

CARRY THE LOAD

Financial Statements &
Independent Auditor's Report
Year Ended August 31, 2019

Wood, Stephens & O'Neil, L.L.P.
Certified Public Accountants

December 9, 2019

Independent Auditor's Report

To the Management and Board of Directors
Carry the Load:

We have audited the accompanying financial statements of Carry the Load, a not-for-profit organization, which comprise the statement of financial position as of August 31, 2019 and 2018, 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.

Auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of August 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Wood, Stephens & O'Neil, L.L.P.

**CARRY THE LOAD
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 1,343,290	\$ 1,329,547
Contributions and grants receivable	-	-
Prepaid expenses and deposits	-	4,480
Property and equipment, net	-	-
TOTAL ASSETS	<u>\$ 1,343,290</u>	<u>\$ 1,334,027</u>
<u>LIABILITIES:</u>		
Accounts payable and accrued liabilities	<u>30,000</u>	-
TOTAL LIABILITIES	<u>30,000</u>	-
<u>NET ASSETS:</u>		
Without donor restrictions	1,313,290	1,326,527
With donor restrictions	-	7,500
TOTAL NET ASSETS	<u>1,313,290</u>	<u>1,334,027</u>
 TOTAL LIABILITIES & NET ASSETS	 <u>\$ 1,343,290</u>	 <u>\$ 1,334,027</u>

The accompanying notes are an integral part of these financial statements.

**CARRY THE LOAD
STATEMENT OF ACTIVITIES
YEARS ENDED AUGUST 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>Changes in net assets without donor restrictions:</u>		
Revenues:		
Contributions and grants	\$ 3,010,045	\$ 2,613,210
Contributions - in-kind - donated legal services	98,659	135,912
Contributions - in-kind - all other	537,777	1,003,599
Fundraising events	49,588	33,235
Interest income	12,794	-
Net assets released from restrictions	7,500	-
Total revenues without donor restrictions	3,716,363	3,785,956
Expenses:		
Program services	3,518,350	3,389,731
Management and general	128,416	162,067
Fundraising	82,834	52,553
Total expenses	3,729,600	3,604,351
<u>Increase (decrease) in net assets without donor restrictions</u>	<u>(13,237)</u>	<u>181,605</u>
 <u>Changes in net assets with donor restrictions:</u>		
Contributions	-	7,500
Net assets released from restrictions	(7,500)	-
<u>Increase (decrease) in net assets with donor restrictions</u>	<u>(7,500)</u>	<u>7,500</u>
 INCREASE (DECREASE) IN NET ASSETS	<u>(20,737)</u>	<u>189,105</u>
 NET ASSETS, at beginning of year	<u>1,334,027</u>	<u>1,144,922</u>
 NET ASSETS, at end of year	<u>\$ 1,313,290</u>	<u>\$ 1,334,027</u>

The accompanying notes are an integral part of these financial statements.

**CARRY THE LOAD
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total Expenses</u>
Advertising and promotion	\$ 648,553	\$ -	\$ -	\$ 648,553
Bank charges and credit card fees	79,711	1,100	-	80,811
Grants paid to not-for-profit organization partners	1,294,800	-	-	1,294,800
Information technology	45,592	738	-	46,330
Insurance	3,270	2,576	-	5,846
Memorial Day events	667,887	-	54,026	721,913
Miscellaneous expenses	-	11,477	-	11,477
Office expenses	16,437	584	-	17,021
Professional fees - accounting	-	13,785	-	13,785
Professional fees - legal	98,659	7,274	-	105,933
Rent and occupancy expenses	-	13,609	-	13,609
Salaries, payroll taxes and benefits	566,560	77,273	28,808	672,641
Travel	96,881	-	-	96,881
TOTALS	<u>\$ 3,518,350</u>	<u>\$ 128,416</u>	<u>\$ 82,834</u>	<u>\$ 3,729,600</u>
	94.34%	3.44%	2.22%	100.00%

The accompanying notes are an integral part of these financial statements.

**CARRY THE LOAD
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2018 Total Expenses</u>
Advertising and promotion	\$ 937,956	\$ -	\$ -	\$ 937,956
Bank charges and credit card fees	66,045	-	-	66,045
Grants paid to not-for-profit organization partners	980,000	-	-	980,000
Information technology	26,620	-	-	26,620
Insurance	6,985	2,191	-	9,176
Memorial Day events	681,354	-	21,229	702,583
Miscellaneous expenses	-	8	-	8
Office expenses	18,738	625	-	19,363
Professional fees - accounting	-	22,844	-	22,844
Professional fees - legal	135,912	8,126	-	144,038
Rent and occupancy expenses	-	7,564	-	7,564
Salaries, payroll taxes and benefits	461,728	120,709	31,324	613,761
Travel	74,393	-	-	74,393
TOTALS	<u>\$ 3,389,731</u>	<u>\$ 162,067</u>	<u>\$ 52,553</u>	<u>\$ 3,604,351</u>
	94.05%	4.50%	1.46%	100.00%

The accompanying notes are an integral part of these financial statements.

**CARRY THE LOAD
STATEMENT OF CASH FLOWS
YEARS ENDED AUGUST 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (20,737)	\$ 189,105
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	-	-
(Increase) decrease in contributions receivable	-	-
(Increase) decrease in prepaid expenses and deposits	4,480	(4,480)
Increase (decrease) in payables and accrued liabilities	<u>30,000</u>	<u>(12,196)</u>
Net Cash Provided By (Used For) Operating Activities	<u>13,743</u>	<u>172,429</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Capital expenditures	<u>-</u>	<u>-</u>
Net Cash Provided By (Used For) Investing Activities	<u>-</u>	<u>-</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net Cash Provided By (Used For) Financing Activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	13,743	172,429
Cash and cash equivalents at beginning of year	1,329,547	1,157,118
Cash and cash equivalents at end of year	<u>\$ 1,343,290</u>	<u>\$ 1,329,547</u>
<u>SUPPLEMENTAL DISCLOSURES</u>		
None applicable	-	-

The accompanying notes are an integral part of these financial statements.

CARRY THE LOAD

NOTES TO FINANCIAL STATEMENTS YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Carry the Load (the Organization), is a not-for-profit organization incorporated in October, 2011 under the laws of the State of Texas. The Organization was formed with the vision to restore the true meaning of Memorial Day by connecting Americans to the sacrifices of their military, law enforcement, firefighters and rescue personnel. The Organization's programs provide an interactive way for Americans to remember, honor and celebrate Memorial Day in dedication to those who sacrifice for them daily. Funds raised during the Memorial Day programs and other programs held during the year allow the Organization to grow its vision and execute its mission, as well as provide its existing not-for-profit organization partners with valuable visibility, resources and meaningful connections.

General

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations. The Organization has implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The Organization's financial statements have been prepared on the accrual basis of accounting. The significant accounting and reporting policies used by the Organization are described below to enhance the usefulness and understandability of the financial statements.

Financial Statement Presentation

The Organization, in accordance with not-for-profit accounting standards, reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are resources available to support operations. The only limits on the use of these assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purpose specified in its corporate documents, its application for tax-exempt status, and any limits resulting from contractual agreements with creditors or others that are entered into in the course of its operations. Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; consequently the organization must continue to use these resources in accordance with the donor's instructions. This class would also include any donor-restricted endowment funds and beneficial interests in a perpetual trust. When donor restrictions are satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying to net assets without donor restrictions. Any net assets restricted for acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expense and net losses other than losses on endowment investments are reported as decreases in net assets without

donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Functional Expenses

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

Expenses that can be identified with a specific program are charged directly to that program. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied. Whenever new space or programs are added, the bases on which the costs are allocated are evaluated.

Management and general activities include the functions necessary to provide support for the organization's program activities. This include activities that provide governance, oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns, maintaining donor lists, conducting special fundraising events, and other activities involved with soliciting contributions from donors.

Management Estimates and Assumptions

Management uses estimates and assumptions in preparing statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Property and Equipment

Property and equipment is reported at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000.

Contributions and Grants Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. When deemed necessary, the Organization uses an allowance method to determine the uncollectible portion, based on prior years' experience and management's analysis of the promises made. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. Fair value is measured as the present value of the discounted future cash flows. The discounts on these contributions are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributions - In Kind (Donated Supplies, Equipment and Services)

The Organization receives significant amounts of in-kind contributions (consisting of media advertising and promotion, food, beverages, hotel rooms and supplies, etc.) in connection with its various fundraising events. These in-kind contributions are recorded on the books using their estimated fair values at the date of receipt. For the fiscal years ended August 31, 2019 and 2018, in-kind contributions recorded on the books were \$537,777 and \$1,003,599, respectively.

The Organization recognizes donated services from individuals which create or enhance non-financial assets, or which require specialized skills, and which would typically need to be purchased if not provided by these individuals. Donated services are reflected in the accompanying financial statements at their estimated fair value on the date of receipt. These donated services consist primarily of professional legal services. For the fiscal years ended August 31, 2019 and 2018, donated legal services recorded on the books were \$98,659 and \$135,912, respectively.

Furthermore, a substantial number of volunteers donated significant amounts of their time in the Organization's program services during the year. The value of this contributed time is not reflected in the accompanying financial statements since it is not subject to objective measurement or valuation.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization would be subject to tax on income unrelated to its exempt purpose. Contributions to the Organization are tax deductible to donors under Section 170 of the Internal Revenue Code. The Organization is not classified as a private foundation.

Investments

Investments are reported at fair value, with any unrealized gains and losses resulting from fluctuations in fair value included in the statement of activities. Unless specifically restricted by the donor, all income, including realized and unrealized gains and losses, from investments is generally included in unrestricted net assets and used for general operating purposes.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted short-term, highly liquid investments, with original maturities of three months or less to be cash equivalents.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash investments. The Organization places its cash investments with high quality financial institutions and limits the amount of credit exposure to any one institution.

Fair Value of Financial Instruments

At August 31, 2019, the Organization's financial instruments consisted of cash and cash equivalents. The Organization's cash and cash equivalents consist of an overnight money market investment sweep feature. Unless otherwise indicated, the fair values of these financial instruments approximate their recorded values.

Liquidity and Availability

At August 31, 2019, \$1,313,290 of the financial assets of the Organization are available for general expenditure; that is, without donor or other restrictions limiting their use, within one year.

Subsequent Events

Management has evaluated subsequent events through December 9, 2019, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NOTE B - GRANTS MADE TO NOT-FOR-PROFIT ORGANIZATION PARTNERS

The Organization donates a significant amount of the revenue received from its fundraising events through grants made to its various not-for-profit organization partners. The Organization records these grant donations when these partners haven been officially notified of the grant amount approved for payment. The Organization awards such grants based on established criteria and only after reviewing and evaluating each grant application and all of the required documentation provided by the partners. The grants are paid by the Organization on an annual basis. The Organization paid grants to its not-for-profit organization partners totaling \$1,294,800 and \$980,000 during the fiscal years ended August 31, 2019 and 2018.

NOTE C - NET ASSETS WITH DONOR RESTRICTIONS

At August 31, 2019 and 2018, there were \$-0- and \$7,500 of assets with donor restrictions held by the Organization.

NOTE D - LEASE COMMITMENTS

The Organization is obligated under an office lease agreement which expires March 31, 2022. This lease is classified as an operating lease. The approximate future minimum lease payments under this lease as of August 31, 2019, are as follows: FYE 8/31/2020 - \$7,500; FYE 8/31/2021 - \$7,600, and FYE 8/31/2022 - \$4,500.