

Connected Warriors, Inc.

Financial Statements

December 31, 2015

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Independent Auditors' Report

To the Board of Directors
Connected Warriors, Inc.
Boca Raton, Florida

We have audited the accompanying financial statements of Connected Warriors, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connected Warriors, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Angela Calton LLP

Boca Raton, Florida
July 26, 2016

Connected Warriors, Inc.
Statement of Financial Position
December 31, 2015

ASSETS

Assets:		
Cash		\$ 120,738
Total assets		<u>\$ 120,738</u>

NET ASSETS

Commitments and contingencies

Net assets:		
Unrestricted		\$ 120,738
Total net assets		<u>\$ 120,738</u>

See accompanying notes to financial statements.

Connected Warriors, Inc.
Statement of Activities
For the Year Ended December 31, 2015

	<u>Unrestricted</u>
Revenues:	
Event revenues	\$ 200,038
In-kind donations	12,000
Contributions	9,201
Foundations and grants	8,500
Other income	8,146
Total revenues	<u>237,885</u>
Expenses:	
Program services	127,239
Supporting services:	
Fundraising and marketing	53,533
Management and general	11,844
Total expenses	<u>192,616</u>
Change in net assets	45,269
Net assets, beginning of year	<u>75,469</u>
Net assets, end of year	<u>\$ 120,738</u>

See accompanying notes to financial statements.

Connected Warriors, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	Program Services	Fundraising & Marketing	General & Administrative	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Consulting and contracted services	\$ 58,161	\$ 1,000	\$ 60	\$ 59,221
Special events	-	33,764	-	33,764
Supplies and equipment	22,640	-	-	22,640
Salaries and benefits	11,294	5,647	5,647	22,588
Occupancy	6,000	3,000	3,000	12,000
Travel	11,435	-	263	11,698
Classes and training	7,978	-	-	7,978
Credit card processing fees	-	7,952	-	7,952
Marketing and promotion	3,735	1,236	-	4,971
Postage	4,713	-	214	4,927
Insurance	983	-	1,319	2,302
Other costs	300	934	560	1,794
Office expenses	-	-	596	596
Utilities	-	-	185	185
	<u>\$ 127,239</u>	<u>\$ 53,533</u>	<u>\$ 11,844</u>	<u>\$ 192,616</u>

See accompanying notes to financial statements.

Connected Warriors, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2015

Cash flows from operating activities:	
Changes in net assets	\$ 45,269
Adjustments to reconcile change in net assets to net cash used in operating activities:	
(Decrease) in accrued expenses	(2,533)
Net cash provided by operating activities	<u>42,736</u>
Cash flows from investing activities	<u>-</u>
Cash flows from financing activities	<u>-</u>
Net increase in cash	42,736
Cash, beginning of year	<u>78,002</u>
Cash, end of year	<u>\$ 120,738</u>
<u>Supplemental cash flow information</u>	
Donated facility	<u>\$ 12,000</u>

See accompanying notes to financial statements.

Note 1 – Organization and Description of Business

Connected Warriors, Inc. (the "Organization") was founded on August 30, 2011 as a not-for-profit corporation under the laws of the State of Florida. The Organization's purpose is to provide free evidence based trauma-conscious yoga therapy to service members, veterans and their families in the United States and abroad through a national network of yoga teachers. The Organization's support comes primarily from contributions from individual donors and revenues from annual events.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Organization's financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Financial Statement Presentation

The Organization 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 – not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by the actions of the Board of Directors.

Temporarily Restricted Net Assets – subject to donor-imposed stipulations that may be fulfilled by the actions of the Board of Directors or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – subject to donor-imposed stipulations that are to be maintained permanently.

As of December 31, 2015, the Organization has no temporarily or permanently restricted net assets.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three (3) months or less to be cash equivalents. There were no cash equivalents at December 31, 2015.

Functional Allocation of Expenses

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

Note 2 – Summary of Significant Accounting Policies, continued

Contributions

Contributions received are recorded as unrestricted, temporarily unrestricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization has no temporarily or permanently restricted net assets.

Contributed Services and In-Kind Contributions

Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During 2015, a number of volunteers donated substantial hours and space to the Organization's programs and events. However, these donated services are not reflected in the accompanying financial statements as the services.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2015 was \$2,500, which was charged to "special events" in the statement of functional expenses.

Income Taxes

The Organization has been recognized by the Internal Revenue Services ("IRS") as an organization that is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Furthermore, it has been determined that the Organization is not a private foundation.

No provision has been made for income taxes in the financial statements. Furthermore, the Organization believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions. The IRS Form 990 and other tax returns subsequent to 2012 remain subject to examination by the taxing authorities.

Date of Management's Review

Management has evaluated subsequent events through July 26, 2016, the date on which the financial statements were available to be issued.

Note 3 – Leases

The Organization's office location is donated by a third party at \$1,000 per month. Accordingly, the costs of this space are recorded as in-kind rent contribution in the accompanying statement of activities. Total in-kind rent contribution for the year ended December 31, 2015 was \$12,000.