

Veterans' Rowing & Kayaking, Inc.

Financial Statements

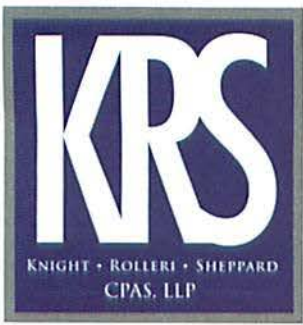
December 31, 2015



Veterans' Rowing & Kayaking, Inc.

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Knight • Rolleri • Sheppard, CPAS, LLP
Michael J. Knight, CPA, CVA, CFE, ABV
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REPORT OF INDEPENDENT AUDITOR

To the Board of Directors of
Veterans' Rowing & Kayaking, Inc.

We have audited the accompanying statement of financial position of Veterans' Rowing & Kayaking, Inc. (a nonprofit organization) as of December 31, 2015 and were engaged to audit the related statements of activities, cash flows and functional expenses 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion or the consistency of application of accounting principles with the preceding year.

We conducted our audit of the statement of financial position 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 statement of financial position is 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 on the statement of financial position.

Basis for Disclaimer of Opinion on the Statement of Activity, Cash Flows, and Consistency

Because we were not engaged as auditors until after December 31, 2014, we have not obtained sufficient appropriate evidence by other auditing procedures for the statement of financial position. The amount of the balances in the statement of financial position at December 31, 2014 materially affects the determination of the statement of activities and cash flows for the year ended December 31, 2015, and the consistency of application of accounting principles for 2015 and 2014.

Disclaimer of Opinion on the Statement of Activity, Cash Flows, and Consistency

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of activities and cash flows for the year ended December 31, 2015, or on the consistency of application of accounting principles with the preceding year. Accordingly, we do not express an opinion on the results of activities and cash flows for the year ended December 31, 2015, or on the consistency of application of accounting principles with the preceding year.

Opinion on the Statement of Financial Position

In our opinion, the statement of financial position referred to in the first paragraph presents fairly, in all material respects, the financial position of Veterans' Rowing & Kayaking, Inc. as of December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

Knight Rolleri Sheppard CPAS, LLP

Knight Rolleri Sheppard CPAS, LLP
Fairfield, Connecticut
July 15, 2016

Veterans' Rowing & Kayaking, Inc.
Statement of Financial Position
December 31, 2015

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current assets			
Cash and cash equivalents	\$ 2,575	\$ -	\$ 2,575
Prepaid assets	711	-	711
Total current assets	<u>3,286</u>	<u>-</u>	<u>3,286</u>
Property and equipment, net	62,867	-	62,867
Other assets			
Promises to give	-	15,000	15,000
Total assets	<u>\$ 66,153</u>	<u>\$ 15,000</u>	<u>\$ 81,153</u>

LIABILITIES AND NET ASSETS

Current liabilities			
Accounts payable	\$ 650	\$ -	\$ 650
Accrued expenses	1,500	-	1,500
Interfund payable (receivable)	11,500	(11,500)	-
Total current liabilities	<u>13,650</u>	<u>(11,500)</u>	<u>2,150</u>
Net assets			
Unrestricted			
For mission activities of the organization (deficit)	(10,364)	-	(10,364)
Property and equipment	62,867	-	62,867
Total unrestricted net assets	<u>52,503</u>	<u>-</u>	<u>52,503</u>
Temporarily restricted			
For blind veterans	-	26,500	26,500
Total temporarily restricted net assets	<u>-</u>	<u>26,500</u>	<u>26,500</u>
Total net assets	<u>52,503</u>	<u>26,500</u>	<u>79,003</u>
Total liabilities and net assets	<u>\$ 66,153</u>	<u>\$ 15,000</u>	<u>\$ 81,153</u>

See report of independent auditor and notes to financial statements.

Veterans' Rowing & Kayaking, Inc.
Statement of Activities
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenues			
Contributions:			
Corporate	\$ 14,772	\$ -	\$ 14,772
Grants	7,069	26,500	33,569
In-kind contributions	8,345	-	8,345
Donated assets	57,896	-	57,896
Total public support and revenue	<u>88,082</u>	<u>26,500</u>	<u>114,582</u>
 Expenses			
Program services	34,783	-	34,783
Supporting services:			
Management and general	2,157	-	2,157
Fundraising	8,973	-	8,973
Total expenses	<u>45,913</u>	<u>-</u>	<u>45,913</u>
 Increase in net assets from operations	42,169	26,500	68,669
 Net assets - beginning of year	<u>10,334</u>	<u>-</u>	<u>10,334</u>
Net assets - end of year	<u><u>\$ 52,503</u></u>	<u><u>\$ 26,500</u></u>	<u><u>\$ 79,003</u></u>

See report of independent auditor and notes to financial statements.

Veterans' Rowing & Kayaking, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2015

Cash flows from (used in) operating activities	
Increase in net assets	\$ 68,669
Adjustments to reconcile increase in net assets to cash from (used in) operating activities	
Depreciation	8,144
Increase in promises to give	(15,000)
Increase in prepaid assets	(711)
Increase in accounts payable	650
Increase in accrued expenses	500
Increase in donated assets	<u>(62,480)</u>
Net cash provided from operating activities	(228)
Decrease in cash	<u>(228)</u>
Cash and cash equivalents - beginning of year	<u>2,803</u>
Cash and cash equivalents - end of year	<u><u>\$ 2,575</u></u>

Supplementary Information:

The organization received donated property and equipment that will be use for its programs	<u><u>\$ 62,480</u></u>
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See report of independent auditor and notes to financial statements.

Veterans' Rowing & Kayaking, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	<u>Program</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Advertising	\$ 930	\$ 58	\$ 240	\$ 1,228
Depreciation	8,144	-	-	8,144
Donations	455	28	117	600
Dues and subscriptions	832	52	215	1,098
Insurance	564	35	145	744
Miscellaneous	2,336	145	603	3,083
Outside services	2,994	-	-	2,994
Postage	-	-	149	149
Professional fees	7,587	470	1,957	10,015
Repairs and maintenance	635	-	-	635
Supplies	5,863	364	1,512	7,739
Telephone	-	730	-	730
Travel and entertainment	4,444	276	1,146	5,866
Website	-	-	2,888	2,888
	<u>\$ 34,783</u>	<u>\$ 2,157</u>	<u>\$ 8,973</u>	<u>\$ 45,913</u>

See report of independent auditor and notes to financial statements.

Veterans' Rowing & Kayaking, Inc.
Notes to Financial Statements
December 31, 2015
(See Report of Independent Auditor)

NOTE 1 - ORGANIZATION

Veterans' Rowing & Kayaking, Inc., (the Organization) is a not-for-profit organization formed under Internal Revenue Code 501(c)(3). It was established in 2013 with the purpose to provide armed forces veterans the training and venues to row competitively or for leisure. In addition, their program provides therapeutic activity for veterans of varying physical and psychological disability.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization prepares its financial statements using guidelines established under Statement on FASB Accounting Standard Codification 958. This Standard requires that a not-for-profit organization provide information regarding the net assets of the organization based on the existence or absences of donor-imposed restrictions. The types of restrictions are described as follows:

Permanently restricted net assets – The part of the net assets of a not-for-profit organization resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

Temporarily restricted net assets – The part of net assets of a not-for-profit organization resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to these stipulations.

Unrestricted net assets – The part of net assets of a not-for-profit organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

The Organization does not currently maintain any permanently restricted funds as of December 31, 2015.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor 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 statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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

Veterans' Rowing & Kayaking, Inc.
Notes to Financial Statements
December 31, 2015
(See Report of Independent Auditor)

revenues and expenses during the reporting period. Estimates include, but are not limited to, depreciable asset lives, allocation of functional expenses, etc. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. Accounts are guaranteed by the FDIC up to \$250,000 per financial institution. As of December 31, 2015 the Organization has no bank balances in excess of the FDIC limit.

Property and Equipment

Property and equipment are stated at cost and include expenditures which materially increase values or extend useful lives. Upon disposition or retirement of property and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in the statement of activities.

Depreciation is computed on the straight-line basis over the estimated lives of the assets, which range from 3 to 5 years.

Donated Materials

Donated materials or equipment, when received, are reflected as contributions in the accompanying statements at their estimated fair market value at date of receipt.

NOTE 3 – INCOME TAXES

The Organization is a not-for-profit corporation and has been recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and accordingly does not record a provision for income taxes on its related earnings.

The Organization regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income, and related matters. It believes that in the event of an examination by taxing authorities, its positions would prevail based upon the technical merits of such positions. Therefore, the Organization has concluded that no tax benefits or liabilities are required to be recognized.

Veterans' Rowing & Kayaking, Inc.
Notes to Financial Statements
December 31, 2015
(See Report of Independent Auditor)

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2015:

Equipment	\$	71,959
Less: accumulated depreciation		<u>(9,092)</u>
		<u>\$ 62,867</u>

Depreciation expense was \$8,144 for December 31, 2015.

NOTE 5 - FUNCTIONAL EXPENSES

The Organization allocates its expenses on a functional basis among its program and supporting services. Expenses that can be specifically identified with a program or supporting service are allocated directly according to their natural classifications. Other expenses that are common to several functions are allocated based upon estimates made by management.

NOTE 6 - DONATED SERVICES

There is a significant amount of donated services from unpaid volunteers who support the Organization's programs and supporting services. No amounts have been recognized in the statement of activities because the criteria for recognition under Financial Accounting Standard Board Codification 958 have not been satisfied. Were the Organization to hire an Executive Director, an estimate of \$65,000 for that function would be considered appropriate.

NOTE 7 - CONCENTRATION OF RISK

The Organization receives the entirety of its public support in the form of grants and contributions, and no support from public fundraising events. Although the Organization does have many different public supporters, there is some risk should a major contributor obtain from donating to the Organization.

NOTE 8 – SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the Organization has evaluated subsequent events to the Statement of Financial Position date of December 31, 2015 through July 15, 2016, which is the date the financial statements were available to be issued. Management does not believe there are any required disclosures.