

WORLD T.E.A.M. SPORTS

Holbrook, New York

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2015 and 2014

Contents

Years Ended December 31, 2015 and 2014 *Pages*

Financial Statements

Independent Auditors' Report	1
Statements of Financial Position	2
Statement of Activities and Changes in Net (Deficit) Assets - 2015	3
Statement of Activities and Changes in Net (Deficit) Assets - 2014	4
Statement of Functional Expenses - 2015	5
Statement of Functional Expenses - 2014	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 10

Financial Statements

INDEPENDENT AUDITORS' REPORT

Board of Directors
World T.E.A.M. Sports
Holbrook, New York

We have audited the accompanying financial statements of World T.E.A.M. Sports (the "Organization"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net (deficit) assets, 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 auditors' 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 Organization'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 Organization'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 World T.E.A.M. Sports as of December 31, 2015 and 2014, and the changes in its net deficit and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



Melville, New York
October 26, 2016

Statements of Financial Position

<i>December 31,</i>	2015	2014
Assets		
Current Assets:		
Cash	\$ 43,538	\$ 24,700
Pledges receivable	1,031	75,000
Prepaid expenses and other current assets	15,737	15,351
Total Current Assets	60,306	115,051
Equipment, net	12,251	3,247
Total Assets	\$ 72,557	\$ 118,298
Liabilities and Net (Deficit) Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 21,546	\$ 19,287
Note payable	100,000	110,000
Total Current Liabilities	121,546	129,287
Net (Deficit) Assets:		
Unrestricted net deficit	(65,890)	(76,271)
Temporarily restricted net assets	16,901	65,282
Total Net Deficit	(48,989)	(10,989)
Total Liabilities and Net Deficit	\$ 72,557	\$ 118,298

WORLD T.E.A.M. SPORTS

Statement of Activities and Changes in Net Deficit (Assets)

Year Ended December 31, 2015 (with comparative totals for the year ended December 31, 2014)

	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
Support and Revenue:				
Donations and pledges	\$ 881,722	\$ 16,901	\$ 898,623	\$ 854,612
In-kind donations	47,741	-	47,741	1,092
Merchandise sales	4,150	-	4,150	6,236
Interest income	-	-	-	535
Miscellaneous income	179	-	179	1,603
Net assets released from restrictions	65,282	(65,282)	-	-
Total Support and Revenue	<u>999,074</u>	<u>(48,381)</u>	<u>950,693</u>	<u>864,078</u>
Expenses:				
Program and event expenses:				
Face of America	440,681	-	440,681	359,066
Adventure Team Challenge North Carolina	194,602	-	194,602	-
Adventure Team Challenge Colorado	159,686	-	159,686	161,770
Can Am Challenge	-	-	-	272,668
Other programs and events	128,485	-	128,485	122,376
Total program services	<u>923,454</u>	<u>-</u>	<u>923,454</u>	<u>915,880</u>
Management and general	32,799	-	32,799	18,662
Fundraising	32,440	-	32,440	24,605
Total Expenses	<u>988,693</u>	<u>-</u>	<u>988,693</u>	<u>959,147</u>
Changes in Net (Deficit) Assets	10,381	(48,381)	(38,000)	(95,069)
Net (Deficit) Assets, beginning of year	(76,271)	65,282	(10,989)	84,080
Net (Deficit) Assets, end of year	<u>\$ (65,890)</u>	<u>\$ 16,901</u>	<u>\$ (48,989)</u>	<u>\$ (10,989)</u>

Statement of Activities and Changes in Net (Deficit) Assets

Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Donations and pledges	\$ 789,330	\$ 65,282	\$ 854,612
In-kind donations	1,092	-	1,092
Merchandise sales	6,236	-	6,236
Interest income	535	-	535
Miscellaneous income	1,603	-	1,603
Total Support and Revenue	<u>798,796</u>	<u>65,282</u>	<u>864,078</u>
Expenses:			
Program and event expenses:			
Face of America	359,066	-	359,066
Adventure Team Challenge Colorado	161,770	-	161,770
Can Am Challenge	272,668	-	272,668
Other programs and events	122,376	-	122,376
Total program services	<u>915,880</u>	<u>-</u>	<u>915,880</u>
Management and general	18,662	-	18,662
Fundraising	24,605	-	24,605
Total Expenses	<u>959,147</u>	<u>-</u>	<u>959,147</u>
Changes in Net (Deficit) Assets	(160,351)	65,282	(95,069)
Net Assets, beginning of year	84,080	-	84,080
Net (Deficit) Assets, end of year	<u>\$ (76,271)</u>	<u>\$ 65,282</u>	<u>\$ (10,989)</u>

Statement of Functional Expenses

Year Ended December 31, 2015 (with comparative totals for the year ended December 31, 2014)

	Face of America	Adventure Team Challenge NC	Adventure Team Challenge CO	Other Programs and Events	Management and General	Fundraising	Total Expenses	2014 Total
Functional Expenses:								
Salary	\$ 65,076	\$ 42,108	\$ 24,882	\$ 28,710	\$ 15,312	\$ 15,312	\$ 191,400	\$ 194,910
Lodging	124,690	26,786	1,626	1,503	-	-	154,605	123,823
Other	31,002	21,879	18,653	18,462	3,697	3,690	97,383	52,119
Event independent contractor	-	37,161	54,070	500	-	-	91,731	68,232
Event and other promotion	22,685	15,600	9,625	11,120	4,971	4,971	68,972	51,636
Clothing and gear	45,411	350	6,050	2,253	-	-	54,064	77,325
Professional fees	15,240	9,861	5,827	6,724	3,586	3,586	44,824	30,560
Donated travel	-	-	-	44,250	-	-	44,250	-
Injured military travel	44,179	-	-	-	-	-	44,179	37,859
Equipment rental	30,506	1,083	5,550	48	-	-	37,187	27,776
Food	17,843	12,095	5,904	614	-	-	36,456	67,341
Insurance	7,704	4,985	2,946	3,399	1,813	1,813	22,660	27,563
Travel	4,909	5,853	8,929	2,880	-	-	22,571	46,052
Registration and processing fees	6,677	4,320	2,553	2,946	1,571	1,571	19,638	26,393
Transportation and gas	12,271	1,756	3,440	447	-	-	17,914	18,875
Payroll taxes	5,166	3,342	1,975	2,279	1,215	1,215	15,192	16,003
Supplies	1,030	5,496	4,080	668	-	-	11,274	63,140
Vehicle rental	2,690	1,150	3,116	1,151	352	-	8,459	24,749
Depreciation	831	537	318	367	195	195	2,443	1,299
Donated food	2,400	-	-	-	-	-	2,400	-
Donated rent and utilities	371	240	142	164	87	87	1,091	1,092
Expedition cost	-	-	-	-	-	-	-	2,400
Total Functional Expenses	\$ 440,681	\$ 194,602	\$ 159,686	\$ 128,485	\$ 32,799	\$ 32,440	\$ 988,693	\$ 959,147

Statement of Functional Expenses

Year Ended December 31, 2014

	Face of America	Adventure Team Challenge CO	Can Am Challenge	Other Programs and Events	Management and General	Fundraising	Total Expenses
Functional Expenses:							
Salary	\$ 56,036	\$ 31,673	\$ 51,164	\$ 34,110	\$ 8,527	\$ 13,400	\$ 194,910
Lodging	66,848	6,466	49,704	298	507	-	123,823
Other	13,678	7,258	20,601	6,321	1,811	2,450	52,119
Event independent contractor	1,495	54,200	9,945	2,340	252	-	68,232
Event and other promotion	9,236	2,988	8,826	28,518	804	1,264	51,636
Clothing and gear	37,037	15,243	18,747	5,222	1,076	-	77,325
Professional fees	8,786	4,966	8,022	5,348	1,337	2,101	30,560
Injured military travel	37,859	-	-	-	-	-	37,859
Equipment rental	25,901	1,290	552	33	-	-	27,776
Food	50,342	5,048	8,811	2,657	483	-	67,341
Insurance	7,924	4,479	7,235	4,824	1,206	1,895	27,563
Travel	11,301	8,284	23,550	2,136	364	417	46,052
Registration and processing fees	7,588	4,289	6,928	4,618	1,155	1,815	26,393
Transportation and gas	10,412	1,682	6,689	-	92	-	18,875
Payroll taxes	4,601	2,601	4,201	2,800	700	1,100	16,003
Supplies	4,234	1,632	36,700	20,331	243	-	63,140
Vehicle rental	5,101	9,283	10,365	-	-	-	24,749
Depreciation	373	211	341	228	57	89	1,299
Donated rent and utilities	314	177	287	192	48	74	1,092
Expedition cost	-	-	-	2,400	-	-	2,400
Total Functional Expenses	\$ 359,066	\$ 161,770	\$ 272,668	\$ 122,376	\$ 18,662	\$ 24,605	\$ 959,147

Statements of Cash Flows

<i>Years Ended December 31,</i>	2015	2014
Cash Flows from Operating Activities:		
Changes in net deficit	<u>\$ (38,000)</u>	<u>\$ (95,069)</u>
Adjustments to reconcile changes in net deficit to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,443	1,299
Decrease (increase) in assets:		
Pledges receivable	73,969	(70,000)
Prepaid expenses and other current assets	(386)	(899)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	2,259	7,478
Deferred revenue	-	(3,983)
Total adjustments	<u>78,285</u>	<u>(66,105)</u>
Net Cash Provided by (Used in) Operating Activities	<u>40,285</u>	<u>(161,174)</u>
Cash Flows from Investing Activities:		
Purchase of equipment	<u>(11,447)</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(11,447)</u>	<u>-</u>
Cash Flows from Financing Activities:		
Proceeds from line of credit	100,000	110,000
Repayments of line of credit	<u>(110,000)</u>	<u>-</u>
Net Cash (Used in) Provided by Financing Activities	<u>(10,000)</u>	<u>110,000</u>
Net Increase (Decrease) in Cash	18,838	(51,174)
Cash, beginning of year	24,700	75,874
Cash, end of year	<u>\$ 43,538</u>	<u>\$ 24,700</u>

Notes to Financial Statements

Years Ended December 31, 2015 and 2014

1. Summary of Significant Accounting Policies

Nature of operations - World T.E.A.M. Sports (the "Organization") is a not-for-profit corporation organized for the purpose of using sporting activities to challenge disabled and able bodied men, women, and children to reach accomplishments they never thought possible. Support for the Organization is received primarily through individual and corporate donations and sponsorships.

Management's plan - As reflected in the accompanying financial statements, World T.E.A.M. sports incurred operating losses during the periods presented. World T.E.A.M. Sports changes lives through sports and is primarily supported by individuals, corporations and sponsorships. During 2016, management plans to continue to focus on obtaining new sources of funding and reducing costs.

Basis of accounting - The financial statements of the Organization are presented on the accrual basis of accounting.

Contributions - The Organization reports gifts of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 statements of activities and changes in net assets as net assets released from restrictions. Temporarily restricted contributions that originate in a given year and are released from restriction in the same year by meeting the donors' restricted purposes are reflected in unrestricted net assets.

The Organization reports gifts of property, plant and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Net assets - The net assets of the Organization are reported as follows:

Unrestricted - Net assets which are not donor restricted and are available for general operations.

Temporarily restricted - Net assets which are limited by donor restrictions that either expire with the passage of time or can be fulfilled and removed by actions of the Organization.

Permanently restricted - Net assets subject to donor-imposed restrictions that stipulate resources be maintained in perpetuity, but generally permit the Organization to utilize earnings for unrestricted or temporarily restricted purposes.

Donated services, materials and facility - Donated services requiring specific expertise and donated materials and facility are recorded as in-kind contributions and expenses or capitalized at their fair value as determined by donors.

During the years ended December 31, 2015 and 2014, the Organization received donated services, materials, and facility of approximately \$48,000 and \$1,000, respectively. For the year ended December 31, 2015, the donations related to travel expenses, food, office space and utilities. For the year ended December 31, 2014, the donations related to office space and utilities.

During each year, a number of volunteers have donated significant amounts of time to the Organization's events. However, this time has not been reflected in the accompanying financial statements, since it does not meet the requirement of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958 "Not-for-Profit Entities".

Notes to Financial Statements

Years Ended December 31, 2015 and 2014

Cash and cash equivalents - The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less on the date of purchase to be cash equivalents.

Equipment and depreciation - Equipment is capitalized at cost when acquired. Donated fixed assets are recorded at fair value at the date of donation. The Organization capitalizes equipment acquisitions in excess of \$1,000. Depreciation is computed over periods ranging from five to ten years on a straight-line basis.

Functional allocations of expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the events benefited.

Income taxes - World T.E.A.M. Sports qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and as a not-for-profit organization under the laws of North Carolina. Accordingly, no provision for federal or state income taxes is required.

Uncertain tax positions - Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax provisions that require adjustments to the financial statements to comply with the provisions of FASB ASC 740. The Organization is no longer subject to income tax examination by the federal, state, or local tax authorities for the years before 2012, which is the standard statute of limitations look-back period.

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 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.

Allowance for doubtful accounts - Management must make estimates of uncollectability of receivables. Management specifically analyzes receivables, historical bad debts, current funding trends and changes in payment trends and rates when evaluating the adequacy of the allowance for doubtful accounts. As of December 31, 2015 and 2014, there is no allowance for doubtful accounts.

Reclassifications - Certain 2014 amounts and descriptions have been reclassified to conform to the 2015 financial statement presentation. These reclassifications have no effect on previously reported changes in net assets.

Evaluation of subsequent events - Management evaluates subsequent events for inclusion or disclosure in the financial statements through the date the financial statements are available for issuance, which is October 26, 2016.

Recent accounting pronouncements - The Financial Accounting Standards Board ("FASB") has issued ASU 2014-15, *Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The core principle of ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 defines the term substantial doubt and requires an assessment for a period of one year after the date the financial statements are issued (or available to be issued). ASU 2014-15 is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. Management is currently evaluating the impact of ASU 2014-15 on the Organization's financial statements.

Notes to Financial Statements

Years Ended December 31, 2015 and 2014

The FASB has issued ASU 2016-14, *Not-for-Profit Entities (Subtopic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The core principle of ASU 2016-14 is intended to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Management is currently evaluating the impact of ASU 2016-14 on the Organization's financial statements.

2. Equipment, net

Equipment, net, consists of the following as of December 31, 2015 and 2014:

	2015	2014
Equipment	\$ 17,941	\$ 6,494
Less Accumulated Depreciation	5,690	3,247
Equipment, net	\$ 12,251	\$ 3,247

3. Pledges Receivable

Pledges receivable are due within one year.

4. Line of Credit

On August 26, 2013, the Organization obtained a revolving line of credit with a maximum amount of \$150,000 from a financial institution. Any borrowing under the line bears interest at a variable rate based on the prime rate (3.50% and 3.25% at December 31, 2015 and 2014, respectively) plus .5% at December 31, 2015 and 2014. The line will continue until demand is made on the line or until the line is terminated by either party. Interest expense for the years ended December 31, 2015 and 2014 approximated \$2,000 and \$300, respectively. At December 31, 2015 and 2014, the total amount outstanding on this line of credit was \$100,000 and \$110,000, respectively.

5. Temporarily Restricted Net Assets

As of December 31, 2015, temporarily restricted net assets consist of \$16,901 for the 2016 Face of America event. As of December 31, 2014, temporarily restricted net assets consist of \$50,000 for specified expenses and \$15,282 for the 2015 Face of America event. During the year ended December 31, 2015, the temporarily restricted net assets existing at December 31, 2014 were released from restriction as the related restrictions were met.

6. Concentrations

During the years ended December 31, 2015 and 2014, approximately 10% and 26% of contributions, respectively, were from board members.