

**A SANCTUARY FOR MILITARY
FAMILIES, INC.**
DBA: PROJECT SANCTUARY

Financial Statements
As Of September 30, 2021
(With Summarized Financial Information
As Of September 30, 2020)

Together With Independent Auditors' Report

JDS professional
group
certified public accountants, consultants and advisors



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
A Sanctuary for Military Families, Inc.
DBA: Project Sanctuary:

Report on the Financial Statements

We have audited the accompanying financial statements of A Sanctuary for Military Families, Inc., DBA: Project Sanctuary (a Colorado nonprofit corporation), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 opinions 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 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.

Members:

American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants

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Independent Auditor's Report (Continued)

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 A Sanctuary for Military Families, Inc., DBA: Project Sanctuary as of September 30, 2021, and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Reporting on Summarized Comparative Information

We have previously audited the Organization's September 30, 2020, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the nine month period ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

JDS Professional Group

March 9, 2022

A SANCTUARY FOR MILITARY FAMILIES, INC.
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Statement Of Financial Position

As Of September 30, 2021

(With Summarized Financial Information As Of September 30, 2020)

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ASSETS	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 391,407	\$ 444,718
Promises to give	327,500	715,000
Prepaid expenses	27,917	23,578
Facility and security deposits	95,040	78,235
Promises to give restricted for acquisition of ranch	1,000,000	
Property and equipment, net	<u>149,965</u>	<u>74,433</u>
TOTAL ASSETS	<u>\$ 1,991,829</u>	<u>\$ 1,335,964</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 92,514	\$ 86,185
Deferred revenue		7,690
Reimbursable deposits held for retreats	20,500	
Accrued payroll liabilities	<u>69,202</u>	<u>61,515</u>
Total Liabilities	<u>182,216</u>	<u>155,390</u>
Net Assets:		
Without donor restrictions	391,942	148,364
With donor restrictions	<u>1,417,671</u>	<u>1,032,210</u>
Total Net Assets	<u>1,809,613</u>	<u>1,180,574</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,991,829</u>	<u>\$ 1,335,964</u>

The accompanying notes are an integral part of the financial statements

**A SANCTUARY FOR MILITARY FAMILIES, INC,
DBA: PROJECT SANCTUARY**

Statement Of Activities

For The Year Ended September 30, 2021

(With Summarized Financial Information For the Year Ended September 30, 2020)

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	Without Donor Restrictions	With Donor Restrictions	2021	2020
Support And Revenue:				
Grants	\$ 644,311	\$ 372,000	\$ 1,016,311	\$ 1,620,982
Contributions	557,425	1,027,500	1,584,925	602,808
Fundraising events held by others	106,682		106,682	126,860
Government grants	190,278		190,278	174,000
In-kind contributions	139,596		139,596	212,291
Impairment of property and equipment	(83,283)		(83,283)	
Other income	91		91	35
Net assets released from restrictions - Satisfaction of program and time restrictions	1,014,039	(1,014,039)		
Total Support And Revenue	2,569,139	385,461	2,954,600	2,736,976
Expenses:				
Program services	1,893,238		1,893,238	1,754,752
Supporting services - Management and general	170,092		170,092	141,796
Fundraising	262,231		262,231	212,327
Total Supporting Services	432,323		432,323	354,123
Total Expenses	2,325,561		2,325,561	2,108,875
CHANGES IN NET ASSETS FROM OPERATIONS	243,578	385,461	629,039	628,101
Net Assets, Beginning Of Year	148,364	1,032,210	1,180,574	552,473
NET ASSETS, END OF YEAR	\$ 391,942	\$ 1,417,671	\$ 1,809,613	\$ 1,180,574

The accompanying notes are an integral part of the financial statements

A SANCTUARY FOR MILITARY FAMILIES, INC.
DBA: PROJECT SANCTUARY

Statement Of Functional Expenses
For The Year Ended September 30, 2021

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(With Summarized Financial Information For The Year Ended September 30, 2020)

	Program Services	Supporting Services		2021 Total	2020 Total
		Management and General	Fundraising		
Salaries	\$ 677,113	\$ 90,861	\$ 159,784	\$ 927,758	\$ 861,095
Payroll taxes and benefits	103,356	13,869	24,390	141,615	119,425
Retreats and client assistance	939,939		6,943	946,882	923,719
Contracted services - legal, development, administrative, and accounting services	23,338	50,486	33,041	106,865	62,789
Supplies	2,488	334	587	3,409	3,069
Printing	9,040	1,213	2,133	12,386	7,604
Internet technology	23,274	1,571	5,485	30,330	13,548
Insurance	6,974	936	1,646	9,556	8,354
Postage and shipping	4,493	603	1,060	6,156	18,848
Advertising	8,758	1,175	2,067	12,000	23,593
Facilities	14,837	1,991	3,501	20,329	5,942
Credit card processing fees	76	971	3,464	4,511	3,055
Events - local beneficiary	26,410		3,877	30,287	23,291
Telephone	9,734	1,306	2,297	13,337	14,031
Travel		406	4,707	5,113	1,980
Other expenses	21,255	1,397	2,021	24,673	11,488
	<u>1,871,085</u>	<u>167,119</u>	<u>257,003</u>	<u>2,295,207</u>	<u>2,101,831</u>
Depreciation	22,153	2,973	5,228	30,354	7,044
Total expenses	<u>\$ 1,893,238</u>	<u>\$ 170,092</u>	<u>\$ 262,231</u>	<u>\$ 2,325,561</u>	<u>\$ 2,108,875</u>

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

**A SANCTUARY FOR MILITARY FAMILIES, INC.
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Statement Of Cash Flows

For The Year Ended September 30, 2021

(With Summarized Financial Information For the Year Ended September 30, 2020)

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	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Changes in net assets from operations	\$ 629,039	\$ 628,101
Adjustments to reconcile changes in net assets from operations to net cash (used in) operating activities:		
Impairment of property and equipment	83,283	
Donation of stock	(339)	
Depreciation	30,354	7,043
Forgiveness of PPP	(190,278)	(174,000)
Changes in assets and liabilities -		
Decrease (increase) in promises to give	387,500	(380,000)
(Increase) in prepaid expenses	(4,339)	(6,598)
(Increase) in facility and security deposits	(16,805)	(47,428)
(Decrease) in deferred revenue	(7,690)	(34,320)
Increase in reimbursable deposits held for retreats	20,500	
(Decrease) increase in accounts payable	6,329	(11,648)
Increase in accrued payroll expenses	7,687	15,805
(Increase) in promises to give restricted for acquisition of ranch	(1,000,000)	
Net cash (used in) operating activities	<u>(54,759)</u>	<u>(3,045)</u>
Cash flows from investing activities		
Sale of investments	339	
Refundable advance proceeds	190,278	174,000
Purchases of property and equipment	(189,169)	(78,175)
Net cash provided by investing activities	<u>1,448</u>	<u>95,825</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(53,311)	92,780
Cash And Cash Equivalents, Beginning Of Year	<u>444,718</u>	<u>351,938</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 391,407</u>	<u>\$ 444,718</u>

The accompanying notes are an integral part of the financial statements

**A SANCTUARY FOR MILITARY FAMILIES, INC.
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Notes To Financial Statements
For The Year Ended September 30, 2020

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(1) **Nature Of The Organization**

A Sanctuary for Military Families, Inc., DBA: Project Sanctuary (the “Organization”) is a Colorado not-for-profit, established in 2007. The Organization believes that everyone has the right and the ability to heal, and that when one person serves the whole family serves. The Organization takes a human-centered, solution-based approach to helping military families heal and move forward in life. The Organization assists military service members by reconnecting the family unit through holistic approach and innovative long-term programming focused on connectedness. The Organization restores hope empowers families to recover and thrive. The program heals the traumatic effects of military service, treating all members of the family at their level of need and enabling the service members to reintegrate into their families and communities in a healthy and sustainable manner. The Organization’s work preserves the family unit, strengthening the community, the military, and the country.

The Organization is supported primarily by grants, contributions, and fundraising events held by others.

(2) **Summary Of Significant Accounting Policies**

Method Of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Basis of Accounting

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature where by the donor has stipulated the funds that must be maintained in perpetuity. The Organization does not have any funds to be maintained in perpetuity.

A SANCTUARY FOR MILITARY FAMILIES, INC.
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Notes To Financial Statements (Continued)
For The Year Ended September 30, 2021

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Risks And Uncertainties

The global community has been under a significant threat from coronavirus ("COVID-19"). The extent to which the COVID-19 pandemic impacts the Organization's business, results of operations and financial condition will depend on future developments, which are still uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, the Organization may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Organization cannot reasonably estimate the impact at this time.

Measure Of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consists of those items attributable to the Organization's ongoing program services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reported period. Actual results could differ from those estimates.

Cash And Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and demand deposit accounts. The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Deferred Revenue

Deferred revenue represents sponsorships paid in advance for events to be held in future years.

Property And Equipment

Property and equipment is stated at cost, or fair value if contributed. Expenditures for maintenance, repairs, and minor replacements are charged to operations, and expenditures for major replacements and betterments of \$2,500 and greater are capitalized. Property and equipment is depreciated on a straight line basis over the estimated useful live of 5 year. Depreciation on work in progress commences when the asset is placed into service.

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Notes To Financial Statements (Continued)
For The Year Ended September 30, 2021

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Methods Used For Allocation Of Expenses From Management And General Activities

The cost of providing program 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 benefitted. Such allocations are determined by management on an equitable basis based on time and effort. Allocated expenses include salaries, payroll tax and benefits, supplies, printing, internet technology, insurance, advertising, depreciation, postage and shipping and facilities.

Fair Value Measurements

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts payable, and accrued payroll liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Revenue And Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. As of September 30, 2021, the discount on the long-term promise to give was insignificant. As of September 30, 2021, the Organization had promises to give of \$1,367,500. Conditional promises to give with a measurable performance or other barrier and a right of return/right or release are not recognized until the conditions on which they depend have been met. As of September 30, 2021, the Organization did not have any conditional promises to give. An allowance for uncollectible promise to give is provided based upon management's judgement, including such factors as prior collection history, type of contribution, and nature of fund-raising activity. No allowance was deemed necessary as of September 30, 2021.

Donated services which require recognition are those that create or enhance non-financial assets or that specifically require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated goods and services are reflected in the accompanying statements at their estimated values at date of receipt.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as changes in net assets with donor restrictions.

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Notes To Financial Statements (Continued)
For The Year Ended September 30, 2021

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Evaluation of Subsequent Events

The Organization has performed an evaluation of subsequent events through March 9, 2022, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Tax Exempt Status

The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. As such, donors are entitled to a charitable deduction for their contribution to the Organization.

The Organization follows the *Accounting for Uncertainty in Income Taxes* accounting standard which requires the Organization to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the year ended September 30, 2021, the Organization's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

The Organization is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for years ending prior to September 30, 2018. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no issues would arise.

(4) Concentration Of Credit Risk

The Organization's cash deposits are held at financial institutions at which deposits are insured up to \$250,000 per institution by the FDIC. As of September 30, 2021, the Organization's deposits exceeded this limit by \$84,046.

As of September 30, 2021, 75% of the total promises to give are from one donor and represents a concentration risk.

A SANCTUARY FOR MILITARY FAMILIES, INC.
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Notes To Financial Statements (Continued)
For The Year Ended September 30, 2021

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(5) **Promises to Give**

Promises to give as of September 30, 2021, consisted of the following:

Amounts due in:	
Less than one year	\$ 1,192,500
One to five years	135,000
Total promises to give	<u>\$ 1,327,500</u>

(6) **Property and Equipment**

Property and equipment consisted of the following as of September 30, 2021:

Vehicles	\$ 66,015
Website	14,970
Software	169,091
Less: accumulated depreciation	(100,111)
Total property and equipment	<u>\$ 149,965</u>

Depreciation expense for the year ended September 30, 2021, was \$30,354.

(7) **Refundable Advance - Paycheck Protection Program**

On February 19, 2021, the Organization qualified for and received a refundable advance pursuant to the Paycheck Protection Program (“PPP”), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate amount of \$190,278. The advance was forgiven during the year ended September 30, 2021, and is reflected in government grants on the statement of activities.

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Notes To Financial Statements (Continued)
For The Year Ended September 30, 2021

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(8) **Net Assets With Donor Restrictions**

Net assets with donor restrictions consisted of the following as of September 30, 2021:

<u>Subject to expenditure for specified purpose:</u>	
Retreats	\$ 70,000
Development	2,000
Acquisition of ranch	1,000,000
Healthy relationship class	18,171
<u>Subject to the passage of time:</u>	
Time restricted contributions	327,500
	<u>\$ 1,417,671</u>

The Organization intends to acquire a ranch to provide retreats. Promises to give are restricted to payment of the cost of acquiring the ranch.

(9) **Liquidity And Availability Of Financial Assets**

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows as of September 30, 2021:

Financial assets, at year end	
Cash and cash equivalents	\$ 391,407
Promises to give	327,500
Less promises to give not expected to be received within one year	<u>(135,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 583,907</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

A SANCTUARY FOR MILITARY FAMILIES, INC.
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Notes To Financial Statements (Continued)
For The Year Ended September 30, 2021

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(10) **In-Kind Contributions**

The value of in-kind contributions included in the financial statements and the corresponding expenses for the year ended September 30, 2021, are as follows:

Retreat - rent, family activities, lodging and other	\$ 113,906
Publications	6,405
Photography	19,285
	<u>\$ 139,596</u>

The volunteer services pertaining to photography and classroom instruction are reflected in program services in the statement of functional expenses.

In addition, the Organization received an additional 6,090 hours of contributed services consisting primarily of retreat support services, including food preparation; child care; recreation activity assistance; housekeeping; and emotional support valued at \$173,809. These donated services were not recognized in the financial statements because they did not meet the criteria for recognition.

(11) **Pension Plan**

The Organization offers a Simple IRA retirement plan for all employees. After an employee has earned \$5,000 in at least one of the two prior years or has the expectation of earning \$5,000 in the year of election to participate, they may choose to designate part of their salary to be placed in the tax-deferred Simple IRA plan. The Organization contributes 3% of the employee's compensation for all contributing employees, after the conclusion of each plan year. Employees are 100% vested upon the first elected deferral contribution. The Organization's contributions for the year ended September 30, 2021, were \$13,284.

(12) **New Accounting Pronouncement**

In December of 2018, FASB issued ASU No. 2018-20, Leases. ASU No. 2018-20 which requires the Organization to recognize all leased assets on the statement of financial position with corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosure as to the nature and extend of leasing activities. The requirements of this statements are effective for the Organization's year ended March 31, 2022. The Organization has not evaluated the impact due to the timing of implementation of this standard.