651	895	-	4,273
Office costs	2,179	2,594	904	1,038	947	108	2,964	5,250	107	16,091
Outside services	-	622	-	-	-	-	-	59	-	681
Payroll services	740	1,270	614	677	677	85	846	1,248	85	6,242
Postage and shipping	1,033	4,609	1,310	2,595	2,021	309	1,416	9,707	-	23,000
Promotions	10,960	139,854	70,684	45,885	78,203	39,820	279	178,635	-	564,320
Rentals	2	1,253	2	2	2	-	152	4	-	1,417
Software	9,641	234	37	41	41	5	92	316	5	10,412
Spokesperson	-	740	94,724	100	800	-	-	-	-	96,364
Telephone equipment	1,625	2,881	1,346	1,485	1,564	186	2,500	3,045	186	14,818
Training courses	21	36	207	19	19	2	279	2,335	-	2,918
Utilities	2,232	3,827	1,850	2,041	2,041	255	2,551	3,875	-	18,672
<b>Total Expenses</b>	<b>\$ 2,611,791</b>	<b>\$ 981,824</b>	<b>\$ 499,140</b>	<b>\$ 611,666</b>	<b>\$ 309,627</b>	<b>\$ 133,048</b>	<b>\$ 200,215</b>	<b>\$ 923,621</b>	<b>\$ 390,770</b>	<b>\$ 6,661,702</b>

See accompanying notes to financial statements



**CHALLENGED ATHLETES, INC. D.B.A CHALLENGED ATHLETES FOUNDATION****Statements of Cash Flows**

Years Ended March 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (19,891)	\$ (1,070,981)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,905	20,213
In-kind donations of fixed assets	-	(31,014)
Changes in operating assets and liabilities:		
Accounts receivable	(425,409)	(17,934)
Prepaid expenses	11,116	110,351
Inventory	152,509	(135,488)
Accounts payable	242,516	39,359
Deferred revenue	(77,636)	(429,247)
Accrued expenses	87,716	33,428
Payable to endowment funds	2,700,000	-
Grants payable	191,721	254,959
	<u>2,877,547</u>	<u>(1,226,354)</u>
Net Cash Provided (Used) by Operating Activities		
	2,877,547	(1,226,354)
Cash Flows from Investing Activities:		
Proceeds from note receivable	300,000	350,000
Purchases of property and equipment	(98,762)	-
	<u>201,238</u>	<u>350,000</u>
Net Cash Provided by Investing Activities		
	201,238	350,000
Net Increase (Decrease) in Cash	3,078,785	(876,354)
Cash, beginning	<u>2,808,752</u>	<u>3,685,106</u>
Cash, ending	<u>\$ 5,887,537</u>	<u>\$ 2,808,752</u>

# CHALLENGED ATHLETES, INC. D.B.A CHALLENGED ATHLETES FOUNDATION

## Notes to Financial Statements

Years Ended March 31, 2015 and 2014

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### Note 1 – Organization and Summary of Significant Accounting Policies

#### Nature of Activities

Challenged Athletes, Inc. d.b.a. Challenged Athletes Foundation (Foundation) is a nonprofit organization incorporated on February 1, 1997 under the laws of the state of California. It is the mission of the Foundation to provide opportunities and support to people with physical disabilities so they can pursue active lifestyles through physical fitness and competitive athletics. It is the Foundation's belief that involvement in sports at any level will increase self-esteem, encourage independence and enhance quality of life. Funds for the Foundation's operations are raised primarily through contributions from private donors, sponsors and special events.

#### Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Foundation may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

#### 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.

#### Fair Value Measurements

The Foundation defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Foundation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The carrying value of cash, receivables, and payables approximates fair values as of March 31, 2015 and 2014, due to the relative short maturities of these instruments.

#### Accounts Receivable

Accounts receivable arise in the normal course of business. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. At March 31, 2015 and 2014, management had determined that accounts receivable were fully collectible; therefore no allowance for doubtful accounts was considered necessary.

#### Inventory

Inventory consists of merchandise promoting the Foundation. Inventory is valued at the lower of cost or market, using the first-in, first-out basis.

#### Property and Equipment

Acquisitions of property and equipment of \$2,000 or more are capitalized and recorded at cost. Donated property and equipment are recorded at fair value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from three to ten years.

## **CHALLENGED ATHLETES, INC. D.B.A CHALLENGED ATHLETES FOUNDATION**

### **Notes to Financial Statements**

Years Ended March 31, 2015 and 2014

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#### **Note 1 – Organization and Summary of Significant Accounting Policies, continued**

##### Deferred Revenue

Entry fees received in advance of related events are recorded as deferred revenue.

##### Grants Payable

Grants authorized by the Foundation's Board of Directors but not yet paid are reported as liabilities to be paid in future years.

##### Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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 released from restrictions.

##### Donated Materials

The Foundation receives donated materials from various individuals and organizations. In-kind contributions of these materials that do not meet the criteria for capitalization are recorded at estimated fair market value as support and expense in the period in which the materials are contributed.

Many individuals volunteer their time and perform a variety of tasks that assist the Foundation with various programs. The services do not meet the criteria for recognition as a contribution, and are not reflected in the financial statements. The fair market value of contributed professional services is reported as support and expense in the period in which the services are performed.

##### Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Foundation, however, may be subject to tax on income which is not related to its exempt purpose. For the years ended March 31, 2015 and 2014, no such unrelated business taxable income was reported and, therefore, no provision for income taxes has been made. The Foundation is not a private foundation.

##### Accounting for Uncertain Tax Positions

The Association follows the provisions of uncertain tax positions as addressed in Financial Accounting Standards Board (FASB) Accounting Standards Codification. The Association recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the years ended March 31, 2015 and 2014. The Foundation files informational and income tax returns in the United States and various state and local jurisdictions.

##### Subsequent Events

The Foundation has evaluated subsequent events through October 22, 2015, which is the date the financial statements were available to be issued.

#### **Note 2 – Concentration of Credit Risk**

The Foundation maintains its cash in bank deposit accounts that are either insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor or certain non-interest bearing accounts that are fully insured by the FDIC. At March 31, 2015, the Foundation's uninsured cash balance was \$6,479,314.

# CHALLENGED ATHLETES, INC. D.B.A CHALLENGED ATHLETES FOUNDATION

## Notes to Financial Statements

Years Ended March 31, 2015 and 2014

### Note 3 – Property and Equipment

Property and equipment consist of the following:

	2015		2014
Equipment and furniture	\$ 30,780	\$	26,837
Vehicles	31,014		31,014
Work in progress	94,819		-
	<u>156,613</u>		<u>57,851</u>
Less accumulated depreciation	(36,589)		(21,684)
	<u>\$ 120,024</u>	\$	<u>36,167</u>

### Note 4 – Note Receivable

The Foundation entered into a promissory note agreement with CAF Property, Inc. (Organization), a related party, on June 3, 2010 where the Organization can borrow a maximum amount of \$1,500,000. The note incurs interest at the rate of 4% annually with interest only payments due monthly with the entire unpaid balance and accrued interest due May 1, 2020.

### Note 5 – Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	2015		2014
Time Restrictions - Vehicles	\$ 12,923	\$	23,261
Purpose Restriction - Operation Rebound	205,672		-
Purpose Restriction - Rose Fund	54,766		-
Purpose Restriction - Catch A Rising Star - Boston Support	9,270		9,270
	<u>\$ 282,631</u>	\$	<u>32,531</u>

During the years ended March 31, 2015 and 2014, net assets were released from donor restrictions by incurring expenditures satisfying the restrictions as follows:

Releases:	2015		2014
Purpose Restrictions:			
Access for Athletes	\$ 1,124,455	\$	844,057
Catch a Rising Star	17,110		17,300
Catch a Rising Star Boston	858		45,698
Community Outreach	2,672		3,053
Operation Rebound	411,866		430,953
San Diego Mentorship Program	27,000		156,422
Paratriathlete Training	30,000		63,153
Time Restrictions:			
Vehicles	10,338		15,507
	<u>\$ 1,624,299</u>	\$	<u>1,576,143</u>

## CHALLENGED ATHLETES, INC. D.B.A CHALLENGED ATHLETES FOUNDATION

### Notes to Financial Statements

Years Ended March 31, 2015 and 2014

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#### Note 6 – Operating Leases

The Foundation leases office space and equipment under operating lease agreements. The leases expire at various dates through October 31, 2020. Rent expense associated with these leases was \$228,198 and \$233,867 for the years ended March 31, 2015 and 2014, respectively. The Foundation entered into an office space lease in November 2010 with CAF Property, Inc., a related party. Monthly payments of \$18,475 are due each month until November 2015; at that time the monthly payments increase to \$20,692 until the lease expiration of October 31, 2020.

Future minimum lease payments under operating leases at March 31, 2015 are as follows:

Year Ending March 31,		
2016	\$	251,918
2017		248,301
2018		248,301
2019		248,301
2020		206,917
Thereafter		-
	\$	<u>1,203,738</u>

#### Note 7 – Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time and usage.

#### Note 8 – Funds Held at San Diego Foundation and Jewish Community Foundation

The Foundation has established an endowment account with San Diego Foundation. The Foundation has discretion over the funds although San Diego Foundation has final authority over distributions. For the years ended March 31, 2015 and 2014, these funds had a fair market value of approximately \$2,361,579 and \$2,300,000, respectively. No distributions were received for the years ended March 31, 2015 and 2014.

The Foundation has established an endowment account with Jewish Community Foundation. The Foundation has discretion over the funds although Jewish Community Foundation has final authority over distributions. For the years ended March 31, 2015 and 2014, these funds had a fair market value of approximately \$2,430,459 and \$1,952,705, respectively. During the year ended March 31, 2015, the Foundation transferred \$400,000 to the investment fund at Jewish Community Foundation. No distributions were received for the years ended March 31, 2015 and 2014.

#### Note 9 – Subsequent Events – Transfers to Endowment Funds

In March 2015, the Board of Directors approved the establishment of a \$2,000,000 endowment fund at Jewish Community Foundation in memory of Robin Williams and approved a transfer of \$700,000 to the existing endowment fund to the San Diego Foundation. The total of \$2,700,000 has been accrued as payable to endowment funds as of March 31, 2015. In June 2015, the Foundation transferred \$2,000,000 to the CAF Endowment fund in memory of Robin Williams at Jewish Community Foundation and \$700,000 to the CAF Endowment fund at San Diego Foundation. The purpose of the funds generated by the endowments is to support Foundation operations.