

**BOULDER CREST RETREAT FOUNDATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2015**



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ASSURANCE, TAX & ADVISORY SERVICES

# **BOULDER CREST RETREAT FOUNDATION**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Boulder Crest Retreat Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, 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 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 Foundation'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 Boulder Crest Retreat Foundation as of December 31, 2015 and 2014 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*PBMares, LLP*

Fredericksburg, Virginia  
April 28, 2016

## **FINANCIAL STATEMENTS**

# BOULDER CREST RETREAT FOUNDATION

## STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	2015	2014
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,708,773	\$ 693,279
Pledges receivable, current portion	467,247	783,384
Prepaid expenses	13,947	9,416
Receivables	-	598
	<hr/>	<hr/>
<b>Total current assets</b>	<b>2,189,967</b>	<b>1,486,677</b>
Property and Equipment		
Buildings	5,211,158	5,105,939
Land and improvements	956,574	945,057
Furniture and equipment	419,215	379,291
Website	1,000	1,000
Vehicles	98,947	94,447
	<hr/>	<hr/>
	6,686,894	6,525,734
Less accumulated depreciation	496,276	267,996
	<hr/>	<hr/>
	6,190,618	6,257,738
Other Assets		
Intangibles	2,447	-
Long-term pledges receivable	727,876	1,309,689
	<hr/>	<hr/>
	730,323	1,309,689
	<hr/>	<hr/>
	\$ 9,110,908	\$ 9,054,104
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 257,532	\$ 159,729
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>257,532</b>	<b>159,729</b>
Net Assets		
Unrestricted	7,402,995	6,383,723
Temporarily restricted	1,450,381	2,510,652
	<hr/>	<hr/>
	8,853,376	8,894,375
	<hr/>	<hr/>
<b>Total liabilities and net assets</b>	<b>\$ 9,110,908</b>	<b>\$ 9,054,104</b>

## BOULDER CREST RETREAT FOUNDATION

### STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contributions	\$ 1,415,729	\$ 129,977	\$ 1,545,706
Fundraising activities, net of direct expense of \$112,107	325,298	-	325,298
Interest	111	-	111
Rental income	7,192	-	7,192
Net assets released from restriction	1,190,248	(1,190,248)	-
<b>Total support and revenue</b>	<b>2,938,578</b>	<b>(1,060,271)</b>	<b>1,878,307</b>
Expenses			
Program services	1,372,039	-	1,372,039
Management and general	142,795	-	142,795
Fundraising	404,472	-	404,472
<b>Total expenses</b>	<b>1,919,306</b>	<b>-</b>	<b>1,919,306</b>
<b>Change in net assets</b>	<b>1,019,272</b>	<b>(1,060,271)</b>	<b>(40,999)</b>
Net Assets, beginning	6,383,723	2,510,652	8,894,375
Net Assets, ending	\$ 7,402,995	\$ 1,450,381	\$ 8,853,376

## BOULDER CREST RETREAT FOUNDATION

### STATEMENT OF ACTIVITIES

Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contributions	\$ 1,449,518	\$ 2,119,265	\$ 3,568,783
Fundraising activities, net of direct expense of direct expense of \$125,879	340,263	-	340,263
Interest	5	-	5
Net assets released from restriction	1,339,921	(1,339,921)	-
<b>Total support and revenue</b>	<b>3,129,707</b>	<b>779,344</b>	<b>3,909,051</b>
Expenses			
Program services	1,123,600	-	1,123,600
Management and general	142,133	-	142,133
Fundraising	389,025	-	389,025
<b>Total expenses</b>	<b>1,654,758</b>	<b>-</b>	<b>1,654,758</b>
<b>Change in net assets</b>	<b>1,474,949</b>	<b>779,344</b>	<b>2,254,293</b>
Net Assets, beginning	4,908,774	1,731,308	6,640,082
Net Assets, ending	\$ 6,383,723	\$ 2,510,652	\$ 8,894,375



## BOULDER CREST RETREAT FOUNDATION

### STATEMENT OF FUNCTIONAL EXPENSES Year Ended December 31, 2015

	Program Services	Management and General	Fund- raising	Total
Cabin	\$ 1,452	\$ -	\$ -	\$ 1,452
Retreat vehicle	4,170	-	-	4,170
Retreat program	332,933	-	-	332,933
Other retreat expenses	45,167	-	-	45,167
Janitorial services and ground maintenance	187,604	-	-	187,604
Professional and consulting costs	133,500	36,331	247,598	417,429
Bank and merchant fees	-	250	2,895	3,145
Salaries, taxes and payroll fees	27,561	21,120	5,436	54,117
Contracted services	319,887	21,482	56,641	398,010
General fundraising	-	-	65,627	65,627
Insurance	24,484	-	-	24,484
Office supplies and expenses	16,494	1,108	2,920	20,522
Rent and utilities	39,154	3,648	4,707	47,509
Postage and delivery	1,423	96	252	1,771
Printing and copying	1,822	122	323	2,267
Telephone and website hosting	2,378	160	421	2,959
Depreciation and amortization	231,444	-	-	231,444
Donor management software	-	7,035	7,035	14,070
Travel	-	39,037	6,441	45,478
Loss on disposal of assets	2,566	-	-	2,566
Other	-	12,406	4,176	16,582
<b>Total</b>	<b>\$ 1,372,039</b>	<b>\$ 142,795</b>	<b>\$ 404,472</b>	<b>\$ 1,919,306</b>

## BOULDER CREST RETREAT FOUNDATION

### STATEMENT OF FUNCTIONAL EXPENSES Year Ended December 31, 2014

	Program Services	Management and General	Fund- raising	Total
Cabin expenses	\$ 6,942	\$ -	\$ -	\$ 6,942
Retreat vehicle	8,943	-	-	8,943
Retreat program	285,624	-	-	285,624
Other retreat expenses	26,192	-	-	26,192
Janitorial services and ground maintenance	118,167	-	-	118,167
Professional and consulting costs	-	40,360	218,262	258,622
Advertising	-	-	31,151	31,151
Bank and merchant fees	-	-	23,195	23,195
Salaries, taxes and payroll fees	3,369	21,078	4,447	28,894
Contracted services	301,678	49,861	61,104	412,643
General fundraising	-	-	26,970	26,970
Insurance	19,854	4,275	-	24,129
Real estate taxes	37,893	-	-	37,893
Office supplies and expenses	3,362	3,362	3,362	10,086
Rent and utilities	77,448	2,400	2,400	82,248
Postage and delivery	1,841	1,841	1,841	5,523
Printing and copying	7,454	7,454	7,454	22,362
Telephone and website hosting	626	626	626	1,878
Depreciation and amortization	208,986	-	-	208,986
Donor management software	-	3,192	3,192	6,384
Travel	-	4,679	4,515	9,194
Interest	12,486	-	-	12,486
Loss on disposal of assets	2,735	-	-	2,735
Other	-	3,005	506	3,511
<b>Total</b>	<b>\$ 1,123,600</b>	<b>\$ 142,133</b>	<b>\$ 389,025</b>	<b>\$ 1,654,758</b>

## BOULDER CREST RETREAT FOUNDATION

### STATEMENTS OF CASH FLOWS Years Ended December 31, 2015 and 2014

	2015	2014
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (40,999)	\$ 2,254,293
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	231,444	208,986
Loss on disposition of asset	2,566	2,735
Donation of property and equipment	(8,717)	(14,133)
(Increase) decrease in:		
Other receivables	598	1,204
Pledges receivable	897,950	(366,765)
Prepaid expenses	(4,531)	(440)
Increase (decrease) in accounts payable and accrued expenses	97,803	(86,885)
<b>Net cash provided by operating activities</b>	<b>1,176,114</b>	<b>1,998,995</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of intangible assets	(2,447)	-
Purchase of property and equipment	(158,173)	(896,146)
<b>Net cash used in investing activities</b>	<b>(160,620)</b>	<b>(896,146)</b>
<b>Cash Flows From Financing Activities</b>		
Payment of line of credit	-	(800,000)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(800,000)</b>
<b>Increase in cash and cash equivalents</b>	<b>1,015,494</b>	<b>302,849</b>
<b>Cash and Cash Equivalents</b>		
Beginning	693,279	390,430
Ending	\$ 1,708,773	\$ 693,279
<b>Supplemental Disclosures of Noncash Investing and Financing Activities</b>		
Property and equipment additions	\$ 166,890	\$ 910,279
In-kind donation of property and equipment	(8,717)	(14,133)
Cash paid for purchase of property and equipment	\$ 158,173	\$ 896,146
Cash paid for interest	\$ -	\$ 12,486

# 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 beauty of the natural world. The Foundation also makes its facilities available to other established non-profit organizations to offer their programs for veterans free of charge. Construction began during 2012 and the operation of the facilities began in September 2013.

Significant accounting policies 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, revenues, and expenses are classified based on the terms of donor-imposed restrictions, if any. Accordingly, the net assets, revenues, and expenses of the Foundation are classified and reported as follows:

Unrestricted: Unrestricted net assets are neither temporarily nor permanently restricted by donor-imposed restrictions.

Temporarily restricted: Temporarily restricted net assets contain donor-imposed restrictions that permit the Foundation to use up or expend the donated assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Foundation.

Permanently restricted: Permanently restricted net assets are subject to donor-imposed restrictions and must be maintained by the Foundation in perpetuity. The Foundation had no permanently restricted net assets at December 31, 2015 or 2014.

***Cash and cash equivalents:*** 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.

***Pledges receivable:*** Pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flow. Amortization of the resultant discount is recognized as contribution revenue. The need for an allowance for uncollectible pledges receivable is determined based on an evaluation of the collectability of individual promises. All pledges were considered fully collectible at December 31, 2015 and 2014; accordingly, no allowance for doubtful pledges receivable was recorded.

# BOULDER CREST RETREAT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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

**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 is calculated using the straight-line method over the assets' useful lives as follows:

Buildings	39.5 years
Land improvements	10 – 39.5 years
Furniture and equipment	3 – 10 years
Website	3 years
Vehicles	3 – 7 years

**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 statements 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 goods and services:** Donated services that create or enhance non-financial assets or that require specialized skills and would have been purchased if not provided by individuals possessing those skills are recorded in the statements of activities at their fair value. Other donated services that do not meet these criteria are not recorded in the financial statements. Donated goods and construction materials are recorded at their fair value on date of donation.

**Functional allocation of expenses:** The cost of providing the various programs and activities has been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income taxes:** The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 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 files Form 990, Return of Organization Exempt from Income Tax, annually with the United States Department of the Treasury. The Foundation's income tax returns for the years 2012 and later remain subject to examination by the Internal Revenue Service.

**Subsequent events:** Subsequent events have been evaluated through April 28, 2016, which was the date the financial statements were available to be issued.

## BOULDER CREST RETREAT FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Pledges Receivable

Pledges receivable at December 31, 2015 and 2014 are expected to be collected as follows:

	<u>2015</u>	<u>2014</u>
In one year or less	\$ 467,247	\$ 783,384
Between one and five years	757,247	1,391,537
	<u>1,224,494</u>	<u>2,174,921</u>
Less present value discount (1.38%-2.75%)	<u>(29,371)</u>	<u>(81,848)</u>
	<u>\$ 1,195,123</u>	<u>\$ 2,093,073</u>

#### Note 3. Related Party Contributions

Related party contributions consisted of the following for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Contributions from Kenneth Falke, Founder and Chairman:		
Cash contributions	\$ -	\$ 1,500
Noncash contributions expenses and construction	11,832	9,399
Pledged contribution payment	277,176	-
	<u>289,008</u>	<u>10,899</u>
Contributions from Shoulder2Shoulder, Inc., of which Kenneth Falke is a shareholder:		
Cash contributions	5,250	1,750
Noncash - shared services, space and construction	43,071	21,723
	<u>48,321</u>	<u>23,473</u>
Pledged contribution from Clark Construction Group, LLC, whose Chief Financial Officer is on the Foundation's Board of Directors, net of present value discount	<u>-</u>	<u>124,745</u>
Total related party contributions	<u>\$ 337,329</u>	<u>\$ 159,117</u>

## BOULDER CREST RETREAT FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Heroes Garden Project/Horticultural Program	\$ 240,258	\$ 402,579
Artemis Rising Invisible Recovery Program	15,000	15,000
Time restriction	<u>1,195,123</u>	<u>2,093,073</u>
	<u>\$ 1,450,381</u>	<u>\$ 2,510,652</u>

## **SUPPLEMENTARY INFORMATION**



**BOULDER CREST RETREAT FOUNDATION**

**SCHEDULES OF CONTRIBUTIONS  
Years Ended December 31, 2015 and 2014**

	<b>2015</b>	2014
Contributions		
Individuals	\$ 326,694	\$ 702,133
Corporations	431,035	609,979
Foundations	667,639	2,115,779
Non-cash	120,338	140,892
	<u>\$ 1,545,706</u>	<u>\$ 3,568,783</u>