Audited Financial Statements

December 31, 2017

Quigley & Miron

Merging Vets and Players
Audited Financial Statements
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Quigley & Miron

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Independent Auditor's Report

Board of Directors
Merging Vets and Players
Los Angeles, California

We have audited the accompanying financial statements of Merging Vets and Players (MVP), a nonprofit organization, which comprise the statement of financial position as of December 31, 2017 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.

Auditor's 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 of 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 Merging Vets and Players as of December 31, 2017, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Quigley & Miron

Los Angeles, California
December 31, 2018

Merging Vets and Players
Statement of Financial Position
December 31, 2017

Assets		
Cash	$	288,588
Other assets		5,051
Furniture and equipment, net of accumulated depreciation of $76		3,091
Total Assets	**$**	**296,730**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$	3,250
Total Liabilities		**3,250**
Net Assets		
Unrestricted	$	293,480
Total Net Assets		**293,480**
Total Liabilities and Net Assets	**$**	**296,730**

See notes to financial statements.

Merging Vets and Players
Statement of Activities
Year Ended December 31, 2017

Unrestricted Net Assets	
Support and Revenue	
Contributions and grant income	$ 396,553
In-kind contributions	127,682
Net assets released from restrictions	25,000
Total Support and Revenue	**549,235**
Expenses	
Program expenses	252,924
Management and general	14,928
Fundraising and development	4,286
Total Expenses	**272,138**
Change in Unrestricted Net Assets	**277,097**
Temporarily Restricted Net Assets	
Net assets released from restrictions	(25,000)
Change in Temporarily Restricted Net Assets	**(25,000)**
Change in Net Assets	**252,097**
Net Assets at Beginning of Year	**41,383**
Net Assets at End of Year	**$ 293,480**

See notes to financial statements.

Merging Vets and Players
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services	Management and General	Fundraising and Development	Total
Expenses				
Salaries	$ 44,308	$ 8,308	$ 2,769	$ 55,385
Payroll taxes	3,457	648	216	4,321
Other employee benefits	1,351	253	84	1,688
Total Personnel Expenses	**49,116**	**9,209**	**3,069**	**61,394**
Program facility rent	103,000			103,000
Contracted services	63,696	3,143	1,048	67,887
Recruitment and outreach	23,508			23,508
Travel, meetings, and memberships	10,432			10,432
Supplies, materials, and equipment	2,237	419	140	2,796
Other expenses		1,995		1,995
Telephone	457	86	29	572
Food expenses	478			478
Depreciation		76		76
Total Expenses	**$ 252,924**	**$ 14,928**	**$ 4,286**	**$ 272,138**

See notes to financial statements.

Merging Vets and Players
Statement of Cash Flows
Year Ended December 31, 2017

Cash Flows from Operating Activities		
Change in net assets	$	252,097
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		76
Changes in operating assets and liabilities:		
Pledges receivable		25,000
Other assets		(5,051)
Accounts payable and accrued expenses		3,250
Net Cash Provided by Operating Activities		**275,372**
Cash Flows from Investing Activities		
Purchases of furniture and equipment		(3,167)
Net Cash Used in Investing Activities		**(3,167)**
Net Increase in in Cash and Cash Equivalents		**272,205**
Cash at Beginning of Year		**16,383**
Cash at End of Year	**$**	**288,588**

Supplementary Disclosures

Income taxes paid	$	
Interest paid	$	

See notes to financial statements.

Merging Vets and Players
Notes to Financial Statements
December 31, 2017

Note 1—Organization and Summary of Significant Accounting Policies

Organization—Merging Vets and Players (MVP) is a California not-for-profit corporation, incorporated on August 18, 2016 in the State of California. The mission of MVP is to match up combat veterans and former professional athletes together – after the uniform comes off – to give them a new team to tackle the transition together. MVP was created to address this important challenge. The core program is designed to address challenges that many combat veterans and professional athletes face when transitioning their services and professional life towards a new mission in their civilian life. MVP creates an environment where they can share each other's strength and experience, supporting each other in building and fulfilling lives of service and strength. Through weekly physical fitness and peer-to-peer sessions, MVP provides the foundation for vets and players to be empowered and live their best lives. MVP finished out the 2017 year by engaging over 200 participants.

Financial Statement Presentation—The financial statements of MVP have been prepared on the accrual basis of accounting, in conformity with generally accepted accounting principles in the United States of America (GAAP). MVP's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of MVP and changes therein are presented and reported as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in carrying out MVP's mission.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met either by actions of MVP and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions. MVP had no temporarily restricted net assets at December 31, 2017.

Permanently restricted net assets—Net assets subject to donor-imposed stipulations that resources be maintained in perpetuity. MVP had no permanently restricted net assets at December 31, 2017.

Income Taxes—MVP is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, MVP has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered *'more likely than not'* to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2017. Generally, MVP 's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Note 1—Organization and Summary of Significant Accounting Policies—*Continued*

Concentration of Credit Risk—Cash is the primary form of concentration of credit risk to which MVP is subject. MVP places its cash with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. At times, in the normal course of business, such cash balances are in excess of the FDIC insurance limits, but management deems the risk of loss due to these concentrations to be minimal.

Furniture and Equipment—Purchased furniture and equipment are recorded at cost, and donated assets are recorded at the estimated fair value on the date of receipt. MVP depreciates its furniture and equipment using the straight-line-method over 5 years.

Repairs and maintenance costs are expensed as incurred. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used and gifts of cash or other assets that must be used to acquire and maintain long-lived assets are reported as restricted support. Absent explicit donor stipulations, MVP reports expirations of donor restrictions when such long-lived assets are placed in service.

Revenue Recognition—MVP's revenue recognition policies are as follows:

> Contributions and Grants—Temporarily restricted and unrestricted grants, contributions, and sponsorships are recorded in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Functional Expenses—The costs of providing the various program and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been directly charged to the program services and supporting services benefitted. Indirect costs are allocated between program services, management and general, and fundraising expenses, based on an analysis of personnel time utilized for the related activities.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

Donated Services—A substantial number of volunteers have donated significant amounts of their time and services in MVP’s core activities. Only those amounts that meet the criteria for recognition under current accounting standards are recorded in the accompanying financial statements. MVP recognized no in-kind donations as income during the year ended December 31, 2017.

Note 2—Commitments and Contingencies

MVP is committed under a noncancelable operating lease for program facility space used in day-to-day operations. Rental expense under this agreement for the year ended December 31, 2017 was $15,000. The lease is currently scheduled to expire in December 31, 2018. Future minimum lease payments under the noncancelable operating lease for the year ending December 31, 2018 will be $12,000.

Note 3—Recent Accounting Pronouncements

Net Assets Presentation—In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires all not-for-profit entities to present expenses by both their natural and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. MVP is currently evaluating the impact that the adoption of ASU 2016-14 will have on its financial statements.

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. MVP is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

Note 4—Subsequent Events

Management evaluated all activities of Merging Vets and Players through December 31, 2018, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.