

# **PTSD FOUNDATION OF AMERICA**

**FINANCIAL STATEMENTS  
WITH REPORT OF INDEPENDENT ACCOUNTANTS  
as of and for the years ended December 31, 2015 and 2014**

**PTSD FOUNDATION OF AMERICA**  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

To the Board of Directors of  
PTSD Foundation of America:

**Report of Financial Statements**

We have audited the accompanying financial statements of PTSD Foundation of America (the "Foundation"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets 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 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 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 Foundation as of December 31, 2015 and 2014, 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.

Houston, Texas  
November 11, 2016



**PTSD FOUNDATION OF AMERICA**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,001,147	\$ 713,208
Note receivable	-	23,527
Other receivables	18,237	20,644
Prepaid expenses and other assets	10,438	6,979
Property and equipment, net	2,785,697	1,536,495
Total assets	\$ 3,815,519	\$ 2,300,853
<b>Liabilities and net assets:</b>		
Accounts payable	\$ 18,850	\$ 5,618
Accrued other liabilities	9,192	13,988
Accounts payable to related parties	-	7,881
Notes payable	-	220,238
Total liabilities	28,042	247,725
<b>Net assets:</b>		
Unrestricted	3,787,477	2,053,128
Total net assets	3,787,477	2,053,128
Total liabilities and net assets	\$ 3,815,519	\$ 2,300,853

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

**PTSD FOUNDATION OF AMERICA**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
for the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Change in unrestricted net assets:		
Revenues, gains and other support		
Contributions - cash	\$ 1,535,073	\$ 1,262,212
Contributions - property and equipment	1,114,786	154,850
Contributions - contract labor	173,305	184,606
Contributions - services	21,838	71,948
Contributions - materials	147,614	20,112
Other income	4,940	879
	<u>2,997,556</u>	<u>1,694,607</u>
Program expenses:		
Awards and grants	2,705	12,441
Camp Hope		
Contract labor	145,830	240,884
Supplies	58,593	15,710
Payroll expenses	514,891	275,170
Printing and reproduction	18,210	15,221
Utilities	50,540	83,746
Public awareness	40,699	32,938
Residents travel and meals	72,728	24,716
Insurance	31,136	28,765
Program development	34,290	-
Depreciation	82,982	65,305
Repairs and maintenance	26,039	27,643
	<u>1,078,643</u>	<u>829,539</u>
General and administrative:		
Accounting	9,192	12,270
Conference and meeting	2,764	-
Contract labor	73,652	60,221
Payroll expenses	15,510	-
Bad debt expense	-	6,000
Depreciation	3,600	3,600
Loss on disposal of equipment	-	1,502
Interest expense	6,984	7,394
Insurance	1,691	1,546
Office expense	26,056	17,895
Utilities	2,744	4,501
	<u>142,193</u>	<u>114,929</u>

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

**PTSD FOUNDATION OF AMERICA**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS, CONTINUED**  
**for the years ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Fundraising	42,371	20,234
Total expenses	<u>1,263,207</u>	<u>959,887</u>
Change in unrestricted net assets	1,734,349	734,720
Net assets, beginning of year	<u>2,053,128</u>	<u>1,318,408</u>
Net assets, end of year	<u><u>\$ 3,787,477</u></u>	<u><u>\$ 2,053,128</u></u>

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

**PTSD FOUNDATION OF AMERICA**  
**STATEMENTS OF CASH FLOWS**  
for the years ended December 31, 2015 and 2014

	<b>2015</b>	<b>2014</b>
Cash flows from operating activities:		
Change in net assets	\$ 1,734,349	\$ 734,720
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	86,582	68,905
Bad debt expense	-	6,000
Noncash contributions	(1,114,786)	(154,850)
Loss on disposal of equipment	-	1,502
Decrease (increase) in other receivables	2,407	(16,244)
(Increase) decrease in prepaid expenses and other assets	(3,459)	7,300
Increase (decrease) in accounts payable and accrued expenses	555	(6,835)
Net cash provided by operating activities	705,648	640,498
Cash flows from investing activities:		
Principal collected on notes receivable	23,527	1,750
Purchase of fixed assets	(220,998)	(285,735)
Net cash used by investing activities	(197,471)	(283,985)
Cash flows from financing activities:		
Proceeds from notes payable	-	250,000
Repayments on notes payable	(220,238)	(29,762)
Net cash (used by) provided by investing activities	(220,238)	220,238
Net increase in cash and cash equivalents	287,939	576,751
Cash and cash equivalents, beginning of year	713,208	136,457
Cash and cash equivalents, end of year	\$ 1,001,147	\$ 713,208
Supplemental cash flow disclosures:		
Interest paid	\$ 6,984	\$ 7,394
Taxes paid	\$ -	\$ -

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

**PTSD FOUNDATION OF AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**1. Organization and Nature of Activities**

**Organization**

PTSD Foundation of America (the "Foundation") is a not-for profit corporation formed in the state of Texas. The purpose of the Foundation is to provide counseling and interim housing for combat veterans who suffer from post-traumatic stress disorder ("PTSD").

On July 20, 2012, the state of Texas approved the Foundation's filing to change its name from Impact XXI Houston to PTSD Foundation of America. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC").

**Nature of Activities**

The Foundation seeks to provide counseling for Active Duty, Reserves, and National Guard veterans and their families through pastoral counseling and peer mentoring on an individual basis and in group settings. This is accomplished primarily through the Camp Hope Program, which allows veterans and their immediate family members to find healing, help and hope while benefiting from an intensive peer support and mentoring program for PTSD. In addition to temporary housing, Camp Hope offers a 90+ day PTSD recovery program in which residents attend group lessons and support sessions with other combat veterans, conduct individual mentoring sessions with certified combat trauma members, participate in off-site small group interaction activities, and get involved with local churches, businesses and volunteer organizations to assist in their personal healing and spread awareness regarding combat trauma.

In addition to the Camp Hope program the Foundation conducts peer coaching and support groups, with the assistance of local churches, volunteers, and other organizations known as "Warrior Groups" to help combat veterans find healing, balance and positive re-integration with their families and in society. Warrior Groups are held primarily in the Houston area, however groups are also held in North and South Carolina, Arizona, California, Georgia, and Oregon as well as several other locations in Texas.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP") and follows the guidance of the Financial Accounting Standards Board ("FASB") related to financial statements of not-for-profit organizations. Accordingly, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Foundation and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time. Net assets subject to donor-imposed stipulations that are fulfilled during the period the assets are received are recorded as unrestricted net assets in the statements of activities.
- Permanently restricted net assets – Endowment funds permanently restricted by donor-imposed stipulations.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash held in demand deposits and cash on hand.

**PTSD FOUNDATION OF AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**2. Summary of Significant Accounting Policies, continued**

**Property and Equipment**

Property and equipment are recorded at historical cost and/or the value of the assets contributed. Cost of the asset includes those capital expenditures for additions, improvements, and betterments, which significantly add to the production capacity, improve the efficiency of the assets or lengthen their useful lives. Normal or recurring expenditures for repair and maintenance and capital expenditures with insignificant amounts are expensed when incurred. Property and equipment, which are retired or otherwise disposed of, are removed from their respective asset accounts together with the related accumulated depreciation.

Depreciation is determined by the rates considered sufficient to allocate the cost of the assets over their estimated useful lives using the straight-line method. The estimated useful lives of significant assets are as follows:

Land improvements	20 years
Buildings	20 years
Furniture and fixtures	10 years
Office equipment	10 years
Vehicles	10 years

**Contributions**

Contributions are recognized when received and are reported as increases in unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the statements of activities and changes in net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Revenues from ticket sales to fund-raising events and sponsorships of events are recognized at the time of sale and are considered to be unrestricted.

Certain of the Foundation's directors and other community volunteers contribute their time to support the Foundation's programs. Contributed services that do not create or enhance non-financial assets and do not require specialized skill are not reflected in the accompanying financial statements. Contributed services that meet these criteria and are measurable are recognized at fair value. Contributed goods that can be used internally for program purposes by the Foundation are recognized at fair value as of the date of donation. For the years ending December 31, 2015 and 2014, the Foundation recognized approximately \$250,000 and \$50,000, respectively, of services donated during the year which was included in contribution – property and equipment in the statements of activities and changes in net assets.

For the years ended December 31, 2015 and 2014, volunteers provided approximately 2,200 and 2,000 hours of service, respectively, for which no value has been assigned. On occasion, supporters of the Foundation's programs provide goods or services directly to residents of Camp Hope to assist them or their families. Such contributions cannot be reasonably estimated and are not included in these financial statements.

**Federal Income Taxes**

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the IRC. Form 990 is required to be filed with the Internal Revenue Service ("IRS") annually.

**Functional Allocation of Expenses**

The costs of providing the Camp Hope program and activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets. Accordingly, certain costs have been allocated between the program and supporting services benefited.

**PTSD FOUNDATION OF AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**2. Summary of Significant Accounting Policies, continued**

**Public Awareness Expenses**

The Foundation expenses public awareness expenses as they are incurred. For the years ended December 31, 2015 and 2014 the Foundation recorded cash and in-kind public awareness expenses of \$40,699 and \$32,938, respectively.

**Use of Estimates**

The preparation of the Foundation's financial statements in conformity with 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. The Foundation's management believes that the estimates made in connection with these financial statements are reasonable.

**Concentrations**

At times during the year, the Foundation had cash deposits in excess of the federally insured limit. The Foundation's management believes that credit risk associated with these deposits is minimal.

**Reclassifications**

Certain items have been reclassified in the 2014 financial statements to conform to the 2015 presentation. Such reclassifications had no effect on the Foundation's net assets, changes in net assets or cash flows.

**Recently Issued Accounting Pronouncements**

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 requires a recipient not-for-profit entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 is effective prospectively for fiscal years beginning after December 15, 2017. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016. In July 2015, the FASB announced in ASU No. 2015-14 that non-public Companies will apply the new standard effective for annual periods beginning after December 15, 2018. ASU 2014-09 is not expected to have a significant impact on the Foundation's financial statements or related footnotes.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors and other users. These include qualitative and quantitative requirements for net asset classes, investment return, expenses and liquidity and availability of resources. ASU No. 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and early application is permitted. Management is currently evaluating the effect that ASU No. 2016-14 will have on the Foundation's financial statements and related footnotes.

**3. Note Receivable**

In June 2012, the Foundation entered into a note agreement whereby it loaned \$52,000 to an employee. The note bears interest of 4% per annum and is due in installment payments of \$500 per week until paid in full. The note is not collateralized but is guaranteed by the Chairman of the Foundation. During 2013, the borrower was no longer an employee of the Foundation. As of August 1, 2013, the terms of the note changed to installment payments of \$150 per month for 240 months. The note had a balance due of \$23,527 as of December 31, 2014. The note was paid in full in January 2015.

**PTSD FOUNDATION OF AMERICA  
NOTES TO FINANCIAL STATEMENTS**

**4. Property and Equipment**

At December 31, 2015 and 2014, property and equipment consisted of:

	<u>2015</u>	<u>2014</u>
Land	\$ 200,000	\$ 200,000
Land improvements	115,970	78,573
Buildings	2,371,551	1,171,551
Furniture and fixtures	196,647	123,766
Vehicles	105,809	80,303
Office equipment	<u>1,103</u>	<u>1,103</u>
Total property and equipment	2,991,080	1,655,296
Less: accumulated depreciation	<u>(205,383)</u>	<u>(118,801)</u>
Total	<u>\$ 2,785,697</u>	<u>\$ 1,536,495</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$86,582 and \$68,905, respectively.

The Foundation retired certain assets during the year ended December 31, 2014 and realized a loss of \$1,502. No assets were retired or disposed of during the year ended December 31, 2015.

**5. Related Party Transactions**

The Foundation was allowed to use the facilities and equipment of a company owned by the Foundation's Founder and President at no charge during 2015 and 2014. The value of the use of the facilities and equipment is impractical to determine and the fair market value of this in-kind contribution has not been recorded. This company also paid salaries to certain individuals who spend a significant amount of time working for the Foundation. Accordingly, for the years ended December 31, 2015 and 2014 the Foundation recorded contributions and contract labor expense of \$173,305 and \$184,606, respectively, in the accompanying statements of activities and changes in net assets.

During 2014, the Foundation recorded \$7,881 of expenses related to payroll withholdings of Foundation employees which were paid by a company owned by the Foundation's Founder and President. This balance is shown in the statements of financial position as accounts payable to related parties as of December 31, 2014. No accounts payable were owed to related parties as of December 31, 2015.

Board members of the Foundation made cash contributions of \$125,536 and \$25,714 during the years ended December 31, 2015 and 2014, respectively.

**6. Note Payable**

On February 10, 2014, the Foundation entered into a \$250,000 note agreement with a bank. Principal payments of \$2,976 are due in monthly installments commencing March 14, 2014, with the final installment due and payable in full on February 10, 2017. The note is collateralized by the Foundation's assets and bears interest at an annual rate based on the Wells Fargo Prime rate plus 0.50%. The note is guaranteed by the Founder and President of the Foundation. The note had an outstanding balance of \$220,238 as of December 31, 2014. The note was paid in full by the Foundation in November 2015.

**7. Subsequent Events**

The Foundation's management has evaluated subsequent events through November 11, 2016, which is the date the financial statements were available for issuance, and has concluded that there were no significant events to be reported.