



dare 2 share

**DARE 2 SHARE
MINISTRIES, INC.**

Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

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 statements of Dare 2 Share Ministries, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, 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, 2020 and 2019, 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 Crouse LLP

Centennial, Colorado
April 12, 2021

DARE 2 SHARE MINISTRIES, INC.

Statements of Financial Position

	December 31,	
	2020	2019
ASSETS:		
Cash and cash equivalents	\$ 1,886,087	\$ 1,088,442
Investments	52,723	172,120
Inventory–net	48,636	52,901
Prepaid expenses and other assets	302,787	140,068
Software, furniture, and equipment–net	433,104	268,821
	<hr/>	<hr/>
Total Assets	<u>\$ 2,723,337</u>	<u>\$ 1,722,352</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 43,558	\$ 51,912
Accrued expenses	111,047	85,508
Deferred revenue	208,597	171,600
Capital lease obligations	10,894	15,348
	<hr/>	<hr/>
	374,096	324,368
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Net assets:		
Net assets without donor restrictions	2,306,205	1,349,851
Net assets with donor restrictions	43,036	48,133
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	2,349,241	1,397,984
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Total Liabilities and Net Assets	<u>\$ 2,723,337</u>	<u>\$ 1,722,352</u>

See notes to financial statements

DARE 2 SHARE MINISTRIES, INC.

Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 3,443,483	\$ 193,900	\$ 3,637,383	\$ 3,042,340	\$ 120,000	\$ 3,162,340
Government grants	262,053	-	262,053	-	-	-
Honorariums and other income	89,620	-	89,620	301,604	-	301,604
Conference revenue-net	84,852	-	84,852	549,429	-	549,429
Sales	23,576	-	23,576	82,895	-	82,895
Loss on disposal of software, furniture, and equipment	-	-	-	(134,222)	-	(134,222)
Total Support and Revenue	3,903,584	193,900	4,097,484	3,842,046	120,000	3,962,046
NET ASSETS RELEASED FROM:						
Purpose restrictions	198,997	(198,997)	-	81,847	(81,847)	-
EXPENSES:						
Program services:						
Events and conferences	845,213	-	845,213	1,454,805	-	1,454,805
Resources and other	789,909	-	789,909	1,080,511	-	1,080,511
Gospel advancing ministries	701,058	-	701,058	702,611	-	702,611
	2,336,180	-	2,336,180	3,237,927	-	3,237,927
Support activities:						
General and administrative	190,880	-	190,880	226,554	-	226,554
Fund-raising	619,167	-	619,167	520,658	-	520,658
	810,047	-	810,047	747,212	-	747,212
Total Expenses	3,146,227	-	3,146,227	3,985,139	-	3,985,139
Change in Net Assets	956,354	(5,097)	951,257	(61,606)	38,513	(23,093)
Net Assets, Beginning of Year	1,349,851	48,133	1,397,984	1,411,457	9,620	1,421,077
Net Assets, End of Year	\$ 2,306,205	\$ 43,036	\$ 2,349,241	\$ 1,349,851	\$ 48,133	\$ 1,397,984

See notes to financial statements

DARE 2 SHARE MINISTRIES, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2020

	Program Services:				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	\$ 526,498	\$ 340,850	\$ 511,192	\$ 1,378,540	\$ 94,731	\$ 77,427	\$ 172,158	\$ 1,550,698
Events and production costs	238,421	10,688	17,432	266,541	9,159	370,119	379,278	645,819
Professional fees	6,668	191,537	29,566	227,771	32,634	142,547	175,181	402,952
Occupancy	-	56,701	51,130	107,831	20,203	6,734	26,937	134,768
Advertising	1,748	100,654	2,227	104,629	635	804	1,439	106,068
Depreciation and amortization	21,021	21,021	42,350	84,392	10,510	-	10,510	94,902
Travel and entertainment	17,177	28,849	18,258	64,284	7,405	6,841	14,246	78,530
Office and other	7,617	26,118	12,497	46,232	12,565	1,878	14,443	60,675
Postage and printing	22,829	13,491	3,373	39,693	1,405	3,895	5,300	44,993
Bank service fees	3,234	-	462	3,696	1,633	8,922	10,555	14,251
Cost of goods sold	-	-	12,571	12,571	-	-	-	12,571
Total Expenses	\$ 845,213	\$ 789,909	\$ 701,058	\$ 2,336,180	\$ 190,880	\$ 619,167	\$ 810,047	\$ 3,146,227
Percent of Total Expenses	27%	25%	22%	74%	6%	20%	26%	100%

See notes to financial statements

DARE 2 SHARE MINISTRIES, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2019

	Program Services:				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
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
Depreciation and amortization	9,218	9,218	7,681	26,117	54,075	-	54,075	80,192
Travel and entertainment	66,367	7,455	69,193	143,015	6,982	48,190	55,172	198,187
Office and other	8,258	41,634	12,619	62,511	15,844	13,038	28,882	91,393
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
Cost of goods sold	-	57,471	-	57,471	-	-	-	57,471
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.

Statements of Cash Flows

	December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 951,257	\$ (23,093)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	94,902	80,192
Donated stock	(131,084)	(242,932)
Loss on disposal of software, furniture, and equipment	-	134,222
Loss (gain) on investments	45,963	(49,339)
Forgiveness of Paycheck Protection Program loan	(262,053)	-
Change in operating assets and liabilities:		
Inventory—net	4,265	29,018
Prepaid expenses and other assets	(162,719)	2,392
Accounts payable	(8,354)	25,773
Accrued expenses	25,539	(1,543)
Deferred revenue	36,997	68,770
Net Cash Provided by Operating Activities	594,713	23,460
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of software, furniture, and equipment	(259,185)	(184,608)
Proceeds from sale of investments	204,518	279,122
Net Cash Provided (Used) by Investing Activities	(54,667)	94,514
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease obligation	(4,454)	(52,047)
Proceeds from Paycheck Protection Program loan	262,053	-
Net Cash Provided (Used) by Financing Activities	257,599	(52,047)
Change in Cash and Cash Equivalents	797,645	65,927
Cash and Cash Equivalents, Beginning of Year	1,088,442	1,022,515
Cash and Cash Equivalents, End of Year	\$ 1,886,087	\$ 1,088,442
NON-CASH TRANSACTION:		
Forgiveness of Paycheck Protection Program loan	\$ 262,053	\$ -

See notes to financial statements

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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 laws. 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, 2020 and 2019, D2S's cash balances exceeded federally insured limits by approximately \$1,312,000 and \$378,000, 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, 2020 and 2019, which values inputs at quoted prices in active markets for identical assets.

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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, 2020 and 2019, management recorded an allowance of \$0 and \$35,201, 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, 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, 2020 and 2019.

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. As of December 31, 2020 and 2019, net assets with donor restrictions were \$43,036 and \$48,133, respectively, available for the Life in 6 Words app development.

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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.

Government grants consists of the Paycheck Protection Program loan received during the year ended December 31, 2020 of \$262,053. The loan is eligible for forgiveness based on D2S incurring various qualifying expenses such as normal payroll costs, mortgage interest, and utilities. Because D2S has overcome required barriers related to these funds as of December 31, 2020, the full amount has been recorded as government grant income on the statements of activities.

During the years ended December 31, 2020 and 2019, D2S recorded \$0 and \$57,240, of donated goods, \$2,800 and \$71,344, of donated rent, and \$61,000 and \$193,290, 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 \$54,800 and \$94,937, for the years ended December 31, 2020 and 2019, 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, salaries, and benefits, 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 salaries and benefits expense is allocated based on the employee role and time spent between the major programs.

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2020 and 2019

3. LIQUIDITY AND FUNDS AVAILABLE:

D2S has approximately \$1,939,000 and \$1,261,000, of financial assets available within one year of the statements of financial position date as of December 31, 2020 and 2019, 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,	
	2020	2019
Equity stock	\$ 52,723	\$ 145,650
Mutual funds	-	26,470
	<u>\$ 52,723</u>	<u>\$ 172,120</u>

5. SOFTWARE, FURNITURE, AND EQUIPMENT—NET:

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

	December 31,	
	2020	2019
Software	\$ 532,138	\$ 522,505
Website development	343,341	194,344
Furniture and equipment	177,492	81,287
	<u>1,052,971</u>	<u>798,136</u>
Construction in progress	2,800	-
	<u>1,055,771</u>	<u>798,136</u>
Less accumulated depreciation and amortization	<u>(622,667)</u>	<u>(529,315)</u>
	<u>\$ 433,104</u>	<u>\$ 268,821</u>

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2020 and 2019

6. CAPITAL LEASE OBLIGATIONS:

D2S has three leases for various office equipment under capital lease obligations. The cost of this equipment was \$24,135 and \$55,735, as of December 31, 2020 and 2019, respectively. The related accumulated amortization was \$8,275 and \$30,755, as of December 31, 2020 and 2019, respectively. Amortization expense of \$4,827 and \$9,906, for the leased software, furniture, and equipment is included on the statements of activities for the years ended December 31, 2020 and 2019, respectively. The maturity date for these capital leases is July 2023, with total yearly payments of \$6,574.

7. INTENTIONS TO GIVE:

During the years ended December 31, 2020 and 2019, 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 \$3,590,000 and \$1,199,000, as of December 31, 2020 and 2019, respectively.

8. OPERATING LEASES:

D2S leases office space and equipment in Wheat Ridge, Colorado. Rent expense under this lease for the years ended December 31, 2020 and 2019, was \$110,286 and \$107,643, respectively. During the year ended December 31, 2020, 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, equipment and other commitments are:

<u>Year Ending December 31,</u>	
2021	\$ 93,579
2022	90,921
2023	79,398
2024	70,197
2025	72,304
Thereafter	<u>359,859</u>
	<u>\$ 766,258</u>

DARE 2 SHARE MINISTRIES, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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 \$382,550 and \$709,244, as of December 31, 2020 and 2019, respectively. If an event is cancelled, D2S may still be required to pay some of the contract.

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 \$20,201 and \$20,784, for the years ended December 31, 2020 and 2019, respectively.

11. RELATED PARTY TRANSACTIONS:

During the years ended December 31, 2020 and 2019, D2S received donations from members of the board of directors totaling approximately \$697,000 and \$582,000, respectively, which is included in contributions on the statements of activities.

12. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of D2S for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

13. SUBSEQUENT EVENTS:

Subsequent events were evaluated through April 12, 2021, which is the date the financial statements were available to be issued.