

WEAR BLUE: RUN TO REMEMBER

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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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, 2024, 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, 2024, 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
April 10, 2025

**WEAR BLUE: RUN TO REMEMBER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024**

ASSETS

Current assets	
Cash	\$ 720,268
Grants receivable	41,540
Inventory - merchandise	27,527
Prepaid expenses	23,406
Total current assets	<u>812,741</u>
 TOTAL ASSETS	 <u><u>\$ 812,741</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 44,308
Accrued payroll and related taxes	16,702
Total current liabilities	<u>61,010</u>
 Net assets	
Without donor restrictions	440,471
With donor restrictions	311,260
Total net assets	<u>751,731</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 812,741</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, 2024**

	Unrestricted	Donor restricted	Total
Support and Revenue:			
Grants	\$ -	\$ 285,000	\$ 285,000
Contributions	1,142,614	102,669	1,245,283
Merchandise sales	\$ 66,244		
Merchandise costs of sales	<u>(93,312)</u>		
Merchandise sales, net	(27,068)	-	(27,068)
Fundraising revenue	\$ 98,194		
Fundraising event costs	<u>(20,529)</u>		
Fundraising revenue, net	77,665	-	77,665
In-kind contributions	94,215	-	94,215
Interest income	<u>2,431</u>	-	<u>2,431</u>
Total support and revenue	<u>1,289,857</u>	<u>387,669</u>	<u>1,677,526</u>
 Released from restriction	 <u>346,429</u>	 <u>(346,429)</u>	 <u>-</u>
Expenses			
Program services	998,715	-	998,715
Management & general	208,334	-	208,334
Fundraising	<u>94,005</u>	-	<u>94,005</u>
Total expenses	<u>1,301,054</u>	<u>-</u>	<u>1,301,054</u>
 Change in net assets	 335,232	 41,240	 376,472
Net Assets			
Beginning of year	<u>105,239</u>	<u>270,020</u>	<u>375,259</u>
 End of year	 <u>\$ 440,471</u>	 <u>\$ 311,260</u>	 <u>\$ 751,731</u>

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, 2024**

	Program Services	General & Administrative	Fundraising Costs	2024 Total
Salaries	\$ 254,821	\$ 41,656	\$ 64,391	\$ 360,868
Payroll taxes	18,116	3,605	4,915	26,636
Legal and professional	61,083	46,346	-	107,429
Accounting	-	49,990	-	49,990
Advertising	21,805	2,016	1,109	24,930
Travel	226,512	18,303	3,791	248,606
Insurance	-	16,690	-	16,690
Supplies	94,907	3,301	3,326	101,534
Event expenses	152,288	728	-	153,016
Photography and videography	25,682	-	285	25,967
Postage and shipping	6,224	1,110	366	7,700
Printing & posters	50,509	912	685	52,106
Storage	24,908	-	-	24,908
Bank fees	2,710	-	11,481	14,191
Software applications	57,106	16,145	3,605	76,856
Other	2,044	7,532	51	9,627
	<u>\$ 998,715</u>	<u>\$ 208,334</u>	<u>\$ 94,005</u>	<u>\$ 1,301,054</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, 2024**

Cash flows from operating activities	
Change in net assets	\$ 376,472
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Changes in assets and liabilities:	
Accounts receivable	38,577
Inventory - merchandise	(20,432)
Prepaid expenses	(961)
Accounts payable	9,929
Accrued payroll and related taxes	4,577
Net cash flows from operating activities	<u>408,162</u>
Net change in cash	408,162
Cash, beginning of year	<u>312,106</u>
Cash, end of year	<u><u>\$ 720,268</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, 2024**

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 deploys community, movement and remembrance to support those navigating the challenges of a life of service, to include frequent moves, difficult and dangerous training exercise and deployments, and the loss of service members.

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 \$311,260 at December 31, 2024. 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 2025.

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. The 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, 2024.

Inventory

Inventory consists of merchandise, is valued on the first-in, first-out (FIFO) basis, and totaled \$27,527 at December 31, 2024.

**WEAR BLUE: RUN TO REMEMBER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTRIBUTED)

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 received, among other things, various supplies and travel related fees that were donated for use in their program during 2024.

In-kind contributions were recognized as follows for the year ended December 31, 2024:

Travel	42,587
Supplies	2,390
Event expenses	47,973
Postage and shipping	65
Software applications	625
Other	575
	<u>\$ 94,215</u>

Volunteer Support

The Organization receives a significant amount of contributed time that does not meet the recognition policy described above. Approximately 8,400 volunteer hours were contributed to the Organization during the year ended December 31, 2024, 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

Expenses of the Organization are reported in the statement of activities on a functional basis (program, management and general, and fundraising). Expenses are charged directly to the functional areas based on specific identification whenever possible. Expenses not attributable to a specific functional area are allocated among the functional areas using a consistently applied allocation methodology. Generally, compensation expenses are allocated based on time spent in each functional area.

Leases

Management elected the practical expedient of not recording leases with an initial term of 12 months or less ("short-term leases") on their statement of financial position. The Organization had no leases with an initial term greater than 12 months as of December 31, 2024.

Subsequent Events

The Organization has evaluated subsequent events through the date these financial statements were available to be issued, which was April 10, 2025.

WEAR BLUE: RUN TO REMEMBER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has a goal to maintain financial assets, which consist of cash, to meet 20 percent of their annual forecasted operating expenses, which are calculated to be approximately \$312,000. The Organization has a policy to structure its financial assets to be available as its general expenditure, liabilities, and other obligations come due.

The following reflects the Organization's financial assets as of December 31, 2024, that are available to meet cash needs for general expenditures:

Cash	\$ 720,268
Less: donor-restricted net assets	<u>(311,260)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 409,008</u>

NOTE 3 RETIREMENT PLAN

The Company sponsors a SIMPLE IRA plan for all employees who meet 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 \$4,704 for the year ended December 31, 2024.

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.