

WEAR BLUE: RUN TO REMEMBER

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Wear Blue: Run to Remember

Opinion

I have audited the accompanying financial statements of Wear Blue: Run to Remember (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wear Blue: Run to Remember as of December 31, 2023, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Wear Blue: Run to Remember and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wear Blue: Run to Remember's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Wear Blue: Run to Remember's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wear Blue: Run to Remember's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

A handwritten signature in blue ink that reads "Sabey CPA, LLC". The signature is written in a cursive, flowing style.

Sabey CPA, LLC
March 28, 2024

**WEAR BLUE: RUN TO REMEMBER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

ASSETS

Current assets	
Cash	\$ 312,106
Grants receivable	80,117
Inventory - merchandise	7,095
Prepaid expenses	<u>22,445</u>
Total current assets	<u>421,763</u>
 TOTAL ASSETS	 <u><u>\$ 421,763</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 34,379
Accrued payroll and related taxes	<u>12,125</u>
Total current liabilities	<u>46,504</u>
 Net assets	
Without donor restrictions	105,239
With donor restrictions	<u>270,020</u>
Total net assets	<u>375,259</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 421,763</u></u>

The notes are an integral part of the financial statements. See accompanying notes.

**WEAR BLUE: RUN TO REMEMBER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Unrestricted	Donor restricted	Total
Support and Revenue:			
Grants	\$ 56,500	\$ 241,944	\$ 298,444
Contributions	769,230	-	769,230
Merchandise revenue, net	(20,899)	-	(20,899)
Fundraising revenue, net	(9,843)	-	(9,843)
In-kind contributions	9,068	-	9,068
Interest income	113	-	113
Total support and revenue	804,169	241,944	1,046,113
 Released from restriction	 194,660	 (194,660)	 -
Expenses			
Program services	838,559	-	838,559
Management & general	196,235	-	196,235
Fundraising	36,101	-	36,101
Total expenses	1,070,895	-	1,070,895
Change in net assets	(72,066)	47,284	(24,782)
Net Assets			
Beginning of year	177,305	222,736	400,041
End of year	\$ 105,239	\$ 270,020	\$ 375,259

The notes are an integral part of the financial statements. See accompanying notes.

**WEAR BLUE: RUN TO REMEMBER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising Costs</u>	<u>2023 Total</u>
Salaries	\$ 179,280	\$ 88,356	\$ -	\$ 267,636
Payroll taxes	15,814	7,252	-	23,066
Legal and professional	-	15,500	2,610	18,110
Accounting	-	42,465	-	42,465
Advertising	40,974	2,247	5,005	48,226
Travel	187,249	6,618	7,668	201,535
Insurance	-	13,256	-	13,256
Supplies	102,208	3,757	1,669	107,634
Event expenses	123,519	438	185	124,142
Photography and videography	46,104	-	-	46,104
Postage and shipping	6,861	517	517	7,895
Printing & posters	50,331	1,835	2,259	54,425
Storage	32,060	-	-	32,060
Program development	-	-	-	-
Bank fees	3,295	2	3,865	7,162
Software applications	48,466	10,636	12,323	71,425
Other	2,398	3,356	-	5,754
	<u>\$ 838,559</u>	<u>\$ 196,235</u>	<u>\$ 36,101</u>	<u>\$ 1,070,895</u>

The notes are an integral part of the financial statements. See accompanying notes.

**WEAR BLUE: RUN TO REMEMBER
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

Cash flows from operating activities	
Change in net assets	\$ (24,782)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Changes in assets and liabilities:	
Accounts receivable	38,535
Inventory - merchandise	1,672
Prepaid expenses	522
Accounts payable	(3,342)
Accrued payroll and related taxes	625
Net cash flows from operating activities	<u>13,230</u>
Net change in cash	13,230
Cash, beginning of year	<u>298,876</u>
Cash, end of year	<u><u>\$ 312,106</u></u>

The notes are an integral part of the financial statements. See accompanying notes.

**WEAR BLUE: RUN TO REMEMBER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Wear Blue: Run to Remember (the Organization) is a nonprofit organization incorporated in the state of Washington in 2010. The Organization is dedicated to honoring the service and sacrifice of the American military through active remembrance. The Organization's running community serves as a support network for those preparing for a deployment, living through a deployment, recovering from a deployment and healing from loss sustained during a deployment.

Financial Statement Presentation

The accompanying financial statements of the Organization have been prepared on an accrual basis.

The Organization reports information regarding its financial position according to two classes of net assets: net assets with donor restrictions, and net assets without donor restrictions. The net assets of the Organization are classified as follows:

- Net assets without donor restrictions are available without restriction for support of the Organization's operations.
- Net assets with donor restrictions are restricted by the donor to be used for certain purposes or future periods. There were net assets with donor restrictions of \$222,736 at December 31, 2023. These were from various donors and were restricted for use towards the Gold Star Youth Mentorship Program, and other events, all of which are expected to take place in 2024.

Use of Estimates

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 and the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimated amounts.

Revenue Recognition

The Organization receives the majority of its revenue through grants from non-government agencies, and contributions from individuals, organizations, and businesses.

Grants and cash contributions are recorded as revenue when received. Unconditional promises to give are recorded at their fair value when management is notified of these gifts.

Merchandise revenues are recognized at the point in-time when the buyer takes control of the merchandise.

Grants Receivable

Grants receivables consist of contributions that are due from grantors and donors, and that were collected subsequent to December 31, 2023.

**WEAR BLUE: RUN TO REMEMBER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTRIBUTED)

Inventory

Inventory consists of merchandise, is valued on the first-in, first-out (FIFO) basis, and totaled \$7,095 at December 31, 2023.

In-Kind Support

Contributed goods and services are recorded as in-kind contributions at their estimated fair values at the date of donation. The Organization's speaker payment was waived by the speaker at one of the Organization's events, along with various supplies and travel related fees that were donated for use in their program during 2023. The value of the waived speaker fee and other supplies and travel fees was \$9,068 for the year ended December 31, 2023.

Volunteer Support

The Organization receives a significant amount of contributed time that does not meet the recognition policy described above. Approximately 2,200 volunteer hours were contributed to the Organization during the year ended December 31, 2023, the value of which has not been determined and is not reflected in the accompanying financial statements.

Federal Income Taxes

The Organization has been recognized as exempt from income taxes under Internal Revenue Code Section 501(c)(3). However, any unrelated business income may be subject to taxation.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements.

Functional Expenses

The costs of providing the various programs and other activities have been presented on a functional basis in the statement of activities. Management uses the specific identification method to identify the related function.

Leases

Management elected the practical expedient of not recording leases with an initial term of 12 months or less ("short-term leases") on their balance sheet.

Subsequent Events

The Organization has evaluated subsequent events through the date these financial statements were available to be issued, which was March 28, 2024.

WEAR BLUE: RUN TO REMEMBER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has a goal to maintain financial assets, which consist of cash, to meet twelve months of normal operating expenses, which approximate \$240,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects the Organization's financial assets as of December 31, 2023, that are available to meet cash needs for general expenditures:

Cash	\$ 312,106
Less: donor-restricted net assets	<u>(270,020)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 42,086</u>

NOTE 3 RETIREMENT PLAN

The Company sponsors a SIMPLE IRA plan for all employees meeting eligibility requirements. The Company makes a required matching contribution equal to the eligible participant's salary reduction contributions, up to a limit of 3% eligible participant's compensation. The Company made matching contributions of \$5,695 for the year ended December 31, 2023.

NOTE 4 CONCENTRATION OF CREDIT RISK

The Organization's financial instruments that are exposed to concentrations of credit risk consist of cash. The Organization places its cash with financial institutions. At times, such balances may be in excess of federally insured limits. The Organization believes it is not exposed to any significant credit risk on its cash accounts.