

Challenged Athletes, Inc. d.b.a. Challenged Athletes Foundation

Financial Statements

Years Ended March 31, 2017 and 2016



CHALLENGED ATHLETES, INC. D.B.A. CHALLENGED ATHLETES FOUNDATION
Financial Statements
Years Ended March 31, 2017 and 2016

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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, 2017 and 2016, 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 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 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, 2017 and 2016, 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.

Aldrich CPAs + Advisors LLP

San Diego, CA
July 10, 2017

CHALLENGED ATHLETES, INC. D.B.A CHALLENGED ATHLETES FOUNDATION
Statements of Financial Position
March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Cash	\$ 4,294,361	\$ 3,020,416
Accounts receivable, net	130,150	474,889
Prepaid expenses	229,054	364,486
Inventory	-	106,334
Other assets	-	5,000
	<u>4,653,565</u>	<u>3,971,125</u>
Non-Current Assets:		
Property and equipment, net of accumulated depreciation	289,189	333,186
Note receivable - related party	-	200,000
Beneficial interest in assets, Jewish Community Foundation	2,652,542	1,915,921
	<u>2,652,542</u>	<u>1,915,921</u>
Total Assets	<u>\$ 7,595,296</u>	<u>\$ 6,420,232</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 158,952	\$ 100,020
Deferred revenue	718,080	681,502
Accrued expenses	104,611	78,845
Grants payable	2,302,418	1,046,838
	<u>2,302,418</u>	<u>1,046,838</u>
Total Current Liabilities	3,284,061	1,907,205
Net Assets:		
Unrestricted	3,475,166	3,427,347
Temporarily restricted	834,069	1,083,680
Permanently restricted	2,000	2,000
	<u>2,000</u>	<u>2,000</u>
Total Net Assets	<u>4,311,235</u>	<u>4,513,027</u>
Total Liabilities and Net Assets	<u>\$ 7,595,296</u>	<u>\$ 6,420,232</u>

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

Year Ended March 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating Revenue and Support:				
Special events	\$ 4,875,432	\$ -	\$ -	\$ 4,875,432
Less direct expenses	(2,619,263)	-	-	(2,619,263)
Contributions and other income	2,167,585	2,262,711	-	4,430,296
In-kind contributions	142,970	1,296,485	-	1,439,455
Grants	432,607	63,100	-	495,707
Net assets released from restrictions, satisfaction of program and time restrictions	<u>3,871,907</u>	<u>(3,871,907)</u>	<u>-</u>	<u>-</u>
Total Operating Revenue and Support	8,871,238	(249,611)	-	8,621,627
Operating Expenses:				
Program services:				
Access for Athletes	3,575,239	-	-	3,575,239
San Diego Triathlon Challenge	1,315,116	-	-	1,315,116
Operation Rebound	747,968	-	-	747,968
Catch a Rising Star	474,417	-	-	474,417
Community Outreach	379,696	-	-	379,696
Paratriathlete Training	97,516	-	-	97,516
Supporting services:				
Management and general	279,471	-	-	279,471
Fundraising:				
General	1,026,576	-	-	1,026,576
Special events	<u>853,799</u>	<u>-</u>	<u>-</u>	<u>853,799</u>
Total Operating Expenses	<u>8,749,798</u>	<u>-</u>	<u>-</u>	<u>8,749,798</u>
Change in Operations	121,440	(249,611)	-	(128,171)
Non-Operating Revenues (Expenses):				
Change in value of beneficial interest in assets, Jewish Community Foundation	221,595	-	-	221,595
Interest income	17,954	-	-	17,954
Transfer to San Diego Foundation	<u>(313,170)</u>	<u>-</u>	<u>-</u>	<u>(313,170)</u>
Change in Net Assets	47,819	(249,611)	-	(201,792)
Net Assets, beginning	<u>3,427,347</u>	<u>1,083,680</u>	<u>2,000</u>	<u>4,513,027</u>
Net Assets, ending	<u>\$ 3,475,166</u>	<u>\$ 834,069</u>	<u>\$ 2,000</u>	<u>\$ 4,311,235</u>

See accompanying notes to financial statements

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

Year Ended March 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Operating Revenue and Support:				
Special events	\$ 4,490,688	\$ -	\$ -	\$ 4,490,688
Less direct expenses	(2,283,707)	-	-	(2,283,707)
Contributions and other income	2,471,564	2,390,498	-	4,862,062
In-kind contributions	100,450	1,312,046	-	1,412,496
Grants	422,162	-	-	422,162
Net assets released from restrictions, satisfaction of program and time restrictions	2,901,495	(2,901,495)	-	-
Total Operating Revenue and Support	8,102,652	801,049	-	8,903,701
Operating Expenses:				
Program services:				
Access for Athletes	3,482,123	-	-	3,482,123
San Diego Triathlon Challenge	1,370,520	-	-	1,370,520
Operation Rebound	666,793	-	-	666,793
Catch a Rising Star	427,542	-	-	427,542
Community Outreach	406,006	-	-	406,006
Paratriathlete Training	218,526	-	-	218,526
Supporting services:				
Management and general	146,180	-	-	146,180
Fundraising:				
General	968,835	-	-	968,835
Special events	602,878	-	-	602,878
Total Operating Expenses	8,289,403	-	-	8,289,403
Change in Operations	(186,751)	801,049	-	614,298
Non-Operating Revenues (Expenses):				
Change in value of beneficial interest in assets, Jewish Community Foundation	(84,079)	-	-	(84,079)
Interest income	28,236	-	-	28,236
Other expense	(57,786)	-	-	(57,786)
Transfer to San Diego Foundation	(75,248)	-	-	(75,248)
Change in Net Assets	(375,628)	801,049	-	425,421
Net Assets, beginning	3,802,975	282,631	2,000	4,087,606
Net Assets, ending	\$ 3,427,347	\$ 1,083,680	\$ 2,000	\$ 4,513,027

See accompanying notes to financial statements

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

Statement of Functional Expenses

Year Ended March 31, 2017

	Program Services										Supporting Services			Total
	Access for Athletes	San Diego Triathlon Challenge	Operation Rebound	Catch A Rising Star	Community Outreach	Paratriathlete Training	Management and General	Fundraising			Special Events			
								General	General	General				
Salaries	\$ 203,626	\$ 159,557	\$ 121,758	\$ 107,823	\$ 121,932	\$ -	\$ 152,067	\$ 466,825	\$ 408,298	\$ 1,741,886				
Employee benefits	18,463	14,467	11,040	9,776	11,056	-	13,788	42,327	37,020	157,937				
Payroll taxes	16,597	13,005	9,924	8,788	9,938	-	12,394	38,049	33,278	141,973				
Total Salaries and Related Expenses	238,686	187,029	142,722	126,387	142,926	-	178,249	547,201	478,596	2,041,796				
Grants	2,275,470	4,436	481,618	25,000	15,000	-	-	-	-	2,801,524				
In-kind benefits	812,436	463,395	20,654	-	-	-	2,763	-	-	1,299,248				
Other administration	156,547	128,511	52,573	76,467	54,625	649	44,456	196,742	284,933	995,503				
Direct event	-	400,902	-	-	189	-	-	-	-	401,091				
Travel	6,032	39,946	15,945	73,998	25,901	46,106	51,629	104,689	9,998	374,244				
Program	31,951	-	14,293	140,358	124,364	48,684	-	695	-	360,345				
Marketing and promotion	42,216	61,165	13,905	25,859	12,641	-	-	61,783	80,272	297,841				
Business and donor development	-	-	389	-	94	-	-	72,498	-	72,981				
Merchant service fees	11,901	29,732	5,869	6,348	3,956	2,077	2,374	42,968	-	105,225				
Total Expenses	\$ 3,575,239	\$ 1,315,116	\$ 747,968	\$ 474,417	\$ 379,696	\$ 97,516	\$ 279,471	\$ 1,026,576	\$ 853,799	\$ 8,749,798				

See accompanying notes to financial statements

CHALLENGED ATHLETES, INC. D.B.A CHALLENGED ATHLETES FOUNDATION
Statement of Functional Expenses
Year Ended March 31, 2016

	Program Services										Supporting Services			Total
	Access for Athletes	San Diego Triathlon Challenge	Operation Rebound	Catch A Rising Star	Community Outreach	Paratriathlete Training	Management and General	Fundraising			Special Events			
								General	General	Events				
Salaries	\$ 73,691	\$ 246,375	\$ 98,254	\$ 122,818	\$ 122,818	\$ 73,691	\$ 66,588	\$ 374,372	\$ 301,125	\$ 1,479,732	\$ -	\$ -	\$ 1,479,732	
Employee benefits	7,999	26,744	10,666	13,332	13,332	7,999	7,228	40,638	32,687	160,625	-	-	160,625	
Payroll taxes	6,085	20,344	8,113	10,141	10,141	6,084	5,498	30,913	24,865	122,184	-	-	122,184	
Total Salaries and Related Expenses	87,775	293,463	117,033	146,291	146,291	87,774	79,314	445,923	358,677	1,762,541	-	-	1,762,541	
Grants	2,419,472	14,831	445,204	10,000	7,450	-	-	-	-	2,896,957	-	-	2,896,957	
In-kind benefits	915,362	396,504	-	180	-	-	7,100	-	-	1,319,146	-	-	1,319,146	
Other administration	35,532	116,447	47,344	57,863	57,621	34,568	48,674	182,052	148,008	728,109	-	-	728,109	
Direct event	-	344,187	-	-	-	-	-	94,151	-	438,338	-	-	438,338	
Travel	2,633	77,695	35,212	97,413	27,463	39,187	11,092	72,441	8,003	371,139	-	-	371,139	
Program	4,332	2,000	3,925	78,695	145,365	43,182	-	406	300	278,205	-	-	278,205	
Marketing and promotion	13,945	90,493	13,818	32,041	16,793	10,142	-	37,333	18,366	232,931	-	-	232,931	
Merchant service fees	3,072	34,900	4,257	5,059	4,999	3,673	-	42,955	69,524	168,439	-	-	168,439	
Business and donor development	-	-	-	-	24	-	-	93,574	-	93,598	-	-	93,598	
Total Expenses	\$ 3,482,123	\$ 1,370,520	\$ 666,793	\$ 427,542	\$ 406,006	\$ 218,526	\$ 146,180	\$ 968,835	\$ 602,878	\$ 8,289,403	\$ -	\$ -	\$ 8,289,403	

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

Years Ended March 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (201,792)	\$ 425,421
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	104,879	17,539
Distributions included in accounts receivable	99,496	-
Change in value of beneficial interest in assets, Jewish Community Foundation	(221,595)	84,079
Changes in operating assets and liabilities:		
Accounts receivable	344,739	232,395
Prepaid expenses	135,432	(239,799)
Inventory	106,334	20,953
Other assets	5,000	(5,000)
Accounts payable	58,932	(250,921)
Deferred revenue	36,578	(247,087)
Accrued expenses	25,766	(111,739)
Payable to endowment funds	-	(700,000)
Grants payable	1,255,580	(112,261)
	<u>1,749,349</u>	<u>(886,420)</u>
Net Cash Provided (Used) by Operating Activities	1,749,349	(886,420)
Cash Flows from Investing Activities:		
Proceeds from note receivable	200,000	250,000
Purchases of property and equipment	(60,882)	(230,701)
Purchase of beneficial interest in assets, Jewish Community Foundation	(614,522)	(2,000,000)
	<u>(475,404)</u>	<u>(1,980,701)</u>
Net Cash Used by Investing Activities	(475,404)	(1,980,701)
Net Increase (Decrease) in Cash	1,273,945	(2,867,121)
Cash, beginning	<u>3,020,416</u>	<u>5,887,537</u>
Cash, ending	<u>\$ 4,294,361</u>	<u>\$ 3,020,416</u>

See accompanying notes to the financial statements

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

Notes to Financial Statements

Years Ended March 31, 2017 and 2016

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

Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying value of cash, receivables, and payables approximates fair values as of March 31, 2017 and 2016, due to the relative short maturities of these instruments.

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

Notes to Financial Statements

Years Ended March 31, 2017 and 2016

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

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, 2017, the allowance for doubtful accounts was \$4,500. At March 31, 2016, 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.

Beneficial Interest in Assets of Jewish Community Foundation

The Foundation has transferred assets to the Jewish Community Foundation of San Diego (JCF) which is holding them as endowed agency funds (Funds) for the benefit of the Foundation as a named beneficiary. The Foundation has granted JCF variance power which gives JCF's Board of Directors the power to use the Funds for other purposes in certain circumstances. The Foundation reports the fair value of the beneficial interest in assets held at JCF in the statement of financial position and reports distributions received as investment income. Changes in the value of the Funds are reported as gains or losses in the statement of activities.

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.

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

Notes to Financial Statements

Years Ended March 31, 2017 and 2016

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

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, 2017 and 2016, 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 Foundation follows the provisions of uncertain tax positions as addressed in Financial Accounting Standards Board Accounting Standards Codification. The Foundation 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, 2017 and 2016. 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 July 10, 2017, 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, 2017, the Foundation's uninsured cash balance was \$3,790,816.

Note 3 – Property and Equipment

Property and equipment consist of the following:

	2017	2016
Equipment and furniture	\$ 362,124	\$ 260,042
Vehicles	31,014	31,014
Work in progress	-	41,200
Leasehold improvements	41,387	41,387
	<u>434,525</u>	<u>373,643</u>
Less accumulated depreciation	(145,336)	(40,457)
	<u>\$ 289,189</u>	<u>\$ 333,186</u>

Note 4 – Note Receivable - Related Party

The Foundation entered into a promissory note agreement with CAF Property, Inc. (Organization), a related party, on June 3, 2010 where the Organization could borrow a maximum amount of \$1,500,000. The note incurred 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. The outstanding balance was paid in full during the year ended March 31, 2017.

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

Notes to Financial Statements

Years Ended March 31, 2017 and 2016

Note 5 – Beneficial Interest in Assets, Jewish Community Foundation

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2017.

Beneficial interest in assets – The interest in assets held by JCF has been valued, as a practical expedient, at the fair value of the Foundation's share of JCF's investment pool as of the measurement date. JCF values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of JCF, which includes private placements and other securities for which prices are not readily available, are determined by the management of JCF and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized.

The following is a summary of changes in the fair value of the level 3 beneficial interest in assets:

	2017	2016
Fair value, beginning	\$ 1,915,921	\$ -
Contributions	614,522	2,000,000
Investment income	39,491	42,644
Net realized and unrealized gains (losses)	190,260	(121,937)
Investment expenses	(8,156)	(4,786)
Distributions	(99,496)	-
	<u>\$ 2,652,542</u>	<u>\$ 1,915,921</u>

The distribution from JCF was not received as of March 31, 2017 and is included in accounts receivable on the statement of financial position.

Note 6 – Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	2017	2016
Operation Rebound	\$ 715,503	\$ 759,817
Access of Athletes	60,000	12,481
Rose Fund	58,566	54,766
San Diego Triathlon Challenge	-	244,761
Catch A Rising Star Boston	-	9,270
Vehicles	-	2,585
	<u>\$ 834,069</u>	<u>\$ 1,083,680</u>

Note 7 – Operating Leases

The Foundation leases office space and equipment under operating lease agreements. The leases expire at various dates through April 2021. Rent expense associated with these leases was \$265,097 and \$245,893 for the years ended March 31, 2017 and 2016, respectively. The Foundation entered into an office space lease in November 2010 with CAF Property, Inc., a related party. Monthly payments of \$20,692 are due each month through October 31, 2020.

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

Notes to Financial Statements

Years Ended March 31, 2017 and 2016

Note 7 – Operating Leases, continued

Future minimum lease payments under operating leases at March 31, 2017 are as follows:

Year Ending March 31,		
2018	\$	255,051
2019		254,103
2020		254,103
2021		150,644
2022		484
Thereafter		-
	\$	<u>914,385</u>

Note 8 – 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 9 – Employee Retirement Plan

The Foundation has a 401(k) retirement plan covering all eligible employees after completing one year of service. The plan provides for employer contributions of 3% of employee eligible wages. Retirement plan expense for the years ended March 31, 2017 and 2016 was \$29,458 and \$24,395, respectively.

Note 10 – Funds Held at San Diego Foundation and Jewish Community Foundation

The Foundation has established endowment accounts with San Diego Foundation. The Foundation can make recommendations as to the use of funds although San Diego Foundation has final authority over distributions. For the years ended March 31, 2017 and 2016, these funds had a fair market value of approximately \$3,449,107 and \$2,952,674, respectively. No distributions were received for the years ended March 31, 2017 and 2016.

The Foundation has established an endowment account with Jewish Community Foundation. The Foundation can make recommendations as to the use of funds although Jewish Community Foundation has final authority over distributions. For the years ended March 31, 2017 and 2016, these funds had a fair market value of approximately \$2,755,699 and \$2,348,657, respectively. No distributions were received for the years ended March 31, 2017 and 2016.

Note 11 – Reclassifications

Certain items in the 2016 financial statements have been reclassified to conform to current year classifications. Net reclassifications had no effect on previously reported amounts in net assets.