



Financial Statements  
With Independent Auditors' Report

December 31, 2018

# DARE 2 SHARE MINISTRIES, INC.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Dare 2 Share Ministries, Inc.  
Wheat Ridge, Colorado

We have audited the accompanying financial statement of Dare 2 Share Ministries, Inc., which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, functional expenses, and cash flows for the year 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.

### *Auditors' Responsibility*

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 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.

Board of Directors  
Dare 2 Share Ministries, Inc.  
Wheat Ridge, Colorado

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dare 2 Share Ministries, Inc. as of December 31, 2018, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

Dare 2 Share Ministries, Inc., has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in note 2. This has had a material effect on the presentation of the December 31, 2018 financial statements.

*Capin Crouse LLP*

Centennial, Colorado  
April 1, 2019

# DARE 2 SHARE MINISTRIES, INC.

## Statement of Financial Position

December 31, 2018

### ASSETS:

Cash and cash equivalents	\$ 1,022,515
Investments	158,971
Inventory–net	81,919
Prepaid expenses and other assets	142,460
Software, furniture, and equipment–net	<u>298,627</u>

Total Assets \$ 1,704,492

### LIABILITIES AND NET ASSETS:

#### Liabilities:

Accounts payable	\$ 26,139
Accrued expenses	87,051
Deferred revenue	102,830
Capital lease obligations	<u>67,395</u>
	<u>283,415</u>

#### Net assets:

##### Net assets without donor restrictions:

Operating	1,180,225
Equity in software, furniture and equipment–net	<u>231,232</u>
	1,411,457

##### Net assets with donor restrictions–scholarships

9,620  
1,421,077

Total Liabilities and Net Assets \$ 1,704,492

See notes to financial statements

# DARE 2 SHARE MINISTRIES, INC.

## Statement of Activities

Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 3,714,774	\$ 212,025	\$ 3,926,799
Conference revenue-net	726,519	-	726,519
Sales	140,404	-	140,404
Honorariums and other income	62,842	-	62,842
	<u>4,644,539</u>	<u>212,025</u>	<u>4,856,564</u>
NET ASSETS RELEASED FROM:			
Purpose restrictions	<u>230,300</u>	<u>(230,300)</u>	<u>-</u>
EXPENSES:			
Program services:			
Events and conferences	1,841,582	-	1,841,582
Resources and other	984,655	-	984,655
Gospel advancing ministries	666,812	-	666,812
	<u>3,493,049</u>	<u>-</u>	<u>3,493,049</u>
Support activities:			
General and administrative	203,934	-	203,934
Fund-raising	664,690	-	664,690
	<u>868,624</u>	<u>-</u>	<u>868,624</u>
Total Expenses	<u>4,361,673</u>	<u>-</u>	<u>4,361,673</u>
Change in Net Assets	513,166	(18,275)	494,891
Net Assets, Beginning of Year	<u>898,291</u>	<u>27,895</u>	<u>926,186</u>
Net Assets, End of Year	<u>\$ 1,411,457</u>	<u>\$ 9,620</u>	<u>\$ 1,421,077</u>

See notes to financial statements

# DARE TO SHARE MINISTRIES, INC.

## Statement of Functional Expenses

For the Year Ended December 31, 2018

	Program Services			Supporting Activities			Total	
	Gospel Advancing Ministries	Events and Conferences	Resources and Others	Program Services Total	General and Administrative	Fund- raising		Supporting Activities Total
Salaries and benefits	\$ 487,500	\$ 500,182	\$ 326,138	\$ 1,313,820	\$ 95,959	\$ 74,053	\$ 170,012	\$ 1,483,832
Events and production costs	12,945	752,711	43,840	809,496	14,451	326,113	340,564	1,150,060
Professional fees	21,146	418,675	206,750	646,571	31,554	176,848	208,402	854,973
Travel and entertainment	57,698	68,933	11,682	138,313	6,205	48,976	55,181	193,494
Advertising	8,064	4,007	177,025	189,096	179	3,498	3,677	192,773
Occupancy	56,964	-	65,354	122,318	24,470	7,626	32,096	154,414
Depreciation and amortization	5,716	49,560	46,415	101,691	5,559	-	5,559	107,250
Office and other	13,942	8,153	28,562	50,657	21,989	10,536	32,525	83,182
Postage and printing	2,837	19,936	24,413	47,186	2,308	8,122	10,430	57,616
Cost of goods sold	-	-	51,764	51,764	-	-	-	51,764
Bank service fees	-	19,425	2,712	22,137	1,260	8,918	10,178	32,315
<b>Total Expenses</b>	<b>\$ 666,812</b>	<b>\$ 1,841,582</b>	<b>\$ 984,655</b>	<b>\$ 3,493,049</b>	<b>\$ 203,934</b>	<b>\$ 664,690</b>	<b>\$ 868,624</b>	<b>\$ 4,361,673</b>
Percent of Total Expenses	15%	42%	23%	80%	5%	15%	20%	100%

See notes to financial statements

# DARE 2 SHARE MINISTRIES, INC.

## Statement of Cash Flows

Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 494,891
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	107,250
Net realized and unrealized losses	29,440
Change in operating assets and liabilities:	
Inventory–net	12,612
Prepaid expenses and other assets	125,533
Accounts payable	(36,532)
Accrued expenses	15,566
Deferred revenue	56,340
Net Cash Provided by Operating Activities	<u>805,100</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of software, furniture, and equipment	(9,412)
Purchases of investments	(146,077)
Net Cash Used by Investing Activities	<u>(155,489)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on capital lease obligation	(79,309)
Net Cash Used by Financing Activities	<u>(79,309)</u>
Change in Cash and Cash Equivalents	570,302
Cash and Cash Equivalents, Beginning of Year	<u>452,213</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,022,515</u>
NON-CASH TRANSACTION:	
Software, furniture, and equipment acquired through capital lease	<u>\$ 24,135</u>

See notes to financial statements



# DARE 2 SHARE MINISTRIES, INC.

## Notes to Financial Statements

December 31, 2018

### 1. NATURE OF ORGANIZATION:

Dare 2 Share Ministries, Inc. (D2S) is a nonprofit organization dedicated to mobilizing teenagers to relationally and relentlessly reach their generation for Christ. The passion of D2S is to impact Christian teenagers with the mission to influence their culture with the love of Jesus Christ. D2S accomplishes its goals by holding rallies and conferences as well as providing materials and publications. Support for the ministries of D2S consists primarily of donations from individuals, churches, and foundations.

D2S is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law(s). However, D2S is subject to federal income tax on any unrelated business taxable income. In addition, D2S is not classified as a private foundation within the meaning of Section 509(a) of the IRC. Contributions are the primary source of support and revenue for D2S.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

D2S maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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 the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash held in checking, money market accounts, and petty cash on hand. As of December 31, 2018, D2S's cash balances exceeded federally insured limits by approximately \$653,000. D2S has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### INVESTMENTS

Investments consist of mutual funds and equity stock. Realized and unrealized gains and losses are included as revenue without donor restrictions in the statement of activities, unless restricted by the donor. Donated investments are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions.

The mutual funds and equity stock are reported at fair value based on the Fair Value Measurement Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. All investments are valued based on Level 1 inputs as of December 31, 2018, which values inputs at quoted prices in active markets for identical assets.

# DARE 2 SHARE MINISTRIES, INC.

## Notes to Financial Statements

December 31, 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVENTORY

Inventory consists of clothing and course materials. Inventory is valued at the lower of cost or market on the first-in, first-out (FIFO) method. As of December 31, 2018, management recorded an allowance of \$7,938 for obsolete inventory that is expected to be given away or sold at a discount.

#### SOFTWARE, FURNITURE, AND EQUIPMENT

Software, furniture, and equipment are recorded at cost, or if donated, at its fair market value on the date of the gift. D2S capitalizes all fixed assets greater than \$2,000. Depreciation and amortization are computed on the straight-line basis over estimated useful lives, which range from three to ten years.

#### PREPAID EXPENSES AND OTHER ASSETS

Prepaid and other assets consist prepaid expenses for upcoming events and capitalized production costs. Capitalized production costs consist of costs incurred mainly for the production of Shine curriculum, Gospelize program, and Gospel Advancing Ministry application. Amortization is computed on the straight-line basis over the estimated useful life of three years. Capitalized production costs were fully amortized as of December 31, 2018. Amortization expense was \$10,879 for the year ended December 31, 2018.

#### DEFERRED REVENUE

Deferred revenue consists of registration fees and sponsorship income collected for conferences that will be held in the next calendar year.

#### NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

*Net assets without donor restrictions* are those resources currently available at the discretion of the board for use in the operations of D2S and those resources invested in software, furniture, and equipment-net.

*Net assets with donor restrictions* are those resources stipulated by donors for specific purposes.

# DARE 2 SHARE MINISTRIES, INC.

## Notes to Financial Statements

December 31, 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash is received, when unconditional promises are made, or when ownership of donated assets is transferred to D2S. Gifts of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts through purpose or time restrictions, or both. When donor restrictions expire, that is, when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

During the year ended December 31, 2018, D2S recorded \$79,990 of donated goods, \$74,575 of donated rent and \$319,715 of donated professional services within contributions on the statement of activities for various services that met the criteria to be recorded under accounting standards. D2S also has a substantial amount of volunteers who donate time to the programs of D2S; however, these volunteer hours do not meet the criteria to be recorded under accounting standards.

Conference revenue is recorded when earned, which is when the conferences are held. Conference revenue is shown net of discounts and scholarships of \$79,037 for the year ended December 31, 2018.

Sales income is recognized when the order is received and fulfilled. Honorariums and other income is recognized when earned.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program services and supporting activities of D2S have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities benefited. The functional allocation is based on the office space used for each department and payroll expense is allocated based on the employee role and time spent between the major programs.

#### RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. D2S adopted the provisions of this new standard during the year ended December 31, 2018. In addition to the changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and funds available (note 3) and disclosures related to functional allocation of expenses were expanded (note 2, above) adoption of this standard had no effect on the change in net assets by class of net assets or in total.

# DARE 2 SHARE MINISTRIES, INC.

## Notes to Financial Statements

December 31, 2018

3. LIQUIDITY AND FUNDS AVAILABLE:

D2S has approximately \$1,182,000 of financial assets available within one year of the statement of financial position date as of December 31, 2018. This amount consists of cash and cash equivalents and investments. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

D2S structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows closely through finance committee meetings and detailed financial analysis.

4. INVESTMENTS:

Investments as of December 31, 2018, consist of:

Equity stock	\$ 137,832
Mutual funds	21,139
	<hr/>
	\$ 158,971
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5. SOFTWARE, FURNITURE, AND EQUIPMENT—NET:

Software, furniture, and equipment—net, as of December 31, 2018, consist of:

Software	\$ 697,068
Website development	194,344
Furniture and equipment	81,287
	<hr/>
	972,699
Less accumulated depreciation and amortization	(674,072)
	<hr/>
	\$ 298,627
	<hr/> <hr/>

Equity in software, furniture, and equipment—net, as of December 31, 2018, consists of:

Software, furniture, and equipment—net	\$ 298,627
Less capital lease obligations	(67,395)
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	\$ 231,232
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Depreciation and amortization expense related to software, furniture, and equipment—net for the year ended December 31, 2018 was \$96,371.

# DARE 2 SHARE MINISTRIES, INC.

## Notes to Financial Statements

December 31, 2018

6. CAPITAL LEASE OBLIGATIONS:

D2S has four leases for various office equipment under capital lease obligations. The cost of this equipment was \$389,294 as of December 31, 2018. The related accumulated amortization was \$225,357 as of December 31, 2018. Amortization expense of \$56,576 for the leased software, furniture, and equipment is included on the statement of activities for the year ended December 31, 2018. Maturity dates for these capital leases range from July 2019 to July 2023, with total monthly payments of \$6,574.

Future minimum lease payments are:

<u>Year Ending December 31,</u>	
2019	\$ 50,544
2020	4,827
2021	4,827
2022	4,827
2023	2,370
	<hr/>
	\$ 67,395
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7. INTENTIONS TO GIVE:

During the year ended December 31, 2018, D2S obtained intentions to give during the President's Gathering. The intentions to give are subject to unilateral change by the donor and are not considered unconditional. Therefore, they are not recognized prior to the receipt of the contributions and are not recorded as contributions receivable in the statement of financial position. Intentions to give are approximately \$876,000 as of December 31, 2018.

8. OPERATING LEASES:

D2S leases office space in Wheat Ridge, Colorado. Rent expense under this lease for the year ended December 31, 2018 was \$107,643. Future minimum lease payments are:

<u>Year Ending December 31,</u>	
2019	\$ 111,196
2020	113,968
2021	19,388
	<hr/>
	\$ 244,552
	<hr/> <hr/>

# DARE 2 SHARE MINISTRIES, INC.

## Notes to Financial Statements

December 31, 2018

9. COMMITMENTS:

Each year, D2S enters into several contracts for the upcoming conference season; these contracts are within the typical operations of D2S. D2S entered into several contracts with venues, speaker honorariums, and other services totaling \$729,720 for the 2019 and 2020 conference seasons. If an event is cancelled, D2S may still be required to pay some of the contract. At this time, D2S does not plan to cancel any events related to these contracts.

10. DEFINED CONTRIBUTION PLAN:

D2S has a defined contribution plan covering all employees who have worked for the D2S for more than six months. D2S matches contributions up to 3%. These employer matches totaled \$20,460 for the year ended December 31, 2018.

11. SUBSEQUENT EVENTS:

Subsequent events were evaluated through April 1, 2019, which is the date the financial statements were available to be issued.