CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2017

HOULDSWORTH
RUSSO & COMPANY
20 YEARS & COUNTING
Certified Public Accountants

CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION
DECEMBER 31, 2017

Table of Contents

INDEPENDENT AUDITOR'S REPORT

To the Senior Management and
the 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, 2017, 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, 2017, 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.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
August 22, 2018

Certified Public Accountants
20 YEARS & COUNTING

CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS	
Cash	$ 687,368
Cash, restricted	15,656
Investments	2,820,128
Grants receivable	22,297
Pledges receivable, current	484,128
Prepaid expenses	20,362
	4,049,939
OTHER ASSETS	
Investments, restricted for long-term purpose	2,993,025
Pledges receivable, net of current portion and discount	66,441
Property and equipment, net	779,894
Other assets, net	5,805
	$ 7,895,104

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 114,245
Accrued expenses	15,097
	129,342
NET ASSETS	
Unrestricted	4,206,512
Temporarily restricted	3,559,250
	7,765,762
	$ 7,895,104

See notes to financial statements.

CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

UNRESTRICTED NET ASSETS	
Revenue, gains and other support:	
Contributions and grants	$ 1,492,756
In-kind contributions	59,849
Interest and dividends	123,094
Realized / unrealized gain	255,847
Gain on disposed assets	800
Other income	1,600
Net assets released from restrictions	390,946
	2,324,892
Expenses:	
Program services	1,503,382
Supporting services:	
Management and general	375,088
Fundraising	178,582
	2,057,052
Change in unrestricted net assets	267,840
TEMPORARILY RESTRICTED NET ASSETS	
Contributions and grants	3,333,677
Net assets released from restrictions	(390,946)
Change in temporarily restricted net assets	2,942,731
CHANGE IN NET ASSETS	3,210,571
NET ASSETS, BEGINNING OF YEAR	4,555,191
NET ASSETS, END OF YEAR	$ 7,765,762

See notes to financial statements.

CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries and wages	$ 490,509	$ 77,069	$ 107,869	$ 675,447
Employee benefits	39,629	6,227	8,715	54,571
Payroll taxes	51,240	8,051	11,268	70,559
Advertising	-	1,508	-	1,508
Bank fees	-	22,922	-	22,922
Charitable contributions	21,000	-	-	21,000
Depreciation and amortization	42,591	8,220	9,366	60,177
Dues and subscriptions	16,073	2,525	3,535	22,133
Insurance	37,525	315	440	38,280
Occupancy	46,379	16,804	13,920	77,103
Office supplies	73,570	11,559	16,179	101,308
Outside labor	650	57,000	-	57,650
Other	1,767	277	388	2,432
Professional services	217,260	131,438	791	349,489
Program services and supplies	292,070	-	-	292,070
Recognition	33,954	9,993	248	44,195
Telephone	8,146	1,280	1,792	11,218
Training and meeting	54,932	15,428	1,934	72,294
Travel	76,087	4,472	2,137	82,696
	$ 1,503,382	$ 375,088	$ 178,582	$ 2,057,052

See notes to financial statements.

CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 3,210,571
Adjustments to reconcile change in net assets	
to net cash provided by operating activities:	
Depreciation and amortization	60,177
Realized / unrealized gain	(255,847)
Change in discount on pledges receivable	(2,849)
Change in operating assets:	
Grants receivable	16,373
Pledges receivable	58,799
Prepaid expenses	(5,519)
Change in operating liabilities	
Accounts payable	43,132
Accrued expenses	3,318
Net cash provided by operating activities	3,128,155
CASH FLOW FROM INVESTING ACTIVITIES	
Acquisition of property and equipment	(19,679)
Acquisition of investments	(4,006,141)
Proceeds from sales of investments	361,318
Net cash used in investing activities	(3,664,502)
NET CHANGE IN CASH	(536,347)
CASH, BEGINNING OF YEAR	1,239,371
CASH, END OF YEAR	$ 703,024
SUMMARY OF CASH	
Cash	$ 687,368
Cash, restricted	15,656
	$ 703,024

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 nonprofit organization located in Las Vegas, Nevada, was founded as I Have A Dream Foundation – Southern Nevada in 2011 as an 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 (U.S. 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

In May 2012, the Internal Revenue Service issued a determination letter recognizing the Organization as a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC) as defined in Section 509(a)(1) and 170(b)(1)(A)(vi). For the year-ended December 31, 2017, the Organization is considered a public charity but due to significant private donations, it is expected that in a future year the Organization will transition to recognition as a private foundation as described in Section 509(a) of the IRC.

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, 2017.

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

Unconditional promises to give (pledges receivable) expected to be collected within one year are recorded at net realizable value, which approximates fair value. Pledges receivable 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 or value 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, 2017.

Subsequent Events

Subsequent events have been evaluated through August 22, 2018, which is the date the financial statements were available to be issued.

NOTE 2. INVESTMENTS

Investments are comprised of the following:

Mutual funds	$ 3,241,613
Equity securities	1,388,692
Corporate bonds	206,118
Certificates of deposit	250,645
Government obligations	468,519
Hedge funds	257,566
	$ 5,813,153

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. Refer to restriction on investments in Note 6.

NOTE 3. PLEDGES RECEIVABLE

Pledges receivable are summarized as follows:

Receivable in less than one year	$ 484,128
Receivable in one to five years	69,600
	553,728
Less discount on pledges	3,159
	550,569
Less pledges receivable, current	484,128
Pledges receivable, net of current and discount	$ 66,441

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Building	$	514,155
Land		162,365
Vehicles		120,849
Computer equipment		48,932
Furniture and fixtures		43,439
		889,740
Less accumulated depreciation		109,846
	$	779,894

Depreciation expense for the year ended December 31, 2017 was $56,510.

NOTE 5. 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, 2017 are as follows:

Website development costs	$	11,000
Less accumulated amortization		5,195
	$	5,805

Amortization expense for the year ended December 31, 2017 was $3,667.

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

New building project	$	2,993,025
Scholarships		15,656
Time restrictions		550,569
	$	3,559,250

The Organization's temporarily restricted net assets are held as follows:

Cash	$	15,656
Investments		2,993,025
Pledges receivable		550,569
	$	3,559,250

NOTE 7. 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).

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 in accordance with 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)*.

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, 2017:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 3,241,613	$ -	$ -	$ 3,241,613
Equity securities	1,388,692	-	-	1,388,692
Corporate bonds	206,118	-	-	206,118
Certificates of deposit	250,645	-	-	250,645
Government obligations	468,519	-	-	468,519
	5,555,587	-	-	5,555,587
Hedge funds measured at NAV	-	-	-	257,566
	$ 5,555,587	$ -	$ -	$ 5,813,153

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 financial institutions over the amounts that would have been covered by federal insurance. At December 31, 2017, $404,928 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 these deposits.

Approximately 84% of the Organization's revenue for the year ended December 31, 2017 came from one donor in the Las Vegas, Nevada area.

NOTE 9. 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, 2017, the Organization has seven board members. The Organization and TRF had two common board of director's members, and one board member is an employee of TRF. 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, 2017, the Organization recognized $57,000 as the value of management and administrative services received from TRF.

TRF also provides office space to the Organization without an exchange of consideration, as discussed in Note 10.

During the year ended December 31, 2017, the Organization recognized $381,996 in contribution revenue from TRF. Of the outstanding pledge receivable balance of $537,728, which is approximately 98% was owed by TRF.

NOTE 10. OPERATING LEASE

In accordance with the terms of the Agreement (Note 9), the Organization receives contributed office space in Las Vegas, Nevada. The lease became effective October 1, 2015 and 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, 2017, the pledges receivable balance related to this lease was $101,356 which is net of discount of $3,044.

NOTE 10. OPERATING LEASE (CONTINUED)

The Organization also receives contributed program spaces in Las Vegas, Nevada from Clark County School District. The lease became effective September 2016 and expires in August 2018. The unconditional promise to give will be amortized over the 2-year term of the lease. As of December 31, 2017, the pledges receivable balance related to this lease was $15,885, which is net of a discount of $115.

For the year ending December 31, 2017, rent expense under the leases in the amount of $58,800 was recognized.