

**VENTURE FOR AMERICA, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**

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LEDERER, LEVINE & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

KENNETH J. LEDERER, CPA
STEVEN J. LEVINE, CPA
DEREK A. FLANAGAN, CPA

1099 WALL STREET WEST – SUITE 280
LYNDHURST, NEW JERSEY 07071
(201) 933-3780
(201) 933-3575 FAX

149 MADISON AVENUE – 11th FLOOR
NEW YORK, NEW YORK 10016
(800) 269-3457 (NYC)

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Venture For America, Inc.

We have audited the accompanying financial statements of Venture For America, Inc. (the "Organization") which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Venture For America, Inc. as of December 31, 2014 and 2013 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental information.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of functional expenses for the years ended December 31, 2014 and 2013 are presented for purposes of additional analysis and are 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.


Lederer, Levine & Associates, LLC

July 20, 2015

VENTURE FOR AMERICA, INC
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents (Notes B and H)	\$ 1,808,291	\$ 751,558
Contributions receivable (Notes B and C)	2,110,582	2,729,668
Other receivables	2,864	42,000
Fellow loans receivable (Note D)	168,145	
Prepaid expenses	33,505	26,735
Investments (Notes B and E)	33,639	27,470
Property and equipment, net (Notes B and F)	46,119	45,064
Other assets (Note G)	<u>79,790</u>	<u>25,871</u>
 TOTAL ASSETS	 \$ <u>4,282,935</u>	 \$ <u>3,648,366</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 341,315	\$ 30,465
Deferred rent (Note K)	<u>3,651</u>	<u>1,137</u>
 TOTAL LIABILITIES	 <u>344,966</u>	 <u>31,602</u>
 COMMITMENTS AND CONTINGENCIES (Note K)		
 NET ASSETS		
Unrestricted	1,146,969	766,914
Temporarily restricted (Notes B and L)	<u>2,791,000</u>	<u>2,849,850</u>
 TOTAL NET ASSETS	 <u>3,937,969</u>	 <u>3,616,764</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>4,282,935</u>	 \$ <u>3,648,366</u>

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

VENTURE FOR AMERICA, INC
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014		2013	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
GENERAL SUPPORT AND REVENUE:				
Contributions (Note B)	\$ 555,918	\$ 3,398,210	\$ 1,048,408	\$ 3,784,481
Special events (net of related expenses of \$213,184 in 2014 and \$226,166 in 2013) (Notes B and I)	73,844	73,844	160,875	160,875
In-kind contributions (Notes B and I)	348,316	348,316	184,712	184,712
Investment income (loss) (Notes B and E)	3,200	3,200	(34)	(34)
Interest income - Fellow loans	3,145	3,145		
Net assets released from restrictions	<u>3,457,060</u>	<u>(3,457,060)</u>	<u>1,084,631</u>	<u>(1,084,631)</u>
	4,441,483	4,382,633	2,478,592	5,178,442
TOTAL SUPPORT AND REVENUE				
EXPENSES:				
Program services	3,063,911	3,063,911	1,493,265	1,493,265
Management and general	449,820	449,820	200,039	200,039
Fundraising	547,697	547,697	188,064	188,064
TOTAL EXPENSES	<u>4,061,428</u>	<u>4,061,428</u>	<u>1,881,368</u>	<u>1,881,368</u>
Change in Net Assets	380,055	(58,850)	597,224	2,699,850
Net Assets - Beginning of Year	<u>766,914</u>	<u>2,849,850</u>	<u>169,690</u>	<u>150,000</u>
Net Assets- End of Year	<u>\$ 1,146,969</u>	<u>\$ 2,791,000</u>	<u>\$ 766,914</u>	<u>\$ 2,849,850</u>
			<u>\$ 3,937,969</u>	<u>\$ 3,616,764</u>

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

VENTURE FOR AMERICA, INC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 321,205	\$ 3,297,074
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	34,324	22,532
Unrealized (gains) losses	(78)	80
Realized (gains) losses	(2,075)	535
Bad debt expenses	9,264	
Changes in operating assets and liabilities:		
(Increase) Decrease in assets:		
Contributions receivable	609,822	(2,633,498)
Other receivables	39,136	(42,000)
Fellow loans receivable	(168,145)	
Prepaid expenses	(6,770)	(20,018)
Other assets	(53,919)	(22,288)
Increase in liabilities:		
Accounts payable and accrued expenses	310,850	8,810
Deferred rent	2,514	1,137
Net Cash Provided by Operating Activities	1,096,128	612,364
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(58,722)	
Proceeds from sale of investments	54,706	41,083
Purchases of property and equipment	(35,379)	(67,596)
Net Cash Used by Investing Activities	(39,395)	(26,513)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,056,733	585,851
Cash and cash equivalents - beginning of year	751,558	165,707
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,808,291	\$ 751,558
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ -0-	\$ -0-

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

VENTURE FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note A - Organization and Nature of Activities

Venture For America, Inc. (the "Organization"), is a non-profit organization that revitalizes American cities and communities by steering ambitious young talent toward entrepreneurship. The Organization's mission is to enable the best and the brightest to create new opportunities for themselves and others and to restore the culture of achievement to include value-creation, risk and reward, and the common good.

The Organization operates a 2-year fellowship program that recruits, trains, places and invests in top graduates ("Fellows") by placing them at startups in emerging US cities and helping them launch their own high-impact businesses.

Venture for America is incorporated in the State of Delaware and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note B - Summary of Significant Accounting Policies

Basis of Accounting

Venture For America, Inc. prepares its financial statements using the accrual basis of accounting. The Organization follows accounting principles generally accepted in the United States of America ("U.S. GAAP") which include certain specialized requirements set forth in publications of the Financial Accounting Standards Board.

Accounting for Uncertainty in Income Taxes

The Organization's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. The Organization is no longer subject to examination by federal tax authorities for fiscal years prior to 2011.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of less than three months to be cash equivalents.

Contributions Receivable

Pledges, which consist of unconditional promises to give, are recognized as revenue in the year received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

In-Kind Contributions

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

Restricted Contributions

Contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on nature of restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

VENTURE FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

Note B - Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values.

Income from investments, including both realized and unrealized gains and losses, are treated as an increase or decrease in unrestricted net assets unless otherwise specified by donors.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives. The Organization capitalizes property and equipment with a useful life of two years or more and a cost of \$2,000 or more.

Fair Value Measurements

Fair value measurements are 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.

U. S. GAAP has established a fair value hierarchy organized into three levels based upon the "input" assumptions used in pricing assets. Level 1 inputs relate to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices that are observable either directly or indirectly with fair value being determined through the use of models or other valuation methodologies. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The values by input level of the Organization's investments as of December 31, 2014 and 2013 is as follows:

2014

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Equities	\$ <u>33,639</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>33,639</u>

2013

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Equities	\$ <u>27,470</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>27,470</u>

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 20, 2015.

Reclassification

Certain line items in the December 31, 2013 financial statements have been reclassified to conform to the December 31, 2014 presentation.

VENTURE FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

Note C - Contributions Receivable

Contributions receivable consist of the following at December 31:

Unconditional promises to be collected in:

	<u>2014</u>	<u>2013</u>
Less than one year	\$ 1,033,750	\$ 1,042,850
One to five years	<u>1,097,500</u>	<u>1,740,000</u>
	2,131,250	2,782,850
Less: present value discount	<u>20,668</u>	<u>53,182</u>
	<u>\$ 2,110,582</u>	<u>\$ 2,729,668</u>

The Organization estimates that based on historical information, contributions and grants receivable will be collected in full. Therefore, no allowance for uncollectible amounts has been provided.

Note D - Fellow Loans Receivable

In 2014, the Organization made convertible loans to five Fellow-led companies totaling \$165,000. The loans mature at the earliest of (1) date immediately prior to Fellow Company's initial public offering. (2) date immediately prior to Fellow Company's transactions where all or substantially all of the voting equity securities or assets of the Fellow Company are sold (3) June 27, 2019 (due date of four loans totaling \$150,000) or January 1, 2025 (\$15,000). Each loan carries interest at 3% per annum. Interest income of \$3,145 was accrued for the year ended December 31, 2014.

If on or before the maturity date, the Fellow-led company consummates an equity financing of not less than \$150,000, the loan will convert into shares of the company at the same terms and conditions of the financing with a 10% discount.

Note E - Investments

Investments consisted of the following as at December 31:

	<u>2014</u>	<u>2013</u>
Equities	\$ <u>33,639</u>	\$ <u>27,470</u>

Investment income consisted of the following for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Unrealized gains (losses)	\$ 78	\$ (80)
Realized gains (losses)	2,075	(535)
Interest income	1,027	414
Dividend income	<u>20</u>	<u>167</u>
	<u>\$ 3,200</u>	<u>\$ (34)</u>

Note F - Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2014</u>	<u>2013</u>
Furniture and fixtures	\$ 102,975	\$ 67,596
Less: accumulated depreciation	<u>56,856</u>	<u>22,532</u>
	<u>\$ 46,119</u>	<u>\$ 45,064</u>

Note G - Other Assets

Other assets consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Website	\$ 60,448	\$ 7,475
Accumulated amortization	<u>24,433</u>	<u>4,284</u>
	36,015	3,191
Security deposit	<u>43,775</u>	<u>22,680</u>
	<u>\$ 79,790</u>	<u>\$ 25,871</u>

VENTURE FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

Note H - Concentrations

The Organization maintains several bank accounts at a bank which is an institution insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. As of December 31, 2014 and 2013 the total uninsured cash balances were \$1,324,334 and \$94,997, respectively. Management believes that credit risk related to these accounts to be minimal.

For the years ended December 31, 2014 and 2013, approximately 23% and 52%, respectively, of the Organization's contributions were received from two donors.

Note I - In-Kind Contributions

The Organization received the following in-kind contributions for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Contributed services	\$ 348,316	\$ 125,000
Occupancy		<u>59,712</u>
	<u>348,316</u>	<u>184,712</u>
Special events		<u>48,682</u>
	<u>\$ 348,316</u>	<u>\$ 233,394</u>

Note J - Program Expenses

Program expenses include the recruitment, training, placement, programming and support for newly accepted Fellows. Ongoing support and training is also provided for current Fellows as well as Alumni.

Note K - Commitments and Contingencies

The Organization entered into a rental agreement for office space. The agreement commenced on August 1, 2013 and expires on July 31, 2016. Prior to this agreement donated occupancy costs totaled \$59,712 (see Note I). Rental expense approximated \$321,000 and \$216,000 for the years ended December 2014 and 2013, respectively.

1) The minimum rental commitments on non-cancelable leases are summarized as follows:

For the year ended December 31, 2015	\$ 138,551
2016	82,481

The Organization records rent expense on the straight line basis as required under accounting principles generally accepted in the United States of America. Deferred rent expense amounted to \$3,651 and \$1,137 at December 31, 2014 and 2013, respectively.

2) The Organization has a line of credit with a bank up to \$60,000 related to its credit card usage by various employees. At December 31, 2014 approximately \$14,000 was used. The line of credit balances are included in accounts payable and accrued expenses on the statements of financial position.

Note L - Net Assets

Temporarily restricted net assets consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Program restrictions	\$ 700,000	\$
Program and time restrictions	<u>2,091,000</u>	<u>2,849,850</u>
	<u>\$ 2,791,000</u>	<u>\$ 2,849,850</u>

Note M - Pension Plan

In 2014, the Organization initiated the offering of a 403b retirement plan for the benefit of its employees. Contributions are limited to age thresholds per Internal Revenue Service guidelines. No matching contributions are currently offered by the Organization.

VENTURE FOR AMERICA, INC
SUPPLEMENTAL SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel costs:								
Salaries	\$ 1,096,597	\$ 109,693	\$ 266,072	\$ 1,472,362	\$ 640,270	\$ 56,973	\$ 116,659	\$ 813,902
Payroll taxes and employee benefits	198,621	19,740	48,692	267,053	116,712	10,342	20,683	147,737
Total personnel costs	1,295,218	129,433	314,764	1,739,415	756,982	67,315	137,342	961,639
Program expenses								
Professional and consulting fees	139,665			139,665	128,057			128,057
Occupancy	767,935	209,841	30,973	1,008,749	130,066	22,505	12,515	165,086
Travel and related costs	250,118	23,984	68,526	342,628	175,891	16,866	48,190	240,947
Event costs	229,755	2,554	36,099	268,408	21,038	3,993	27,384	52,415
Meals and entertainment	139,900	5,103	280,462	425,465	161,735	10,667	147,213	319,615
Office supplies and expenses	159,225	12,526	2,986	174,737	72,483	4,142	26,922	103,547
Insurance	18,487	12,600	5,149	36,236	14,529	24,810	5,166	44,505
Dues and subscriptions		3,434		3,434		9,943		9,943
Advertising	34,172	7,245	4,904	46,321	9,972	12,040	2,169	24,181
Depreciation and amortization		6,010		6,010	17,777	1,459	4,189	23,425
Shipping	20,149	34,324		54,473	2,492	22,532		25,024
Bad debt expense	7,972	207		12,149				
Other costs	1,315	2,559	3,784	7,658	2,243	3,767	3,140	9,150
Sub-total	3,063,911	449,820	760,881	4,274,612	1,493,265	200,039	414,230	2,107,534
Less: Special event expenses deducted directly from revenues on the statements of activities			213,184	213,184			226,166	226,166
Total Expenses	\$ 3,063,911	\$ 449,820	\$ 547,697	\$ 4,061,428	\$ 1,493,265	\$ 200,039	\$ 188,064	\$ 1,881,368

See independent auditor's report.