

**VENTURE FOR AMERICA, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

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TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 9
Supplemental Schedules of Functional Expenses	10

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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, 2015 and 2014, 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, 2015 and 2014 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, 2015 and 2014 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 21, 2016

VENTURE FOR AMERICA, INC
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and cash equivalents (Notes B and H)	\$ 1,084,208	\$ 1,808,291
Contributions receivable (Notes B and C)	3,231,682	2,110,582
Other receivables		2,864
Fellow loans receivable (Note D)	47,302	168,145
Prepaid expenses	56,028	33,505
Investments (Notes B and E)	50,329	33,639
Property and equipment, net (Notes B and F)	13,393	46,119
Other assets (Note G)	149,710	79,790
TOTAL ASSETS	\$ 4,632,652	\$ 4,282,935
LIABILITIES		
Accounts payable and accrued expenses	\$ 114,806	\$ 341,315
Deferred rent (Note K)	9,497	3,651
TOTAL LIABILITIES	124,303	344,966
COMMITMENTS AND CONTINGENCIES (Note K)		
NET ASSETS		
Unrestricted	1,649,599	1,146,969
Temporarily restricted (Notes B and L)	2,858,750	2,791,000
TOTAL NET ASSETS	4,508,349	3,937,969
TOTAL LIABILITIES AND NET ASSETS	\$ 4,632,652	\$ 4,282,935

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

VENTURE FOR AMERICA, INC
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		2014	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
	Total	Total	Total	Total
GENERAL SUPPORT AND REVENUE:				
Contributions (Note B)	\$ 941,348	\$ 4,231,000	\$ 555,918	\$ 3,398,210
Special events (net of related expenses of \$141,712 in 2015 and \$213,184 in 2014) (Notes B and I)	155,432	155,432	73,844	73,844
In-kind contributions (Notes B and I)	250,910	250,910	348,316	348,316
Investment income (Notes B and E)	25,499	25,499	3,200	3,200
Interest income - Fellow loans			3,145	3,145
Placement fees	158,900	158,900		
Program income	6,000	6,000		
Miscellaneous income	4,433	4,433		
Net assets released from restrictions	<u>4,163,250</u>	<u>(4,163,250)</u>	<u>3,457,060</u>	<u>(3,457,060)</u>
TOTAL SUPPORT AND REVENUE	<u>5,705,772</u>	<u>67,750</u>	<u>4,441,483</u>	<u>(58,850)</u>
EXPENSES:				
Program services	4,202,688	4,202,688	3,063,911	3,063,911
Management and general	480,375	480,375	449,820	449,820
Fundraising	520,079	520,079	547,697	547,697
TOTAL EXPENSES	<u>5,203,142</u>	<u>5,203,142</u>	<u>4,061,428</u>	<u>4,061,428</u>
Change in Net Assets	502,630	67,750	380,055	(58,850)
Net Assets - Beginning of Year	<u>1,146,969</u>	<u>2,791,000</u>	<u>766,914</u>	<u>2,849,850</u>
Net Assets - End of Year	<u>\$ 1,649,599</u>	<u>\$ 2,858,750</u>	<u>\$ 1,146,969</u>	<u>\$ 2,791,000</u>
		<u>\$ 4,508,349</u>	<u>\$ 2,791,000</u>	<u>\$ 3,937,969</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, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 570,380	\$ 321,205
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	35,125	34,324
Fellow loans-conversion	120,000	
Unrealized gains on investments		(78)
Realized gains on investments	(24,238)	(2,075)
Bad debt expense		9,264
Changes in operating assets and liabilities:		
(Increase) Decrease in assets:		
Contributions receivable	(1,121,100)	609,822
Other receivables	2,864	39,136
Fellow loans receivable	843	(168,145)
Prepaid expenses	(22,523)	(6,770)
Other assets	(69,920)	(53,919)
(Decrease) Increase in liabilities:		
Accounts payable and accrued expenses	(226,509)	310,850
Deferred rent	5,846	2,514
Net Cash (Used) Provided by Operating Activities	(729,232)	1,096,128
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(95,763)	(58,722)
Proceeds from sale of investments	103,311	54,706
Purchases of property and equipment	(2,399)	(35,379)
Net Cash Provided (Used) by Investing Activities	5,149	(39,395)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(724,083)	1,056,733
Cash and cash equivalents - beginning of year	1,808,291	751,558
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,084,208	\$ 1,808,291
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the years 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, 2015 AND 2014

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.

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.

Grant Expenditures

Grant expenditures are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions.

VENTURE FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(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, 2015 and 2014 is as follows:

2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Equities	\$ <u>50,329</u>	\$ _____	\$ _____	\$ <u>50,329</u>

2014

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Equities	\$ <u>33,639</u>	\$ _____	\$ _____	\$ <u>33,639</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 _____, 2016.

Reclassification

Certain line items in the December 31, 2014 financial statements have been reclassified to conform to the December 31, 2015 presentation.

VENTURE FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

Note C - Contributions Receivable

Contributions receivable consist of the following at December 31:

Unconditional promises to be collected in:

	<u>2015</u>	<u>2014</u>
Less than one year	\$ 1,998,609	\$ 1,033,750
One to five years	<u>1,246,321</u>	<u>1,097,500</u>
	3,244,930	2,131,250
Less: present value discount	<u>13,248</u>	<u>20,668</u>
	<u>\$ 3,231,682</u>	<u>\$ 2,110,582</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 \$4,908 and \$3,145 was accrued for the years ended December 31, 2015 and 2014, respectively. 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.

In November 2015, the Organization offered to convert each loan into a Fellow Grant on the terms which include:

The Grant monies are to be used to establish or continue to grow the Fellow's company in an economically under-resourced US city. Written narrative reports are required until all funds are expended. Refunds are due to the Organization if the grant funds are not used for the purpose of the grant on or before December 31, 2019. Four fellow loans totaling \$120,000 were converted to grants in 2015. The fifth loan for \$45,000 converted to a grant in January 2016.

Note E - Investments

Investments consisted of the following as at December 31:

	<u>2015</u>	<u>2014</u>
Equities	\$ <u>50,329</u>	\$ <u>33,639</u>

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

	<u>2015</u>	<u>2014</u>
Unrealized gains	\$ 78	\$ 78
Realized gains	24,238	2,075
Interest income	1,261	1,027
Dividend income	<u>20</u>	<u>20</u>
	<u>\$ 25,499</u>	<u>\$ 3,200</u>

Note F - Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 105,374	\$ 102,975
Less: accumulated depreciation	<u>(91,981)</u>	<u>(56,856)</u>
	<u>\$ 13,393</u>	<u>\$ 46,119</u>

VENTURE FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

Note G - Other Assets

Other assets consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Website	\$ 159,449	\$ 60,448
Less: accumulated amortization	<u>(54,514)</u>	<u>(24,433)</u>
	104,935	36,015
Security deposit	<u>44,775</u>	<u>43,775</u>
	<u>\$ 149,710</u>	<u>\$ 79,790</u>

Note H - Concentrations

The Organization maintains several bank accounts at banks which are institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. As of December 31, 2015 and 2014 the total uninsured cash balances were \$384,537 and \$1,324,334, respectively. Management believes that credit risk related to these accounts to be minimal.

For the years ended December 31, 2015 and 2014, approximately 20% and 23%, 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>2015</u>	<u>2014</u>
Contributed services	\$ 241,689	\$ 348,316
Equipment	6,822	
Furniture and fixtures	<u>2,399</u>	
	<u>\$ 250,910</u>	<u>\$ 348,316</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 Fellows as well as Alumni.

Note K - Commitments and Contingencies

The Organization leases real property for program and administrative purposes. The lease agreement commenced on August 1, 2014. Prior to this agreement donated occupancy costs totaled \$59,712 (see Note I). Rental expense approximated \$224,000 and \$321,000 for the years ended December 2015 and 2014, respectively.

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

For the year ended December 31, 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 \$9,497 and \$3,651 at December 31, 2015 and 2014, respectively.

- 2) In July 2016, the Organization entered into three new rental lease agreements for connecting suites at their current location. The agreements are from August 1, 2016 to July 31, 2019. Annual lease amounts will be approximately \$158,000 in 2016, \$183,000 in 2017, \$188,000 in 2018 and \$112,000 in 2019.
- 3) The Organization has a line of credit with a bank up to \$75,000 related to its credit card usage by various employees. At December 31, 2015 and 2014 approximately \$38,672 and \$14,000 of the line was used. The line of credit balances are included in accounts payable and accrued expenses on the statements of financial position.

VENTURE FOR AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

Note L - Net Assets

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

	<u>2015</u>	<u>2014</u>
Program restrictions	\$ 500,000	\$ 700,000
Program and time restrictions	<u>2,358,750</u>	<u>2,091,000</u>
	<u>\$ 2,858,750</u>	<u>\$ 2,791,000</u>

Note M - Pension Plan

The Organization offers a 403b retirement plan for the benefit of its employees. No matching contributions are currently offered by the Organization.

VENTURE FOR AMERICA, INC
SUPPLEMENTAL SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel costs:								
Salaries	\$ 1,756,003	\$ 201,844	\$ 302,609	\$ 2,260,456	\$ 1,096,597	\$ 109,693	\$ 266,072	\$ 1,472,362
Payroll taxes and employee benefits	287,208	24,982	49,965	362,155	198,621	19,740	48,692	267,053
Total personnel costs	2,043,211	226,826	352,574	2,622,611	1,295,218	129,433	314,764	1,739,415
Program expenses	81,815			81,815	81,304			81,304
Grants expense	397,913			397,913	58,361			58,361
Professional and consulting fees	452,501	120,671	29,692	602,864	767,935	209,841	30,973	1,008,749
Occupancy	194,887	14,436	31,278	240,601	250,118	18,462	68,526	337,106
Travel and related costs	496,444	6,942	52,450	555,836	229,755	2,554	36,099	268,408
Event costs	220,074	2,815	171,292	394,181	132,000	5,103	280,462	417,565
Meals and promotions	183,279	9,588	3,614	196,481	167,125	12,526	2,986	182,637
Office supplies and expenses	21,085	19,540	1,641	42,266	18,487	12,600	5,149	36,236
Insurance	712	8,363		9,075		3,434		3,434
Dues and subscriptions	60,509	12,459	8,348	81,316	34,172	7,245	4,904	46,321
Advertising	14,264	6,100		20,364		6,010		6,010
Depreciation and amortization	24,126	41,080		65,206	20,149	34,324		54,473
Shipping	9,033	919	2,666	12,618	7,972	207	3,970	12,149
Bad debt expense								
Telephone		6,713		6,713		5,522		5,522
Other costs	2,835	3,923	8,236	14,994	1,315	2,559	3,784	7,658
Sub-total	4,202,688	480,375	661,791	5,344,854	3,063,911	449,820	760,881	4,274,612
Less: Special event expenses deducted directly from revenues on the statements of activities			141,712	141,712			213,184	213,184
Total Expenses	\$ 4,202,688	\$ 480,375	\$ 520,079	\$ 5,203,142	\$ 3,063,911	\$ 449,820	\$ 547,697	\$ 4,061,428

See independent auditor's report.