

**VENTURE FOR AMERICA, INC.  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2016 AND 2015**

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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, 2016 and 2015, 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.

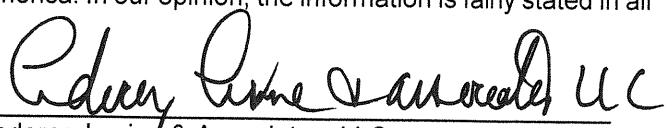
***Opinion***

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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Report on supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of functional expenses for the years ended December 31, 2016 and 2015 are 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 additional 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.

  
Lederer, Levine & Associates, LLC

Lyndhurst, NJ  
November 14, 2017

**VENTURE FOR AMERICA, INC**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents (Notes B and H)	\$ 1,013,864	\$ 1,084,208
Contributions receivable (Notes B and C)	3,453,564	3,181,682
Placement fees receivable (Notes B and C)	33,600	50,000
Fellow loans receivable (Note D)	10,222	47,302
Other receivables	26,101	
Prepaid expenses	60,113	56,028
Investments (Notes B and E)		50,329
Property and equipment, net (Notes B and F)	1,706	13,393
Other assets (Note G)	<u>162,249</u>	<u>149,710</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,761,419</u></b>	<b><u>\$ 4,632,652</u></b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 431,259	\$ 114,806
Deferred rent (Note K)	<u>3,191</u>	<u>9,497</u>
<b>TOTAL LIABILITIES</b>	<u>434,450</u>	<u>124,303</u>
<b>COMMITMENTS AND CONTINGENCIES (Note K)</b>		
<b>NET ASSETS</b>		
Unrestricted	1,039,695	1,649,599
Temporarily restricted (Notes B and L)	<u>3,287,274</u>	<u>2,858,750</u>
<b>TOTAL NET ASSETS</b>	<u>4,326,969</u>	<u>4,508,349</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,761,419</u></b>	<b><u>\$ 4,632,652</u></b>

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

**VENTURE FOR AMERICA, INC**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions (Note B)						
Special events (net of related expenses of \$71,705 in 2016 and \$116,187 in 2015) (Notes B and I)	\$ 1,459,287	\$ 4,389,650	\$ 5,848,937	\$ 941,348	\$ 4,231,000	\$ 5,172,348
In-kind contributions (Notes B and I)	371,666		371,666	180,957		180,957
Placement fees (Note B)	250,249		250,249	250,910		250,910
Program income	686,399		686,399	158,900		158,900
Investment (loss) income (Notes B and E)	12,587		12,587	6,000		6,000
Miscellaneous (loss) income	4,434		4,434	25,499		25,499
Net assets released from restrictions	(1,441)		(1,441)	4,433		4,433
	3,961,126	(3,961,126)		4,163,250	(4,163,250)	
<b>TOTAL SUPPORT AND REVENUE</b>	<b>6,744,307</b>	<b>428,524</b>	<b>7,172,831</b>	<b>5,731,297</b>	<b>67,750</b>	<b>5,799,047</b>
<b>EXPENSES:</b>						
Program services	6,109,127		6,109,127	4,171,985		4,171,985
Management and general	583,413		583,413	478,361		478,361
Fundraising and development	661,671		661,671	578,321		578,321
	7,354,211		7,354,211	5,228,667		5,228,667
<b>TOTAL EXPENSES</b>	<b>(609,904)</b>		<b>(181,380)</b>	<b>502,630</b>		<b>570,380</b>
<b>Change in Net Assets</b>	<b>1,649,599</b>	<b>2,858,750</b>	<b>4,508,349</b>	<b>1,146,969</b>	<b>2,791,000</b>	<b>3,937,969</b>
<b>Net Assets - Beginning of Year</b>	<b>\$ 1,039,695</b>	<b>\$ 3,287,274</b>	<b>\$ 4,326,969</b>	<b>\$ 1,649,599</b>	<b>\$ 2,858,750</b>	<b>\$ 4,508,349</b>

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

VENTURE FOR AMERICA, INC  
SUPPLEMENTAL SCHEDULES OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016				2015			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Personnel costs:								
Salaries	\$ 1,906,971	\$ 267,977	\$ 403,980	\$ 2,578,928	\$ 1,756,003	\$ 201,844	\$ 302,609	\$ 2,260,456
Payroll taxes and employee benefits	348,886	49,027	73,909	471,822	287,208	24,982	49,965	362,155
Total personnel costs	2,255,857	317,004	477,889	3,050,750	2,043,211	226,826	352,574	2,622,611
Program expenses								
Grants expense	138,581			138,581	81,815			81,815
Professional and consulting fees	474,197			474,197	397,913			397,913
Occupancy	1,508,167	156,971	10,835	1,675,973	452,501	120,671	29,692	602,864
Travel and related costs	186,889	20,033	30,295	237,217	194,256	12,226	30,962	237,444
Event costs	659,374	14,205	64,949	738,528	496,444	6,942	52,450	555,836
Meals and promotions	404,264	6,481	111,205	521,950	194,549	2,815	196,817	394,181
Office supplies and expenses	295,241	2,464	5,369	303,074	183,279	9,588	3,614	196,481
Insurance	7,874	9,595	262	17,731	21,085	19,540	1,641	42,266
Dues and subscriptions	11,927	5,151	1,738	18,816	712	8,363		9,075
Advertising	74,401	1,987	15,460	91,848	60,509	12,459	8,348	81,316
Depreciation and amortization	46,230	1,722	907	48,859	14,264	6,100		20,364
Shipping	26,484	37,936	7,158	71,578	17,605	41,080	6,521	65,206
Telephone and internet	8,638	285	2,596	11,519	9,033	919	2,666	12,618
Other costs	1,799	6,297	900	8,996	1,974	6,909	987	9,870
	9,204	3,282	3,813	16,299	2,835	3,923	8,236	14,994
Sub-total	6,109,127	583,413	733,376	7,425,916	4,171,985	478,361	694,508	5,344,854
Less: Special event expenses deducted directly from revenues on the statements of activities			71,705	71,705			116,187	116,187
<b>Total Expenses</b>	<b>\$ 6,109,127</b>	<b>\$ 583,413</b>	<b>\$ 661,671</b>	<b>\$ 7,354,211</b>	<b>\$ 4,171,985</b>	<b>\$ 478,361</b>	<b>\$ 578,321</b>	<b>\$ 5,228,667</b>

See independent auditor's report.

**VENTURE FOR AMERICA, INC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (181,380)	\$ 570,380
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Contributions of securities	(22,258)	(84,887)
Depreciation	12,775	35,125
Fellow loans - conversion		120,000
Realized gains on investments	(3,842)	(24,238)
Inkind - property and equipment		(2,399)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	(271,882)	(1,071,100)
Placement fees receivable	16,400	(50,000)
Fellow loans receivable	37,080	843
Other receivables	(26,101)	2,864
Prepaid expenses	(4,085)	(22,523)
Other assets	(12,539)	(69,920)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	316,453	(226,509)
Deferred rent	(6,306)	5,846
<b>Net Cash Used by Operating Activities</b>	<b>(145,685)</b>	<b>(816,518)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments		(10,876)
Proceeds from sale of investments	76,429	103,311
Purchases of property and equipment	(1,088)	
<b>Net Cash Provided by Investing Activities</b>	<b>75,341</b>	<b>92,435</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(70,344)</b>	<b>(724,083)</b>
Cash and cash equivalents - beginning of year	1,084,208	1,808,291
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,013,864</b>	<b>\$ 1,084,208</b>
<b>Supplementary Disclosure of Cash Flow Information:</b>		
Cash paid during the years for interest	\$ -0-	\$ -0-
Contributions of Securities	\$ 22,258	\$ 84,887
Fellow loans - conversion		\$ 120,000

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

**VENTURE FOR AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**Note A - Organization and Nature of Activities**

Venture For America, Inc. (the "Organization"), is a non-profit organization that is creating economic opportunity in American cities by mobilizing the next generation of entrepreneurs and equipping them with the skills and resources they need to create jobs.

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. The Organization is located in New York, NY. The major sources of revenues are contributions from foundations, corporations and individuals.

**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 an original maturity of three months or less to be cash equivalents.

**Contributions Receivable**

Contributions receivable, 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.

**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, 2016 AND 2015**  
**(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 is as follows:

**2015**

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

**Revenue Recognition**

Placement fees are recorded as income in the period that a Fellow is placed with a corporation.

**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 November 14, 2017.

**VENTURE FOR AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**  
**(Continued)**

**Note B - Summary of Significant Accounting Policies (continued)**

**Reclassification**

Certain line items in the December 31, 2015 financial statements have been reclassified to conform to the December 31, 2016 presentation.

**Note C - Contributions Receivable**

Contributions receivable consist of the following at December 31:

Unconditional promises to be collected in:

	<u>2016</u>	<u>2015</u>
Less than one year	\$ 1,693,000	\$ 1,948,609
One to five years	<u>1,792,748</u>	<u>1,246,321</u>
	3,485,748	3,194,930
Less: present value discount	<u>32,184</u>	<u>13,248</u>
	<u>\$ 3,453,564</u>	<u>\$ 3,181,682</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.

**Placement Fees Receivable**

Placement fees receivable consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
	\$ 48,600	\$ 50,000
Less: allowance for doubtful accounts	<u>(15,000)</u>	<u>50,000</u>
	<u>\$ 33,600</u>	<u>\$ 50,000</u>

**Note D - Fellow Loans Receivable**

In 2014, the Organization made convertible loans to five Fellow-led companies totaling \$165,000. 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. As at December 31, 2016, there is a balance of \$10,222 in non-convertible loans.

**VENTURE FOR AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**  
(Continued)

**Note E - Investments**

Investments consisted of the following as at December 31, 2015:

Equities – Publicly traded stocks	\$ <u>50,329</u>
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Investment income consisted of the following for the years ended December 31:

	2016	2015
Realized gains	\$ 3,842	\$ 24,238
Interest and dividend income	<u>592</u>	<u>1,261</u>
	<u>\$ 4,434</u>	<u>\$ 25,499</u>

**Note F - Property and Equipment**

Property and equipment consists of the following at December 31:

	2016	2015
Furniture and fixtures	\$ 106,462	\$ 105,374
Less: accumulated depreciation	<u>(104,756)</u>	<u>(91,981)</u>
	<u>\$ 1,706</u>	<u>\$ 13,393</u>

**Note G - Other Assets**

Other assets consist of the following at December 31:

	2016	2015
Website	\$ 221,556	\$ 159,449
Less: accumulated amortization	<u>(113,317)</u>	<u>(54,514)</u>
Security deposit	108,239	104,935
Other	53,810	44,775
	<u>200</u>	<u></u>
	<u>\$ 162,249</u>	<u>\$ 149,710</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, 2016 and 2015 the total uninsured cash balances were \$559,322 and \$384,537, respectively. Management believes that credit risk related to these accounts to be minimal.

For the years ended December 31, 2016 and 2015, approximately 43% and 20%, 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:

	2016	2015
Contributed services	\$ 250,249	\$ 241,689
Equipment		6,822
Furniture and fixtures		<u>2,399</u>
	<u>\$ 250,249</u>	<u>\$ 250,910</u>

**VENTURE FOR AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**  
**(Continued)**

**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**

In July 2016, the Organization entered into a new rental lease agreement at their current New York, NY location. The agreements are from August 1, 2016 to July 31, 2019. Rental expense approximated \$221,000 and \$224,000 for the years ended December 2016 and 2015, respectively.

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

For the year ended December 31, 2017	\$ 182,980
2018	\$ 172,051
2019	\$ 88,854

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 amounted to \$3,191 and \$9,497 at December 31, 2016 and 2015, respectively.

2) 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, 2016 and 2015 approximately \$57,672 and \$38,672 of the line 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>2016</u>	<u>2015</u>
Program restrictions – documentary film	\$	\$ 500,000
Program and time restrictions – Fellow development	<u>3,287,274</u>	<u>2,358,750</u>
	<u>\$ 3,287,274</u>	<u>\$ 2,858,750</u>

The Fellow development net assets are restricted to specific cities.

**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.