CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees of
CORE Academy, Powered by the Rogers Foundation
Las Vegas, Nevada

We have audited the accompanying financial statements of CORE Academy, Powered by the Rogers Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements 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.

Auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CORE Academy, Powered by the Rogers Foundation as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Las Vegas, Nevada
August 14, 2017

CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS		
Cash	$	1,229,371
Cash, restricted		10,000
Investments		1,912,483
Grants receivable		38,670
Pledges receivable, current		492,128
Prepaid expenses		14,843
		3,697,495
OTHER ASSETS		
Pledges receivable, net of current portion		114,391
Property and equipment, net		816,725
Other assets, net		9,472
	$	4,638,083

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	82,892
NET ASSETS		
Unrestricted net assets		3,938,672
Temporarily restricted net assets		616,519
		4,555,191
	$	4,638,083

See notes to financial statements.

CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

UNRESTRICTED NET ASSETS	
Revenue, gains and other support:	
Contributions and grants	$ 2,176,716
In-kind contributions	115,800
Interest income	29,000
Net assets released from restrictions	100,531
	2,422,047
Expenses:	
Program services	1,214,809
Supporting services:	
Management and general	265,976
Fundraising	203,746
	1,684,531
Unrealized / realized loss on investments	1,592
	1,686,123
Change in unrestricted net assets	735,924
TEMPORARILY RESTRICTED NET ASSETS	
Contributions and grants	443,328
In-kind contributions	7,450
Net assets released from restrictions	(100,531)
Change in temporarily restricted net assets	350,247
CHANGE IN NET ASSETS	1,086,171
NET ASSETS, BEGINNING OF YEAR	3,469,020
NET ASSETS, END OF YEAR	$ 4,555,191

See notes to financial statements.

CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 487,286	$ 49,672	$ 122,695	$ 659,653
Employee benefits	37,501	3,823	9,442	50,766
Payroll taxes	60,138	6,130	15,142	81,410
Advertising	-	4,277	-	4,277
Bank fees	-	7,451	-	7,451
Contract services	133,690	109,315	2,650	245,655
Depreciation and amortization	35,545	4,231	2,167	41,943
Dues and subscriptions	9,302	7,111	393	16,806
Fundraising supplies	-	-	5,270	5,270
Insurance	19,393	208	513	20,114
Occupancy	57,685	1,740	5,220	64,645
Office supplies	82,508	8,410	20,775	111,693
Other	2,044	208	515	2,767
Professional services	-	40,178	-	40,178
Program services and supplies	155,788	-	-	155,788
Recognition	26,986	3,327	1,952	32,265
Telephone	5,064	516	1,275	6,855
Training and meeting	28,849	17,180	13,604	59,633
Travel	73,030	2,199	2,133	77,362
	$ 1,214,809	$ 265,976	$ 203,746	$ 1,684,531

See notes to financial statements.

CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 1,086,171
Adjustments to reconcile change in net assets to net cash change in operating activities:	
Depreciation and amortization	41,943
Unrealized / realized loss on investments	1,592
Change in discount on pledges receivable	(2,250)
Change in operating assets:	
Grants receivable	(38,670)
Pledges receivable	(438,528)
Prepaid expenses	(4,363)
Change in operating liabilities	
Accounts payable and accrued expenses	74,939
Net cash provided by operating activities	720,834
CASH FLOW FROM INVESTING ACTIVITIES	
Acquisition of property and equipment	(95,741)
Investing in website development	(11,000)
Acquisition of investments	(2,081,625)
Proceeds from sales of investments	167,550
Net cash used in investing activities	(2,020,816)
NET CHANGE IN CASH	(1,299,982)
CASH, BEGINNING OF YEAR	2,539,353
CASH, END OF YEAR	$ 1,239,371
SUMMARY OF CASH	
Cash	$ 1,229,371
Cash, restricted	10,000
	$ 1,239,371

See notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Core Academy, powered by The Rogers Foundation (the Organization), a non-profit organization located in Las Vegas, Nevada, was founded as I Have A Dream Foundation – Southern Nevada in 2011 as a affiliate of "I Have A Dream"® Foundation and separated from the national organization in 2015. The Organization provides basic needs, academic engagement, character education, service learning, cultural enrichment, mentoring and college and career readiness for students living below the poverty line in the Clark County School District. The model is supported through donations and grants primarily from Southern Nevada.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under FASB ASC, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Use of Estimates

Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures, some of which may need revision in future periods.

Income Tax Status

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code.

Statement of Cash Flows

For the purpose of the statement of cash flows, cash consists of cash-on-hand and demand deposits, and the Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivable are stated at the amount management expects to collect from outstanding balances. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Management considers all receivables to be collectible at December 31, 2016.

Grants receivable represents the amount due from a local government under the grant agreement.

Unconditional promises to give (pledges receivable) that are expected to be collected within one year are recorded at net realizable value, which approximates fair value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts are computed using a current low-risk rate of return based on the yield of a U.S. Treasury security with a maturity date similar to the expected collection period.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization capitalizes items that have an estimated useful life in excess of one year and have a cost of $500 or more. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires by a stipulated time-restriction lapsing or by the purpose of the restriction having been accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions, whose restrictions are met in the same period received, are reported as unrestricted support.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Assets and Services

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation.

Donated services are recognized as contributions in accordance with FASB ASC, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Gifts of Long-Lived Assets

The Organization receives gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Impairment of Long-Lived Assets

The Organization follows the provisions of FASB ASC, which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of assets. The Organization believes that no adjustment for impairment is necessary at December 31, 2016.

Subsequent Events

Subsequent events have been evaluated through August 14, 2017, which is the date the financial statements were available to be issued.

NOTE 2. INVESTMENTS

Investments at December 31, 2016 are comprised of the following:

Equity securities	$ 1,466,847
Corporate bonds	72,402
Government obligations	166,976
Hedge funds	206,258
	$ 1,912,483

NOTE 2. INVESTMENTS (CONTINUED)

Investments are carried at their quoted market value, and investment income and gains or losses on investments are shown as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use. No restricted investments are noted at December 31, 2016.

NOTE 3. FAIR VALUE MESUREMENTS

In accordance with FASB ASC, the following are quantitative disclosures about the fair value measurements of assets and liabilities. Fair value measurements are categorized on three levels:

Level 1: Quoted prices in active markets for identical securities.
Trading securities are traded by dealers or brokers in active markets, and valuations are obtained from readily available pricing sources for market transactions involving the assets.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

In 2015, FASB issued Accounting Standard Updates (ASU) No. 2015-07, *Fair Value Measurement - Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*. Under ASU 2015-07, investments for which fair values is measured at net asset value (NAV) per share using the practical expedient should not be categorized in the fair value hierarchy. The standard is effective for years beginning after December 15, 2016, and early adoption is permitted. The Organization has elected to early adopt ASU 2015-07 for the year ended December 31, 2016.

The inputs and methodology used for valuing the Organization's financial assets are not indicators of the risks associated with those instruments. The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Equity securities	$ 1,466,847	$ -	$ -	$ 1,466,847
Corporate bonds	72,402	-	-	72,402
Government obligations	166,976	-	-	166,976
	1,706,225	-	-	1,706225
Hedge funds measured at NAV	-	-	-	206,258
	$ 1,706,225	$ -	$ -	$ 1,912,483

NOTE 4. PLEDGES RECEIVABLE

Pledges receivable are summarized as follows:

Receivable in less than one year	$ 492,128
Receivable in one to five years	120,400
	612,528
Less discount on pledges	6,009
	606,519
Less pledges receivable, current	492,128
Pledges receivable, net of current	$ 114,391

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Computer equipment	$ 36,142
Furniture and fixtures	43,439
Building	514,155
Land	162,365
Vehicles	120,849
	876,950
Less accumulated depreciation	60,225
	$ 816,725

Depreciation expense for the year ended December 31, 2016 was $40,415.

NOTE 6. RELATED PARTY TRANSACTIONS

In September 2015, the Organization entered into a Management and Administration Services Agreement (the "Agreement") with The Rogers Foundation (TRF), a nonprofit organization in Las Vegas, Nevada. As of December 31, 2016, the Organization and TRF had two common board of director's members. In accordance with the Agreement, TRF will bear all costs and expenses associated with or related to the provision of management and administrative expenses for the Organization without an exchange of consideration. The initial term of the agreement is for five years, with automatic renewals of successive two-year periods indefinitely, unless the Agreement is terminated by either party with at least a one year notice. Since the future value of the management and administrative services provided by TRF are indeterminable, the valuation of the in-kind services provided are recognized annually. For the year ended December 31, 2016, the Organization recognized $57,000 as the value of management and administrative services received from TRF.

NOTE 7. RELATED PARTY TRANSACTIONS (CONTINUED)

TRF also provides office space to the Organization without an exchange of consideration, as discussed in Note 9.

During the year ended December 31, 2016, the Organization recognized $649,992 in contribution revenue from TRF, which is 28% of total revenue. Of the outstanding pledge balance of $606,519, 88% was owed by TRF.

NOTE 8. CONCENTRATIONS OF RISK

The Organization has concentrated its custodial credit risk by maintaining deposits in financial institutions which at most times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The loss would represent the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance. At December 31, 2016, $901,589 was not insured by FDIC. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

Approximately 43% of the Organization's revenue for the year ended December 31, 2016 came from one donor in the Las Vegas, Nevada area.

NOTE 9. OPERATING LEASE

In accordance with the terms of the Agreement (Note 6), the Organization receives contributed office space in Las Vegas, Nevada. Effective October 1, 2015, the lease expires in December 2020. To recognize the fair market value of this lease, an unconditional promise to give and related in-kind contribution revenue of $182,700 were recognized with a discount to present value using a rate of 1.93% in 2015. The unconditional promise to give will be amortized over the 5-year term of the lease and the corresponding amortization of the discount will be recognized as contribution revenue. As of December 31, 2016, the pledges receivable balance related to this lease was $133,859 which is net of discount of $5,341.

In accordance with the terms of the Agreement (Note 6), the Organization receives contributed office space in Las Vegas, Nevada. Effective October 1, 2015, the lease expires in December 2020. To recognize the fair market value of this lease, an unconditional promise to give and related in-kind contribution revenue of $182,700 were recognized with a discount to present value using a rate of 1.93% in 2015. The unconditional promise to give will be amortized over the 5-year term of the lease and the corresponding amortization of the discount will be recognized as contribution revenue. As of December 31, 2016, the pledges receivable balance related to this lease was $133,859 which is net of discount of $5,341.

For the year ending December 31, 2016, rent expense in the amount of $58,800 was recognized.

NOTE 10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of cash held for the enrichment program and pledges receivable at December 31, 2016.

NOTE 11. OTHER ASSETS

Other assets represent website development costs capitalized in accordance with US GAAP. The assets are amortized over the period of benefit.

The carrying values of the costs as of December 31, 2016 are as follows:

Website development costs	$ 11,000
Less accumulated amortization	1,528
	$ 9,472

Amortization expense for the year ended December 31, 2016 was $1,528.