



Dare2Share
MINISTRIES

Financial Statements
With Independent Auditors' Report

December 31, 2017

DARE 2 SHARE MINISTRIES, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Supplementary Schedules	
Independent Auditors' Report on Supplementary Schedule	12
Schedule of Functional Expenses–Period ended December 31, 2017	13

INDEPENDENT AUDITORS' REPORT

Board of Directors
Dare 2 Share Ministries, Inc.
Arvada, Colorado

We have audited the accompanying financial statements of Dare 2 Share Ministries, Inc., which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the eighteen-month period 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.
Arvada, 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, 2017, and the changes in its net assets and cash flows for the eighteen-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Centennial, Colorado
March 22, 2018

DARE 2 SHARE MINISTRIES, INC.

Statement of Financial Position

December 31, 2017

ASSETS:

Cash and cash equivalents	\$ 452,213
Investments	42,334
Inventory–net	94,531
Prepaid expenses and other assets	278,872
Software, furniture, and equipment–net	<u>361,451</u>

Total Assets \$ 1,229,401

LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable	\$ 62,671
Accrued expenses	71,485
Deferred revenue	46,490
Capital lease obligations	<u>122,569</u>
	<u>303,215</u>

Net assets:

Unrestricted:

Operating	659,409
Equity in software, furniture and equipment–net	<u>238,882</u>
	898,291

Temporarily restricted–scholarships	<u>27,895</u>
	<u>926,186</u>

Total Liabilities and Net Assets \$ 1,229,401

See notes to financial statements

DARE 2 SHARE MINISTRIES, INC.

Statements of Activities

For the Eighteen-Month Period Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 3,780,165	\$ 103,170	\$ 3,883,335
Conference revenue–net	1,610,561	-	1,610,561
Sales	364,490	-	364,490
Sponsorships and other income	227,732	-	227,732
	<u>5,982,948</u>	<u>103,170</u>	<u>6,086,118</u>
NET ASSETS RELEASED:			
From purpose restrictions	<u>105,852</u>	<u>(105,852)</u>	<u>-</u>
EXPENSES:			
Program services	4,934,626	-	4,934,626
Support activities:			
General and administrative	308,608	-	308,608
Fund-raising	670,808	-	670,808
	<u>5,914,042</u>	<u>-</u>	<u>5,914,042</u>
Total Expenses	<u>5,914,042</u>	<u>-</u>	<u>5,914,042</u>
Change in Net Assets	174,758	(2,682)	172,076
Net Assets, Beginning of Year	<u>723,533</u>	<u>30,577</u>	<u>754,110</u>
Net Assets, End of Year	<u>\$ 898,291</u>	<u>\$ 27,895</u>	<u>\$ 926,186</u>

See notes to financial statements

DARE 2 SHARE MINISTRIES, INC.

Statements of Cash Flows

For the Eighteen-Month Period Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 172,076
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	215,009
Net realized and unrealized gains	(10,290)
Change in operating assets and liabilities:	
Inventory	69,095
Prepaid expenses and other assets	(67,512)
Accounts payable	(129,902)
Accrued expenses	4,930
Deferred revenue	(425,865)
Net Cash Used by Operating Activities	<u>(172,459)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of software, furniture, and equipment	(153,389)
Purchases of investments	(85,564)
Proceeds on sale of investments	92,551
Payments for capitalized production costs	(8,326)
Net Cash Used by Investing Activities	<u>(154,728)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on capital lease obligation	(113,233)
Net Cash Used by Financing Activities	<u>(113,233)</u>

Change in Cash and Cash Equivalents (440,420)

Cash and Cash Equivalents, Beginning of Year 892,633

Cash and Cash Equivalents, End of Year \$ 452,213

SUPPLEMENTAL DISCLOSURE:

Software, furniture, and equipment acquired through capital lease \$ 15,731

See notes to financial statements

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2017

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.

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. These accounts may, at times, exceed federally insured limits. 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 unrestricted revenue in the statements 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

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, 2017, which values inputs at quoted prices in active markets for identical assets.

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2017

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, 2017, management recorded an allowance of \$43,301 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 \$1,000. 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, Gosalize program, and Gospel Advancing Ministry application. Amortization is computed on the straight-line basis over the estimated useful life of three years. Total capitalized production costs as of December 31, 2017, was \$260,914. Accumulated amortization as of December 31, 2017, was \$250,034. Amortization expense during the eighteen-month period ended December 31, 2017, was \$76,581.

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:

Unrestricted net assets 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.

Temporarily restricted net assets are those resources stipulated by donors for specific purposes.

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2017

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 restricted support if they are received with donor stipulations that limit the use of the donated amounts. Contributions restricted by the donor for a specific purpose in which the restrictions are fully satisfied on or before year-end are reported as unrestricted support. If the restrictions are not fully satisfied on or before year-end, the contributions are recorded as temporarily restricted support. Upon satisfaction of the restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

During the eighteen-month period ended December 31, 2017, D2S recorded \$281,713 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 \$31,515, for the eighteen-month period ended December 31, 2017.

Sales income is recognized when the order is received and fulfilled. Sponsorship 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. Major programs of D2S include conferences, events, and gospel-advancing ministries.

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2017

3. INVESTMENTS:

Investments in mutual funds as of December 31, 2017, consist of:

Consumer goods equity stock	\$	19,091
Mutual funds:		
Large-cap		10,411
Small-cap		6,759
Mid-cap		6,073
		<hr/>
	\$	42,334
		<hr/> <hr/>

4. SOFTWARE, FURNITURE, AND EQUIPMENT—NET:

Software, furniture, and equipment—net as of December 31, 2017, consist of:

Software	\$	665,288
Website development		194,344
Furniture and equipment		81,287
		<hr/>
		940,919
Less accumulated depreciation and amortization		(579,468)
		<hr/>
	\$	361,451
		<hr/> <hr/>

Equity in software, furniture, and equipment—net as of December 31, 2017, consists of:

Software, furniture, and equipment—net	\$	361,451
Less capital lease obligation		(122,569)
		<hr/>
	\$	238,882
		<hr/> <hr/>

Depreciation and amortization expense related to software, furniture, and equipment—net for the eighteen-month period ended December 31, 2017 was \$138,428.

5. 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, 2017. The related accumulated amortization was \$172,219 as of December 31, 2017. Amortization expense of \$86,752 for the leased software, furniture, and equipment is included in depreciation and amortization on the statement of financial position. Maturity dates for these capital leases range from June 2018 to December 2019, with total monthly payments of \$7,353.

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2017

5. CAPITAL LEASE OBLIGATIONS, continued:

Future minimum lease payments are:

<u>Year Ending December 31,</u>	
2018	\$ 81,153
2019	46,478
	<hr/>
	127,631
Less interest expense	(5,062)
	<hr/>
	<u>\$ 122,569</u>

6. INTENTIONS TO GIVE:

During the eighteen-month period ended December 31, 2017, 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 \$1,238,000 as of December 31, 2017.

7. OPERATING LEASES:

D2S leases office space in Arvada, Colorado. Rent expense under this lease for the eighteen-month period ended December 31, 2017 was \$156,580. Future minimum lease payments are:

<u>Year Ending December 31,</u>	
2018	\$ 107,598
2019	110,286
2020	113,036
2021	115,856
2022	19,388
	<hr/>
	<u>\$ 466,164</u>

8. 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 \$658,018 for the 2018 and 2019 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.

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2017

9. 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 \$31,128 for the eighteen-month period ended December 31, 2017.

10. SUBSEQUENT EVENTS:

Subsequent events were evaluated through March 22, 2018, which is the date the financial statement were available to be issued.

SUPPLEMENTARY SCHEDULES

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

Board of Directors
Dare 2 Share Ministries, Inc.
Arvada, Colorado

We have audited the financial statements of Dare 2 Share Ministries, Inc. as of and for the eighteen-month period ended December 31, 2017, and our report thereon dated March 22, 2018, which expresses an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses 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 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.

Capin Crouse LLP

Centennial, Colorado
March 22, 2018

DARE TO SHARE MINISTRIES, INC.

Schedule of Functional Expenses

For the Eighteen-Month Period Ended December 31, 2017

	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	\$ 623,870	\$ 794,128	\$ 259,942	\$ 1,677,940	\$ 170,861	\$ 79,485	\$ 250,346	\$ 1,928,286
Venue and production costs	109,832	1,296,378	17,788	1,423,998	4,412	71,523	75,935	1,499,933
Travel and entertainment	57,121	230,542	12,011	299,674	8,981	267,614	276,595	576,269
Professional fees	157,919	137,595	28,016	323,530	24,345	208,955	233,300	556,830
Occupancy	170,448	76,704	59,691	306,843	29,496	83	29,579	336,422
Advertising	186,642	42,017	69,566	298,225	271	2,100	2,371	300,596
Depreciation and amortization	62,077	92,917	38,099	193,093	21,916	-	21,916	215,009
Postage and printing	43,249	45,860	36,030	125,139	21,859	17,868	39,727	164,866
Cost of goods sold	6,390	9,472	120,798	136,660	258	6,306	6,564	143,224
Bank service fees	2,873	34,622	8,273	45,768	8,616	10,249	18,865	64,633
Office and other	71,519	26,269	5,968	103,756	17,593	6,625	24,218	127,974
Total Expenses	\$ 1,491,940	\$ 2,786,504	\$ 656,182	\$ 4,934,626	\$ 308,608	\$ 670,808	\$ 979,416	\$ 5,914,042
Percent of Total Expenses	25%	47%	11%	83%	5%	11%	17%	100%