



**DARE 2 SHARE
MINISTRIES, INC.**

Financial Statements
With Independent Auditors' Report

December 31, 2019 and 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 statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, 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.

Auditors' 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.

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, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crause LLP

Centennial, Colorado
June 26, 2020

DARE 2 SHARE MINISTRIES, INC.

Statements of Financial Position

	December 31,	
	2019	2018
ASSETS:		
Cash and cash equivalents	\$ 1,088,442	\$ 1,022,515
Investments	172,120	158,971
Inventory–net	52,901	81,919
Prepaid expenses and other assets	140,068	142,460
Software, furniture, and equipment–net	268,821	298,627
	<hr/>	<hr/>
Total Assets	<u>\$ 1,722,352</u>	<u>\$ 1,704,492</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 51,912	\$ 26,139
Accrued expenses	85,508	87,051
Deferred revenue	171,600	102,830
Capital lease obligations	15,348	67,395
	<hr/>	<hr/>
	324,368	283,415
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Net assets:		
Net assets without donor restrictions	1,349,851	1,411,457
Net assets with donor restrictions–scholarships	48,133	9,620
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	1,397,984	1,421,077
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Total Liabilities and Net Assets	<u>\$ 1,722,352</u>	<u>\$ 1,704,492</u>

See notes to financial statements

DARE 2 SHARE MINISTRIES, INC.

Statements of Activities

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 3,042,340	\$ 120,000	\$ 3,162,340	\$ 3,714,774	\$ 212,025	\$ 3,926,799
Conference revenue-net	549,429	-	549,429	726,519	-	726,519
Honorariums and other income	301,604	-	301,604	62,842	-	62,842
Sales	82,895	-	82,895	140,404	-	140,404
Loss on disposal of software, furniture, and equipment	(134,222)	-	(134,222)	-	-	-
Total Support and Revenue	3,842,046	120,000	3,962,046	4,644,539	212,025	4,856,564
NET ASSETS RELEASED FROM:						
Purpose restrictions	81,487	(81,487)	-	230,300	(230,300)	-
EXPENSES:						
Program services:						
Events and conferences	1,454,805	-	1,454,805	1,841,582	-	1,841,582
Resources and other	1,080,511	-	1,080,511	984,655	-	984,655
Gospel advancing ministries	702,611	-	702,611	666,812	-	666,812
	3,237,927	-	3,237,927	3,493,049	-	3,493,049
Support activities:						
General and administrative	226,554	-	226,554	203,934	-	203,934
Fund-raising	520,658	-	520,658	664,690	-	664,690
	747,212	-	747,212	868,624	-	868,624
Total Expenses	3,985,139	-	3,985,139	4,361,673	-	4,361,673
Change in Net Assets	(61,606)	38,513	(23,093)	513,166	(18,275)	494,891
Net Assets, Beginning of Year	1,411,457	9,620	1,421,077	898,291	27,895	926,186
Net Assets, End of Year	\$ 1,349,851	\$ 48,133	\$ 1,397,984	\$ 1,411,457	\$ 9,620	\$ 1,421,077

See notes to financial statements

DARE 2 SHARE MINISTRIES, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2019

	Supporting Activities:							Total
	Events and Conferences	Resources and Others	Gospel Advancing Ministries	Program Services Total	General and Administrative	Fund- raising	Supporting Activities Total	
Salaries and benefits	\$ 487,454	\$ 307,996	\$ 475,226	\$ 1,270,676	\$ 85,415	\$ 71,364	\$ 156,779	\$ 1,427,455
Events and production costs	685,907	39,950	29,110	754,967	6,848	310,685	317,533	1,072,500
Professional fees	149,194	410,780	33,828	593,802	28,429	56,624	85,053	678,855
Travel and entertainment	66,367	7,455	69,193	143,015	6,982	48,190	55,172	198,187
Occupancy	-	70,946	59,852	130,798	25,397	8,034	33,431	164,229
Advertising	13,053	115,763	6,940	135,756	240	2,170	2,410	138,166
Office and other	8,258	41,634	12,619	62,511	15,844	13,038	28,882	91,393
Depreciation and amortization	9,218	9,218	7,681	26,117	54,075	-	54,075	80,192
Cost of goods sold	-	57,471	-	57,471	-	-	-	57,471
Postage and printing	23,727	17,674	8,162	49,563	808	5,215	6,023	55,586
Bank service fees	11,627	1,624	-	13,251	2,516	5,338	7,854	21,105
Total Expenses	\$ 1,454,805	\$ 1,080,511	\$ 702,611	\$ 3,237,927	\$ 226,554	\$ 520,658	\$ 747,212	\$ 3,985,139
Percent of Total Expenses	36%	27%	18%	81%	6%	13%	19%	100%

See notes to financial statements

DARE 2 SHARE MINISTRIES, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2018

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

See notes to financial statements

DARE 2 SHARE MINISTRIES, INC.

Statements of Cash Flows

	December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (23,093)	\$ 494,891
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	80,192	107,250
Donated stock	(242,932)	-
Loss on disposal of software, furniture, and equipment	134,222	-
Loss (gain) on investments	(49,339)	29,440
Change in operating assets and liabilities:		
Inventory—net	29,018	12,612
Prepaid expenses and other assets	2,392	125,533
Accounts payable	25,773	(36,532)
Accrued expenses	(1,543)	15,566
Deferred revenue	68,770	56,340
Net Cash Provided by Operating Activities	23,460	805,100
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of software, furniture, and equipment	(184,608)	(9,412)
Proceeds from sale of investments	279,122	-
Purchases of investments	-	(146,077)
Net Cash Provided (Used) by Investing Activities	94,514	(155,489)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease obligation	(52,047)	(79,309)
Net Cash Used by Financing Activities	(52,047)	(79,309)
Change in Cash and Cash Equivalents	65,927	570,302
Cash and Cash Equivalents, Beginning of Year	1,022,515	452,213
Cash and Cash Equivalents, End of Year	\$ 1,088,442	\$ 1,022,515
NON-CASH TRANSACTION:		
Software, furniture, and equipment acquired through capital lease	\$ -	\$ 24,135

See notes to financial statements

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2019 and 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.

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, 2019 and 2018, D2S's cash balances exceeded federally insured limits by approximately \$378,000 and \$535,000, respectively. 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 within honorariums and other income, 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 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 (FASB) Accounting Standards Codification, 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, 2019 and 2018, which values inputs at quoted prices in active markets for identical assets.

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVENTORY

Inventory consists of clothing and course materials. Inventory is valued at the lower of cost or net realizable value on the first-in, first-out method. As of December 31, 2019 and 2018, management recorded an allowance of \$35,201 and \$7,938, respectively, 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 expenses and other assets consist of prepaid expenses for upcoming events and capitalized production costs. Capitalized production costs consist of costs incurred mainly for the production of Shine curriculum, Gospalize 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, 2019 and 2018. Amortization expense was \$0 and \$10,879, for the years ended December 31, 2019 and 2018, respectively.

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, 2019 and 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 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 years ended December 31, 2019 and 2018, D2S recorded \$57,240 and \$79,990, of donated goods, \$71,344 and \$74,575, of donated rent, and \$193,290 and \$319,715, of donated professional services, respectively, within contributions on the statements of activities for various services that met the criteria to be recorded under accounting standards. Additionally, 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 \$94,937 and \$79,037, for the years ended December 31, 2019 and 2018, respectively.

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 statements of activities and functional expenses. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities benefited. The functional allocation for depreciation and occupancy costs are 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 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. D2S adopted the provisions of this new standard during the year ended December 31, 2019. This new standard provides guidance on determining whether transactions should be accounted for as an exchange transaction or a contribution and whether a contribution should be recorded as conditional or unconditional. This standard did not have a material impact on the presentation of the December 31, 2019 financial statements.

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING STANDARDS, continued

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. D2S adopted the provisions of this new standard during the year ended December 31, 2019. This new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had no effect on change in net assets or net assets in total.

3. LIQUIDITY AND FUNDS AVAILABLE:

D2S has approximately \$1,261,000 and \$1,182,000, of financial assets available within one year of the statements of financial position date as of December 31, 2019 and 2018, respectively. 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 statements 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 consist of:

	December 31,	
	2019	2018
Equity stock	\$ 145,650	\$ 137,832
Mutual funds	26,470	21,139
	<u>\$ 172,120</u>	<u>\$ 158,971</u>

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2019 and 2018

5. SOFTWARE, FURNITURE, AND EQUIPMENT–NET:

Software, furniture, and equipment–net, consist of:

	December 31,	
	2019	2018
Software	\$ 522,505	\$ 697,068
Website development	194,344	194,344
Furniture and equipment	81,287	81,287
	<u>798,136</u>	<u>972,699</u>
Less accumulated depreciation and amortization	(529,315)	(674,072)
	<u>\$ 268,821</u>	<u>\$ 298,627</u>

Depreciation and amortization expense related to software, furniture, and equipment–net for the years ended December 31, 2019 and 2018, was \$80,192 and \$96,371, respectively.

6. CAPITAL LEASE OBLIGATIONS:

D2S has three leases for various office equipment under capital lease obligations. The cost of this equipment was \$55,735 and \$389,294, as of December 31, 2019 and 2018, respectively. The related accumulated amortization was \$30,755 and \$225,357, as of December 31, 2019 and 2018, respectively. Amortization expense of \$9,906 and \$56,576, for the leased software, furniture, and equipment is included on the statements of activities for the years ended December 31, 2019 and 2018, respectively. The maturity date for these capital leases is July 2023, with total yearly payments of \$6,574.

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

	December 31,	
	2019	2018
Life in 6 Words app development	\$ 48,133	\$ -
Scholarships	-	9,620
	<u>\$ 48,133</u>	<u>\$ 9,620</u>

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2019 and 2018

8. INTENTIONS TO GIVE:

During the years ended December 31, 2019 and 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 statements of financial position. Intentions to give are approximately \$1,199,000 and \$876,000, as of December 31, 2019 and 2018, respectively.

9. OPERATING LEASES:

D2S leases office space in Wheat Ridge, Colorado. Rent expense under this lease for the years ended December 31, 2019 and 2018 was \$110,286 and \$107,643, respectively. Subsequent to the year ended December 31, 2019, the lessor broke the office space lease that was to expire March 2022. D2S entered into a lease for new office space with a maturity date July 2030. Future minimum lease payments for the new office space are:

<u>Year Ending December 31,</u>	
2020	\$ 26,437
2021	64,241
2022	66,168
2023	68,153
Thereafter	<u>502,361</u>
	<u><u>\$ 727,360</u></u>

10. 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 \$709,244 and \$729,720, as of December 31, 2019 and 2018, respectively. If an event is cancelled, D2S may still be required to pay some of the contract. Due to the COVID-19 pandemic (see Note 12), some of these contracts are being modified or refunded subsequent to the year ended December 31, 2019.

11. 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 \$20,784 and \$20,460, for the years ended December 31, 2019 and 2018, respectively.

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2019 and 2018

12. RELATED PARTY TRANSACTIONS:

During the years ended December 31, 2019 and 2018, D2S received donations from members of the board of directors totaling approximately \$582,000 and \$255,000, respectively, which is included in contribution income.

13. SUBSEQUENT EVENTS:

Subsequent to the year ended December 31, 2019, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. Due to COVID-19's impact on the gathering of large groups, there is a possibility that D2S may suffer decreased program revenue throughout the year ended December 31, 2020. D2S cancelled the three scheduled LTC events and will instead hold a LTC Virtual event in 2020. As part of the CARES Act, D2S applied for the Paycheck Protection Program (PPP) loan and received approximately \$265,000. The PPP loan program includes an application process to seek forgiveness of the loan contingent on meeting certain criteria of the program.

The pandemic has caused a severe negative impact on the world economy, and has contributed to significant declines and volatility in financial markets. As a result, the fair value of D2S's investments disclosed in Note 4 have been negatively impacted. D2S liquidated all but one investment holding by the end of the first quarter 2020. D2S does not rely on the earnings of its investments in order to pay for its operating expenses, and therefore this event's effect on D2S's investments is not expected to hinder D2S's ability to pay its future operating expenses.

Subsequent events were evaluated through June 26, 2020, which is the date the financial statements were available to be issued.