

**WORKSHOPS FOR WARRIORS, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

## WORKSHOPS FOR WARRIORS, INC.

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
Workshops for Warriors, Inc.

We have audited the accompanying financial statements of Workshops for Warriors, Inc., a nonprofit organization, which comprise of the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, 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 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.

Earning Your Trust Since 1946

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Workshops for Warriors, Inc., a nonprofit organization, as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Considine & Considine". The signature is written in a cursive, flowing style.

CONSIDINE & CONSIDINE  
An Accountancy Corporation

June 16, 2016

**WORKSHOPS FOR WARRIORS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2015**

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**ASSETS**

**CURRENT ASSETS**

Cash	\$ 266,613
Contributions Receivable	57,821
Prepaid Expenses	6,169
	<hr/>
	330,603

**PROPERTY AND EQUIPMENT (Note 3)**

882,608

**OTHER ASSETS**

Contributions Receivable - Long Term	25,000
Due from Related Parties (Note 4)	24,741
Property Held for Sale	74,523
	<hr/>
	124,264

**TOTAL ASSETS**

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1,337,475

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	21,093
Accrued Liabilities	12,179
Due to Related Party (Note 4)	82,053
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**TOTAL LIABILITIES**

115,325

**NET ASSETS (Note 5)**

Unrestricted	561,190
Temporarily Restricted	660,960
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	1,222,150

**TOTAL LIABILITIES AND NET ASSETS**

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\$ 1,337,475

See Accompanying Notes

**WORKSHOPS FOR WARRIORS, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
<b>REVENUE</b>			
Contributions	\$ 1,347,069	\$ 660,960	\$ 2,008,029
Donated Goods and Services	422,036	-	422,036
Other Income	2,133	-	2,133
	1,771,238	660,960	2,432,198
Net Assets Released from Temporary Restrictions	117,000	(117,000)	-
	1,888,238	543,960	2,432,198
<b>EXPENSES</b>			
Program	1,610,383	-	1,610,383
Management and General Development	206,597	-	206,597
	125,754	-	125,754
	1,942,734	-	1,942,734
<b>OTHER LOSS</b>			
Loss on Disposal of Equipment	21,857	-	21,857
<b>INCREASE IN NET ASSETS</b>	(76,353)	543,960	467,607
<b>NET ASSETS - BEGINNING OF PERIOD</b>	637,543	117,000	754,543
<b>NET ASSETS - END OF PERIOD</b>	\$ 561,190	\$ 660,960	\$ 1,222,150

See Accompanying Notes

**WORKSHOPS FOR WARRIORS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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<b>EXPENSES</b>	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Facilities, Equipment and Maintenance	\$ 620,203	\$ 72,965	\$ 36,483	\$ 729,650
Personnel and Benefits	584,346	68,747	34,373	687,466
Insurance	69,529	8,180	4,090	81,799
Marketing	27,698	7,700	39,254	74,653
Scholarships	59,550	-	-	59,550
Training and Education	52,080	-	-	52,080
Office	25,266	2,973	1,486	29,725
Meetings and Travel	21,610	2,701	2,701	27,012
Professional Services	-	24,208	-	24,208
Tax, License and Subscriptions	15,041	1,770	885	17,695
Non-Cash Charitable Donation	10,625	1,250	625	12,500
	<u>1,485,947</u>	<u>190,493</u>	<u>119,898</u>	<u>1,796,338</u>
Depreciation	124,436	16,104	5,856	146,396
<b>TOTAL EXPENSES</b>	<u><u>\$ 1,610,383</u></u>	<u><u>\$ 206,597</u></u>	<u><u>\$ 125,754</u></u>	<u><u>\$ 1,942,734</u></u>

See Accompanying Notes

**WORKSHOPS FOR WARRIORS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**CASH FLOWS PROVIDED BY OPERATING ACTIVITIES**

Increase in Net Assets \$ 467,607

**ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Depreciation	146,396
Loss on Disposal of Equipment	21,857
Non-Cash Charitable Donation	12,500
Donated Goods Capitalized as Property and Equipment	(263,819)
Donated Property Held for Sale	(74,523)
Changes in Operating Assets and Liabilities:	
Contributions Receivable	55,179
Prepaid Expenses	(6,169)
Due from Related Party	(24,741)
Accounts Payable	18,015
Accrued Liabilities	(3,115)
Due to Related Party	(32,020)

(150,440)

**NET CASH PROVIDED BY OPERATING ACTIVITIES**

317,167

**CASH FLOWS USED BY INVESTING ACTIVITIES**

Purchase of Property and Equipment (221,160)

**NET INCREASE IN CASH**

96,007

**CASH, BEGINNING OF PERIOD**

170,606

**CASH, END OF PERIOD**

\$ 266,613

**SUPPLEMENTAL DISCLOSURES**

Noncash Investing Transactions:

Donated Property and Equipment \$ 338,342

See Accompanying Notes

**WORKSHOPS FOR WARRIORS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**NOTE 1 THE ORGANIZATON**

Workshops for Warriors, Inc. (the "Organization"), is a California non-profit Organization that was incorporated in 2008. Located in San Diego, California, the Organization's mission is to provide quality training, educational programs, and opportunities to earn third party nationally recognized credentials to enable veterans, transitioning service members, and other students to be successfully trained and placed in their chosen advanced manufacturing career field. The Organization's support comes primarily from contributions, including donated goods. Program participants do not pay educational fees or service fees.

To achieve its mission, the Organization's objectives are to provide:

- Compressed academic instruction in a classroom setting.
- Extensive hands-on training using state-of-the-art equipment.
- Opportunities to earn nationally recognized credentials in advanced manufacturing.
- Programs that are relevant to employer needs.
- Assistance to graduates to gain employment in their chosen field through effective placement preparation and job placement assistance programs.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The accompanying financial statements are prepared using the accrual method in conformity with accounting principles generally accepted ("GAAP") in the United States of America.

**Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**Financial Statement Presentation** - The Organization follows the Financial Accounting Standards Board's (FASB) Financial Statements of Not-for-Profit Organizations for presentation of its financial statements which requires that net assets, support, revenue and gains, expenses and losses be classified as unrestricted, temporarily restricted and permanently restricted.

**Cash** - The Organization considers highly liquid financial instruments with an original fixed maturity date of less than three months to be cash equivalents.

**WORKSHOPS FOR WARRIORS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Organization maintains its cash accounts in three commercial banks. At various times, cash balances may exceed federally insured deposit limits. As of December 31, 2015, there were no amounts in excess of FDIC limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Contributions Receivable - Contributions receivable consist of donor promises to give. It is the Organization's policy to charge off uncollectible contributions receivable when management determines the receivable will not be collected. Contributions receivable that are expected to be received in excess of one year are reported at present value and a discount is recorded. All contributions receivable are considered collectible as of December 31, 2015.

Property and Equipment - Property and equipment are carried at cost if purchased, or at fair value at date of gift if donated, less depreciation. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives of five to thirty-nine years. Maintenance and repairs are charged to the expense as incurred; major renewals and betterments are capitalized. It is the Organization's policy to capitalize all property and equipment costs in excess of a cost or fair value of \$500. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is recognized in the current period financial statements.

Fair Value Measurement - The Organization follows accounting standards which define fair value, establish a framework for measuring fair value and expand disclosures about fair value measurements for all financial statement elements.

Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical financial statement elements. The fair value hierarchy gives the highest priority to Level 1 inputs.

**WORKSHOPS FOR WARRIORS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar financial statement elements; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Revenue Recognition - Revenue is recognized when earned, which may be when cash is received, unconditional promises are made, ownership of assets are transferred or services rendered. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

Functional Allocation of Expenses - The Organization allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Organization's management.

Donor-Imposed Restrictions - All contributions are considered to be unrestricted unless specifically restricted by the donor. Amounts received designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted, increasing those net asset classes. However, if a restriction is fulfilled in the same fiscal period in which the contribution is received, the support is reported as unrestricted.

Donated Goods - The Organization records donated goods with a fair value of \$300 or more. The fair value of donated goods has been measured on a nonrecurring basis using quoted prices for similar financial statement elements in inactive markets (Level 2 inputs). If donors stipulate the length of an asset's use, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of donated goods are recorded as unrestricted support. Donated goods of \$418,536 were recognized for the year ending December 31, 2015, which included capitalized equipment of \$263,819, tools and supplies of \$80,194, and property held for sale of \$74,523.

**WORKSHOPS FOR WARRIORS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Donated Services - The Organization follows standards relating to contributions received and contributions made as consistent with FASB codification. These standards require recording the value of donated services that create or enhance non-financial assets or require specialized skills. Volunteers have contributed significant amounts of their time to activities of the Organization; however, only the services that meet the above requirements are recorded in the financial statements. Donated services of \$3,500 were required to be recognized for the year ended December 31, 2015. The fair value of donated services has been measured on a nonrecurring basis using quoted prices for similar financial statement elements in inactive markets (Level 2 inputs). Donated services for the year ended December 31, 2015 includes legal and repair services.

Marketing - Marketing expenses are charged to expense as incurred.

Income Taxes - As a nonprofit organization, Workshops for Warriors, Inc. has obtained exempt status under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

Management has considered its tax position and believes that all of the positions taken in its exempt organization tax returns are more likely than not to be sustained upon examination. Accordingly, the Organization has not accrued interest or penalties related to uncertain tax positions. The Organization files tax returns in the U.S. Federal jurisdiction and the State of California.

**NOTE 3 PROPERTY AND EQUIPMENT**

Major categories of property and equipment are summarized as follows:

Shop Equipment	\$ 849,747
Furniture and Fixtures	266,347
Computer Equipment	7,000
	<hr/>
	1,123,094
Accumulated Depreciation	(240,486)
	<hr/>
	<u>\$ 882,608</u>

Depreciation expense for the year ended December 31, 2015 is \$146,396.

**WORKSHOPS FOR WARRIORS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 4 RELATED PARTY**

In 2015 the Organization lent \$144,311 to a related party corporation owned by the founder and Board President. In December 2015 the related party paid off the outstanding balance, the total amount due from this related party as of December 31, 2015 is \$0.

Due to Related Party includes amounts due to a related party corporation owned by the founder and Board President. The related party and the Organization share certain operational expenses, which include utilities, equipment, payroll costs and insurance. These shared expenses are allocated to the entities either on a percentage basis or based on actual usage. For the year ended December 31, 2015 the Organization paid \$49,534 of expenses for the related party, which were reimbursed. As of December 31, 2015 amounts due from this related party for shared expenses is \$24,741. For the year ended December 31, 2015 the related party paid \$936,448 of expenses for the Organization, which were reimbursed. As of December 31, 2015 amounts due to this related party for shared expenses is \$82,053.

In 2015 the founder and Board President paid for operating expenses on behalf of the Organization. For the year ended December 31, 2015 this related party paid \$32,887 of expenses for the Organization, which were reimbursed. As of December 31, 2015 amounts due to this related party for is \$0.

These advances do not accrue interest and are due on demand.

**NOTE 5 NET ASSETS**

Net assets consist of the following at December 31, 2015:

Unrestricted Net Assets	\$ 561,190
Temporarily Restricted Net Assets	
Capital Campaign	301,460
Scholarships	271,500
Equipment Additions	56,000
Training Classes	32,000
	<hr/>
	660,960
	<hr/>
Total Net Assets	\$ 1,222,150

**NOTE 6 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 16, 2016, the date which the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements.