CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2018

HOULDSWORTH RUSSO & COMPANY
20 YEARS & COUNTING
Certified Public Accountants

CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION
DECEMBER 31, 2018

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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, 2018, 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, 2018, 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
December 17, 2019

CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 373,464
Cash and cash equivalents, restricted	156,470
Investments	2,389,229
Grants receivable	14,252
Pledges receivable, current	518,128
Prepaid expenses	10,109
	3,461,652
OTHER ASSETS	
Investments, restricted for long-term purpose	2,986,050
Pledges receivable, net of current portion and discount	33,420
Property and equipment, net	735,387
Deposits	10,000
Other assets, net	2,139
	$ 7,228,648

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 104,479
Accrued expenses	21,168
	125,647
NET ASSETS	
Without donor restrictions	3,401,958
With donor restrictions	3,701,043
	7,103,001
	$ 7,228,648

See notes to financial statements.

CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

NET ASSETS WITHOUT DONOR RESTRICTIONS	
Revenue and other support:	
Contributions and grants	$ 1,471,428
In-kind contributions	67,779
Investment return, net	(258,454)
Net assets released from restrictions	49,021
	1,329,774
Expenses and losses:	
Program services	1,479,296
Supporting services:	
Management and general	396,426
Fundraising	256,566
	2,132,288
Loss on disposed assets	2,040
	2,134,328
Change in net assets without donor restrictions	(804,554)
NET ASSETS WITH DONOR RESTRICTIONS	
Contributions and grants	190,814
Net assets released from restrictions	(49,021)
Change in net assets with donor restrictions	141,793
CHANGE IN NET ASSETS	(662,761)
NET ASSETS, BEGINNING OF YEAR	7,765,762
NET ASSETS, END OF YEAR	$ 7,103,001

See notes to financial statements.

CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 592,024	$ 93,388	$ 162,031	$ 847,443
Employee benefits	61,839	9,755	16,925	88,519
Payroll taxes	64,151	10,119	17,557	91,827
Depreciation and amortization	41,705	8,107	11,414	61,226
Dues and subscriptions	14,775	2,331	4,044	21,150
Events	45,284	-	-	45,284
Insurance	30,373	304	527	31,204
Occupancy	43,153	18,422	13,920	75,495
Office supplies	48,027	7,576	13,144	68,747
Outside labor	1,000	58,000	-	59,000
Other	850	4,950	1,005	6,805
Professional services	193,717	156,245	-	349,962
Program services	79,014	-	-	79,014
Program supplies	83,976	-	-	83,976
Recognition	34,592	15,912	1,219	51,723
Telephone	4,896	772	1,340	7,008
Training and meetings	41,233	6,504	11,285	59,022
Travel	98,687	4,041	2,155	104,883
	$ 1,479,296	$ 396,426	$ 256,566	$ 2,132,288

See notes to financial statements.

CORE ACADEMY, POWERED BY THE ROGERS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (662,761)
Adjustments to reconcile change in net assets	
to net cash used in operating activities:	
Depreciation and amortization	61,226
Realized/unrealized loss on investments	439,616
Change in discount on pledges receivable	(1,779)
Rent expensed through in-kind pledges receivable	50,800
Loss on disposed assets	2,040
Change in operating assets:	
Grants receivable	8,045
Pledges receivable	(50,000)
Prepaid expenses	10,253
Deposits	(10,000)
Change in operating liabilities	
Accounts payable	(9,766)
Accrued expenses	6,071
Net cash used in operating activities	(156,255)
CASH FLOW FROM INVESTING ACTIVITIES	
Acquisition of investments	(2,603,387)
Proceeds from sales of investments	2,601,645
Acquisition of property and equipment	(16,467)
Proceeds from sales of property and equipment	1,374
Net cash used in investing activities	(16,835)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(173,090)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	703,024
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 529,934
SUMMARY OF CASH	
Cash and cash equivalents	$ 373,464
Cash and cash equivalents, restricted	156,470
	$ 529,934

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. 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 in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization's financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*.

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).

Cash and Cash Equivalents

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, 2018.

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. The discount rate was 1.93%.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of $500 with a useful life of more than one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2018.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions received, as well as investment return, are recorded as increases in net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted revenue whose restrictions are met in the same period received are reported in net assets without donor restrictions.

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.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized in the statement of activities on a functional basis. Some expenses can be directly allocated to the function(s). Certain categories of expenses are attributed to more than one program and supporting function, and these expenses require allocation on a reasonable basis that is consistently applied. The basis of allocation of salaries and wages; payroll taxes; employee benefits; depreciation and amortization; dues and subscriptions; insurance; office supplies; telephone; and training and meeting is the result of a salary allocation percentage, which is calculated based on the employees' efforts and timesheet data. All other categories are directly allocated.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in Accounting Principles

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity, and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: *net assets with donor restrictions* and *net assets without donor restrictions*. ASU 2016-14 also requires nonprofit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires nonprofits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In the absence of explicit donor restrictions, ASU 2016-14 requires nonprofit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by nonprofit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires nonprofit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted with retrospective application required for all prior periods presented. The Organization has adopted the provisions of ASU 2016-14 and has applied this standard to the financial statements as of and for the year ending December 31, 2018.

Subsequent Events

Subsequent events have been evaluated through December 17, 2019, which is the date the financial statements were available to be issued.

NOTE 2. INVESTMENTS

Investments are comprised of the following:

Mutual funds	$ 3,400,635
Equity securities	1,749,597
Hedge funds	225,047
	5,375,279
Less investments, current	2,389,229
Investments, restricted for long-term purpose	$ 2,986,050

NOTE 2. INVESTMENTS (CONTINUED)

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the financial statements.

NOTE 3. PLEDGES RECEIVABLE

Pledges receivable are summarized as follows:

Receivable in less than one year	$ 518,128
Receivable in one to five years	34,800
	552,928
Less discount on pledges	1,380
	551,548
Less pledges receivable, current	518,128
Pledges receivable, net of current and discount	$ 33,420

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Building	$ 514,155
Land	162,365
Vehicles	120,849
Computer equipment	45,894
Furniture and fixtures	43,439
Construction in progress	6,975
	893,677
Less accumulated depreciation	158,290
	$ 735,387

Depreciation expense for the year ended December 31, 2018 was $57,560.

NOTE 5. OTHER ASSETS

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

The carrying values of the costs are as follows:

Website development costs	$ 11,000
Less accumulated amortization	8,861
	$ 2,139

Amortization expense for the year ended December 31, 2018 was $3,666.

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the followings:

Subject to expenditure for specific purposes:	
New building project	$ 2,986,050
Scholarships	143,910
Whole family support	10,000
Basic needs	2,560
	3,142,520
Subject to the passage of time:	
New building usage restriction in construction in progress	6,975
Time restrictions on pledges receivable	551,548
	558,523
	$ 3,701,043

The Organization's net assets with donor restrictions are held as follows:

Cash	$ 156,470
Investments	2,986,050
Pledges receivable	551,548
Property and equipment	6,975
	$ 3,701,043

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions during 2018 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

Expiration of time restrictions:	
Office space usage	$ 33,021
Program space usage	16,000
	$ 49,021

NOTE 7. FAIR VALUE MEASUREMENTS

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.

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

Level 3: Quantitative unobservable inputs are third party pricing information without adjustment.

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 ASC.

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, 2018:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 3,400,635	$ -	$ -	$ 3,400,635
Equity securities	1,749,597	-	-	1,749,597
	5,150,232	-	-	5,150,232
Hedge funds measured at NAV	-	-	-	225,047
	$ 5,150,232	$ -	$ -	$ 5,375,279

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. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Approximately 78% of the Organization's revenue for the year ended December 31, 2018 came from one donor in the Las Vegas, Nevada area.

NOTE 9. LIQUIDITY AND AVAILABILITY OF FUNDS

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year as of December 31, 2018 are as follows:

Cash and cash equivalents	$ 373,464
Investments	2,389,229
Grants receivable	14,252
Pledges receivable	483,328
Total financial assets as of end of year	$ 3,260,273

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investment funds.

NOTE 10. 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, 2018, the Organization has seven board members. The Organization and TRF had two common board of trustee'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 was 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, 2018, the Organization recognized $58,000 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 11.

NOTE 10. RELATED PARTY TRANSACTIONS (CONTINUED)

During the year ended December 31, 2018, the Organization recognized $324,996 in contribution revenue from TRF. Of the outstanding pledge receivable balance of $501,548, approximately 91% was pledged by TRF.

NOTE 11. OPERATING LEASE

In accordance with the terms of the Agreement (Note 10), 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, 2018, the pledges receivable balance related to this lease was $68,220 which is net of discount of $1,380.

The Organization also receives contributed program space in Las Vegas, Nevada from the Clark County School District. The initial lease term was effective September 2016 and expired in August 2018. During the year ended December 31, 2018, the remaining balance of the unconditional promise to give related to this agreement was amortized. Beginning September 2018, the Organization's estimate of the fair value of in-kind rent was $2,000 per month.

For the year ending December 31, 2018, rent expense under these leases in the amount of $58,800 was recognized.

NOTE 12. COMMITMENT

In October 2018, the Organization entered into an agreement to purchase property for consideration in the amount of $400,000. This property is located in Las Vegas, Nevada and will be used to house the Organization's program and administrative office building. During the year ended December 31, 2018, a deposit in the amount of $10,000 was made towards this purchase. The purchased closed in May 2019 and title was transferred to the Organization.

NOTE 13. SUBSEQUENT EVENT

Effective November 1, 2019, the Organization changed the name to CORE, Powered by The Rogers Foundation.