

**BOULDER CREST RETREAT FOUNDATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2011**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Boulder Crest Retreat Foundation  
Fredericksburg, Virginia

We have audited the accompanying statement of financial position of Boulder Crest Retreat Foundation (the Foundation) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on Page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads 'PBJH LLP'. The letters are stylized and cursive.

Fredericksburg, Virginia  
March 26, 2012

**BOULDER CREST RETREAT FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2011**

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<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 122,166
Prepaid expenses	1,257
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<b>Total current assets</b>	<b>123,423</b>
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Property and Equipment	
Land	370,000
Website	700
Construction in progress	35,945
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	406,645
Less accumulated depreciation and amortization	(233)
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	406,412
	<hr/>
	\$ 529,835
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<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
Accounts payable	\$ 10,888
Net Assets	
Unrestricted	518,947
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<b>Total liabilities and net assets</b>	<b>\$ 529,835</b>
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**BOULDER CREST RETREAT FOUNDATION**

**STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2011**

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Support and Revenue	
Contributions	<u>\$ 634,047</u>
<b>Total support and revenue</b>	<u>634,047</u>
Expenses	
Program services	117
Management and general	6,126
Fundraising	<u>108,857</u>
<b>Total expenses</b>	<u>115,100</u>
<b>Change in net assets</b>	518,947
Net Assets, beginning	<u>-</u>
Net Assets, ending	<u><u>\$ 518,947</u></u>

**BOULDER CREST RETREAT FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2011**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fund- raising</b>	<b>Total</b>
Professional and consulting costs	\$ -	\$ 5,579	\$ 94,184	\$ 99,763
Office supplies and expenses	-	174	174	348
Advertising	-	-	13,402	13,402
Postage and delivery	-	95	95	190
Dues and subscriptions	-	-	528	528
Depreciation and amortization	117	-	116	233
Insurance	-	251	-	251
Other	-	27	358	385
<b>Total</b>	<b>\$ 117</b>	<b>\$ 6,126</b>	<b>\$ 108,857</b>	<b>\$ 115,100</b>

**BOULDER CREST RETREAT FOUNDATION**

**STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2011**

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Cash Flows From Operating Activities	
Change in net assets	\$ 518,947
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	233
Donation of property and equipment	(406,645)
Increase in accounts payable	10,888
(Increase) in prepaid expenses	(1,257)
	<hr/>
<b>Net cash provided by operating activities</b>	<b>122,166</b>
	<hr/>
<b>Increase in cash and cash equivalents</b>	<b>122,166</b>
Cash and Cash Equivalents	
Beginning	<hr/> -
Ending	<hr/> <b>\$ 122,166</b> <hr/>

# BOULDER CREST RETREAT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Nature of the Foundation and Significant Accounting Policies

Boulder Crest Retreat Foundation (the Foundation) was organized in 2010 and commenced activity in January 2011. The Foundation's mission is to provide a free, first class rural retreat where America's seriously wounded warriors and their families can reconnect and recover among the beauties of the natural world. The Foundation may also make its facilities available to other established non-profit organizations to offer their programs for veterans free of charge.

Significant accounting policies followed by the Foundation are described below:

**Basis of accounting:** The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. Net assets are reported according to three classes: unrestricted, temporarily restricted, or permanently restricted, based on the presence or absence of donor-imposed restrictions.

**Cash and cash equivalents:** For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Balances in these accounts may, at times, exceed federally insured limits. The Foundation has not experienced any loss in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

**Property and equipment:** Property and equipment are stated at cost or, if donated, at the estimated fair market value at the time of donation. Depreciation and amortization are provided by straight-line methods based on the following estimated useful life:

Website	5 years
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**Contributions:** Gifts of cash and other assets received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. When a time or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Contributions with donor imposed restrictions that are satisfied within the same reporting period as received are reported as unrestricted support.

**Donated services:** Donated professional services are recorded in the statement of activities at their fair value. Other donated services in support of the Foundation are not recorded in the financial statements since the services do not require specialized skills.

**Functional allocation of expenses:** Directly identifiable expenses are charged to programs and supporting services, as applicable. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Foundation.

## **BOULDER CREST RETREAT FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1. Nature of the Foundation and Significant Accounting Policies (Continued)**

**Income taxes:** The Foundation is exempt from federal and state income taxes under Internal Revenue Code 501(c) (3) and has been determined not to be a private foundation under Code Section 509(a).

Management evaluated the Foundation's tax positions and concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the Income Taxes Topic of the FASB Accounting Standards Codification. The Foundation expects to file Form 990, Return of Organization Exempt from Income Tax, annually with the United States Department of the Treasury. This is the first year of operations for the Foundation; therefore, there are no prior year returns subject to examination by the IRS.

**Advertising:** The Company follows a policy of charging the costs of advertising to expense as incurred. Advertising expense amounted to \$13,402 for the year ended December 31, 2011.

**Subsequent events:** Subsequent events have been evaluated through March 26, 2012, which was the date the financial statements were available to be issued.

#### **Note 2. Related Party Contributions**

The Foundation received non-cash contributions in the amount of \$513,661 for the year ended December 31, 2011, from its founder and chairman, consisting of land with an appraised value of \$370,000, construction costs of \$35,945, website development costs of \$700, and \$107,016 of other expenses paid on behalf of the Foundation.

#### **Note 3. Construction in Progress**

The Foundation had construction in progress in the amount of \$35,945 at December 31, 2011 related to the construction of a new respite housing facility. Although the Foundation was not contractually obligated under a construction contract for this project at December 31, 2011, management currently estimates completion in the second quarter of 2013 at a total cost of approximately \$3.5 million.

## **SUPPLEMENTARY INFORMATION**

**BOULDER CREST RETREAT FOUNDATION**

**SCHEDULE OF UNRESTRICTED SUPPORT**

**Year Ended December 31, 2011**

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Contributions	
Individuals	\$ 40,386
Corporations	80,000
Non-cash	<u>513,661</u>
	<u>\$ 634,047</u>