

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

Financial Statements  
As Of September 30, 2022  
(With Summarized Financial Information  
As Of September 30, 2021)

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:

### **Opinion**

We have audited the accompanying financial statements of A Sanctuary for Military Families, Inc. (the "Organization"), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management 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, and for 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.

### Independent Auditors' Report (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

Independent Auditors' Report (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Reporting on Summarized Comparative Information**

We have previously audited the Organization's September 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 9, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*JDS Professional Group*

April 4, 2023

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

Statement Of Financial Position  
As Of September 30, 2022  
(With Summarized Financial Information As Of September 30, 2021)

Page -4-

<b>ASSETS</b>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 185,780	\$ 391,407
Promises to give	255,609	327,500
Prepaid expenses	19,432	27,917
Facility and security deposits	59,984	95,040
Cash and cash equivalents restricted for acquisition of ranch	979,411	
Promises to give restricted for acquisition of ranch		1,000,000
Property and equipment, net	<u>162,483</u>	<u>149,965</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,662,699</u></b>	<b><u>\$ 1,991,829</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 253,490	\$ 92,514
Reimbursable deposits held for retreats	23,058	20,500
Refundable advances	49,384	
Accrued payroll liabilities	<u>57,021</u>	<u>69,202</u>
Total Liabilities	<u>382,953</u>	<u>182,216</u>
Net Assets:		
Without donor restrictions	19,580	391,942
With donor restrictions	<u>1,260,166</u>	<u>1,417,671</u>
Total Net Assets	<u>1,279,746</u>	<u>1,809,613</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,662,699</u></b>	<b><u>\$ 1,991,829</u></b>

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, 2022

(With Summarized Financial Information For the Year Ended September 30, 2021)

Page -5-

	Without Donor Restrictions	With Donor Restrictions	2022	2021
<b>Support And Revenue:</b>				
Grants	\$ 593,023	\$ 62,500	\$ 655,523	\$ 1,016,311
Contributions	589,552	173,109	762,661	1,584,925
Fundraising events	312,596		312,596	106,682
Government grants				190,278
In-kind contributions	189,270		189,270	139,596
Impairment of property and equipment	(70,589)		(70,589)	(83,283)
Other income	6,805		6,805	91
Net assets released from restrictions - Satisfaction of program and time restrictions	393,114	(393,114)		
Total Support And Revenue	<u>2,013,771</u>	<u>(157,505)</u>	<u>1,856,266</u>	<u>2,954,600</u>
<b>Expenses:</b>				
Program services	<u>1,989,890</u>		<u>1,989,890</u>	<u>1,893,238</u>
Supporting services -				
Management and general	154,823		154,823	170,092
Fundraising	241,420		241,420	262,231
Total Supporting Services	<u>396,243</u>		<u>396,243</u>	<u>432,323</u>
Total Expenses	<u>2,386,133</u>		<u>2,386,133</u>	<u>2,325,561</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	(372,362)	(157,505)	(529,867)	629,039
Net Assets, Beginning Of Year	<u>391,942</u>	<u>1,417,671</u>	<u>1,809,613</u>	<u>1,180,574</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 19,580</u>	<u>\$ 1,260,166</u>	<u>\$ 1,279,746</u>	<u>\$ 1,809,613</u>

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, 2022

Page -6-

(With Summarized Financial Information For The Year Ended September 30, 2021)

	Program Services	Supporting Services		2022 Total	2021 Total
		Management and General	Fundraising		
Salaries	\$ 745,247	\$ 71,373	\$ 151,898	\$ 968,518	\$ 927,758
Payroll taxes and benefits	111,831	10,710	22,794	145,335	141,615
Retreats and client assistance	947,381	398	7,646	955,425	946,882
Contracted services - legal, development, administrative, and accounting services	7,787	56,460	5,433	69,680	106,865
Supplies	1,468	141	299	1,908	3,409
Printing	10,603	1,016	2,161	13,780	12,386
Internet technology	26,284	2,043	5,241	33,568	30,330
Insurance	8,603	824	1,754	11,181	9,556
Postage and shipping	5,616	538	1,145	7,299	6,156
Advertising	2,977	285	607	3,869	12,000
Facilities	63,481			63,481	20,329
Credit card processing fees	26	961	9,578	10,565	4,511
Events - local beneficiary			18,000	18,000	30,287
Telephone	10,221	979	2,083	13,283	13,337
Travel	3,135	1,203	4,712	9,050	5,113
Interest expense		4,178		4,178	
Other expenses	14,699	790	1,846	17,335	24,673
	1,959,359	151,899	235,197	2,346,455	2,295,207
Depreciation	30,531	2,924	6,223	39,678	30,354
Total expenses	\$ 1,989,890	\$ 154,823	\$ 241,420	\$ 2,386,133	\$ 2,325,561

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

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

Statement Of Cash Flows

For The Year Ended September 30, 2022

(With Summarized Financial Information For the Year Ended September 30, 2021)

Page -7-

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets from operations	\$ (529,867)	\$ 629,039
Adjustments to reconcile changes in net assets from operations to net cash provided by (used in) operating activities:		
Impairment of property and equipment	70,589	83,283
Donation of stock		(339)
Depreciation	39,678	30,354
Forgiveness of PPP		(190,278)
Changes in assets and liabilities -		
Decrease in promises to give	71,891	387,500
Decrease (increase) in prepaid expenses	8,485	(4,339)
Decrease (increase) in facility and security deposits	35,056	(16,805)
Increase (decrease) in refundable advances	49,384	(7,690)
Increase in reimbursable deposits held for retreats	2,558	20,500
Increase in accounts payable	160,976	6,329
Increase (decrease) in accrued payroll expenses	(12,181)	7,687
(Increase) decrease in promises to give restricted for acquisition of ranch	<u>1,000,000</u>	<u>(1,000,000)</u>
Net cash provided by (used in) operating activities	<u>896,569</u>	<u>(54,759)</u>
Cash flows from investing activities		
Sale of investments		339
Refundable advance proceeds		190,278
Purchases of property and equipment	(122,785)	(189,169)
Net cash (used in) provided by investing activities	<u>(122,785)</u>	<u>1,448</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>773,784</b>	<b>(53,311)</b>
Cash And Cash Equivalents, Beginning Of Year	<u>391,407</u>	<u>444,718</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 1,165,191</u></b>	<b><u>\$ 391,407</u></b>

The accompanying notes are an integral part of the financial statements



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

Notes To Financial Statements  
For The Year Ended September 30, 2022

Page -8-

(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.**  
**DBA: PROJECT SANCTUARY**

Notes To Financial Statements (Continued)  
For The Year Ended September 30, 2022

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.

Reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of the same such amounts in the statement of cash flows:

Cash and cash equivalents	\$ 185,780
Cash and cash equivalents restricted for acquisition of ranch	979,411
	<u>\$ 1,165,191</u>

Cash And Cash Equivalents Restricted For Acquisition Of Ranch

Cash restricted for acquisition of ranch has been restricted by donors and is not available for operating purposes.

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.

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

Notes To Financial Statements (Continued)  
For The Year Ended September 30, 2022

Page -10-

---

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

Fundraising event revenue is recognized in the period the event is held. As of September 30, 2022, \$49,384 is reflected in refundable advances for fundraising event revenue collected in advance.

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, 2022, the Organization had promises to give of \$255,609 and are expected to be paid within one year. 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, 2022, 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, 2022.

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

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

Notes To Financial Statements (Continued)  
For The Year Ended September 30, 2022

Page -11-

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.

Evaluation of Subsequent Events

The Organization has performed an evaluation of subsequent events through April 4, 2023, 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, 2022, 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, 2019. 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.

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

Notes To Financial Statements (Continued)  
For The Year Ended September 30, 2022

Page -12-

(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, 2022 and 2021, the Organization did not exceed the FDIC limit.

As of September 30, 2022, 52% of the total promises to give are from one donor and represents a concentration risk.

(5) **Property and Equipment**

Property and equipment consisted of the following as of September 30, 2022:

Vehicles	\$ 66,015
Website	14,970
Software	221,288
Less: accumulated depreciation	(139,790)
Total property and equipment	<u>\$ 162,483</u>

Depreciation expense for the year ended September 30, 2021, was \$39,678.

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

Net assets with donor restrictions consisted of the following as of September 30, 2022:

<u>Subject to expenditure for specified purpose:</u>	
Retreats	\$ 25,146
Acquisition of ranch	979,411
<u>Subject to the passage of time:</u>	
Time restricted contributions	255,609
	<u>\$ 1,260,166</u>

The Organization intends to acquire a ranch to provide retreats. The cash received is restricted to payment of the cost of acquiring a ranch.

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

Notes To Financial Statements (Continued)  
For The Year Ended September 30, 2022

Page -13-

(7) **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, 2022:

Financial assets, at year end	
Cash and cash equivalents	\$ 185,780
Promises to give	255,609
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 441,389</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.

(8) **Contributed Nonfinancial Assets**

**Gifts-In-Kind**

The Organization received gifts-in-kind for the year ended September 30, 2022:

Retreat - rent, family activities, lodging and other	\$ 162,360
Publications	6,535
Photography	20,375
Total gifts-in-kind	<u>\$ 189,270</u>

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

During the fiscal year ended June 30, 2022, all gifts-in-kind were utilized to carry out the mission of the Organization. The professional services were valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

All gifts-in-kind received by the Organization for the year ended June 30, 2022, were considered without donor restrictions and able to be used by the Organization as determined by the board of trustees and management.

In addition, the Organization received an additional 8,239 hours of contributed services consisting primarily of retreat support services, including food preparation; child care; recreation activity assistance; housekeeping; and emotional support valued at \$246,758. These donated services were not recognized in the financial statements because they did not meet the criteria for recognition.

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

Notes To Financial Statements (Continued)  
For The Year Ended September 30, 2022

Page -14-

---

(9) **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, 2022, were \$12,920.