

2016 Ride 2 Recovery Make the Impossible, **POSSIBLE!!!** Year End Report



What is Ride 2 Recovery

Mission

A groundbreaking Veterans program that restores hope and purpose. Providing a way FOR life Vets helping Vets It's not a handout, It's hard work We Care

<u>https://youtu.be/IXxPtpc6NJA</u>

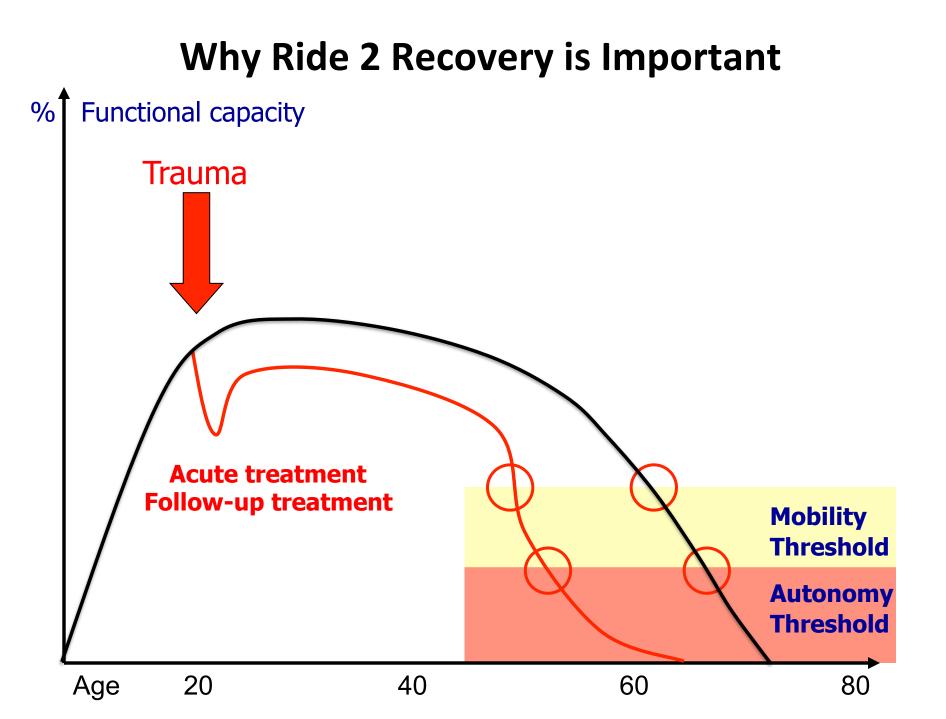
What is Ride 2 Recovery

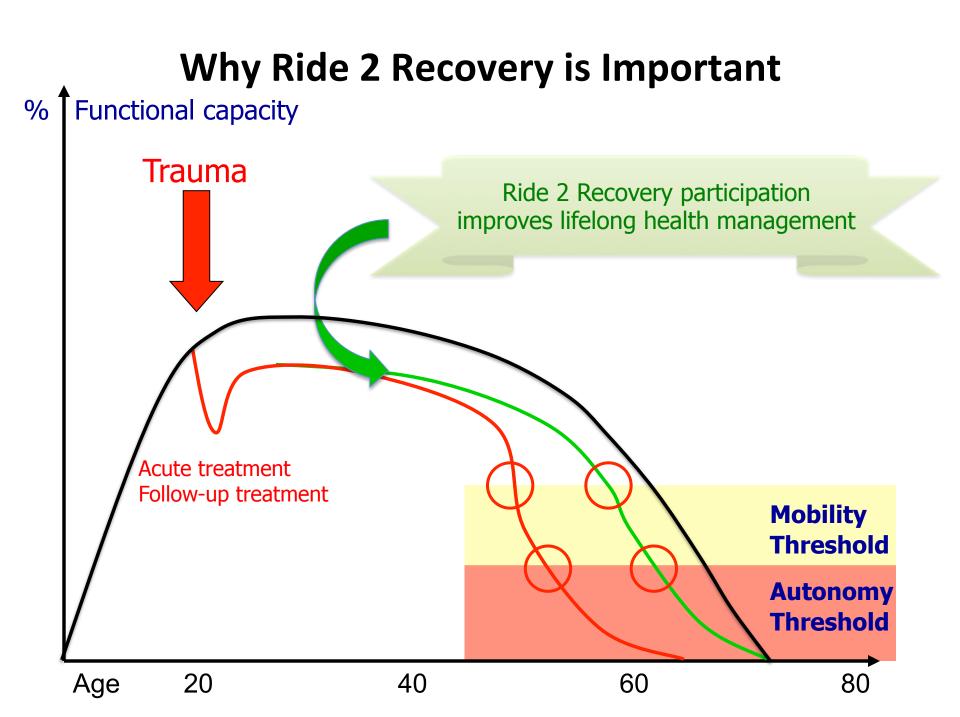
Ride 2 Recovery was created in 2008 to improve the health and wellness of our Healing Heroes through mental and physical rehabilitation programs that feature cycling as the core activity.

Over 20,000 families are reached through Ride 2 Recovery's 3
 Primary components:

Project Hero Honor Ride Series Program Events & Initiatives

Why Ride 2 Recovery is Important **Functional capacity** % Average Individual's lifelong health management **Mobility Threshold Autonomy Threshold** 20 40 60 80 Age





Was taking these in March 2015. Now I'm only taking these...





"This is what the VA health care system considers treatment and health care. This is what is killing are veterans and destroying our legacy. This is the reason for <u>#22aday</u>. This is the crisis our government started and fails to acknowledge.

Give me discomfort and pain, activity and brotherhood before any of the pills they shovel down our throats", states Javier Romo. "It was not easy for me but with support I was able to. I'm just glad to be off of all of it. Thanks to all the amazing people in my life such as Ride 2 Recovery."

REAL RESULTS

- More than 60% of R2R participants have reduced or eliminated their prescription drug use.
- Increased ability to perform normal day to day activities
- Speedier recovery from injuries or conditions
- Improved general health and fitness
- Reduced pain
- Improved sleep
- <u>http://www.kolotv.com/content/news/Ride-To-Recovery-365706711.html</u>

Custom Adaptations

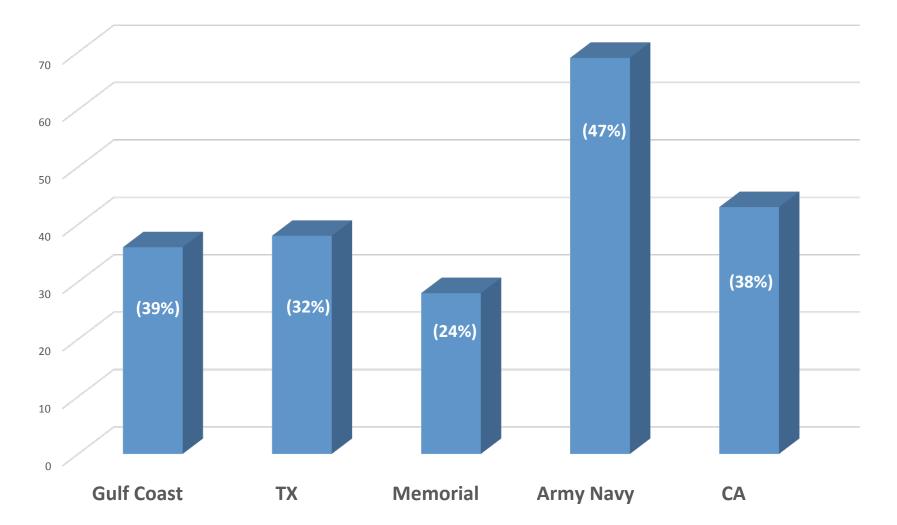
Ride 2 Recovery is the only organization which designs and builds adaptive bicycles for amputees and special needs veterans.

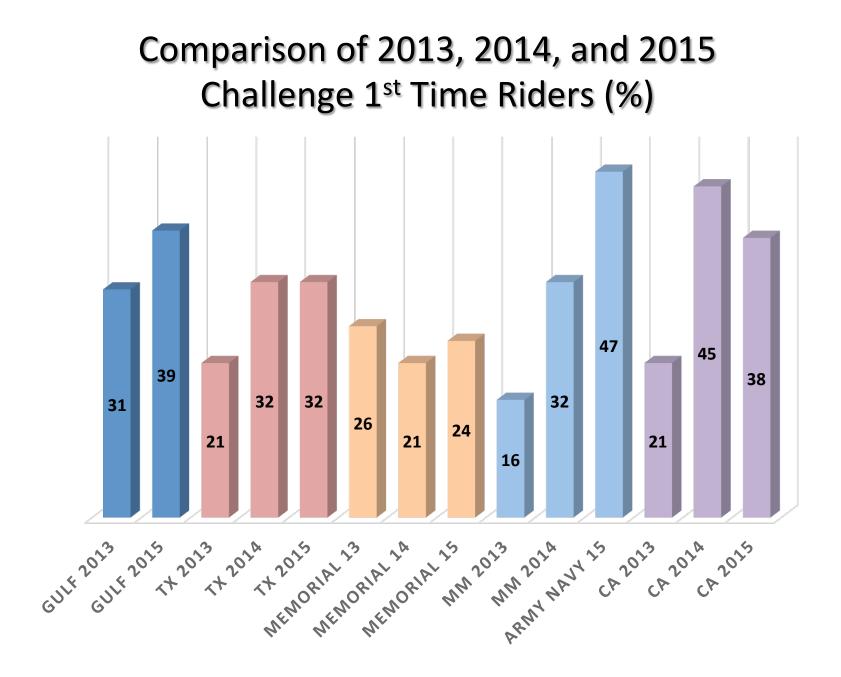




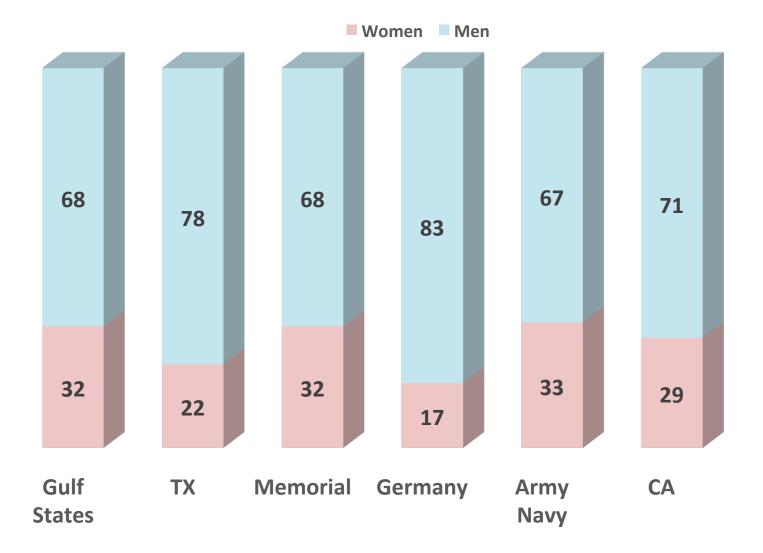


Number of 1st Time Challenge Riders 2015

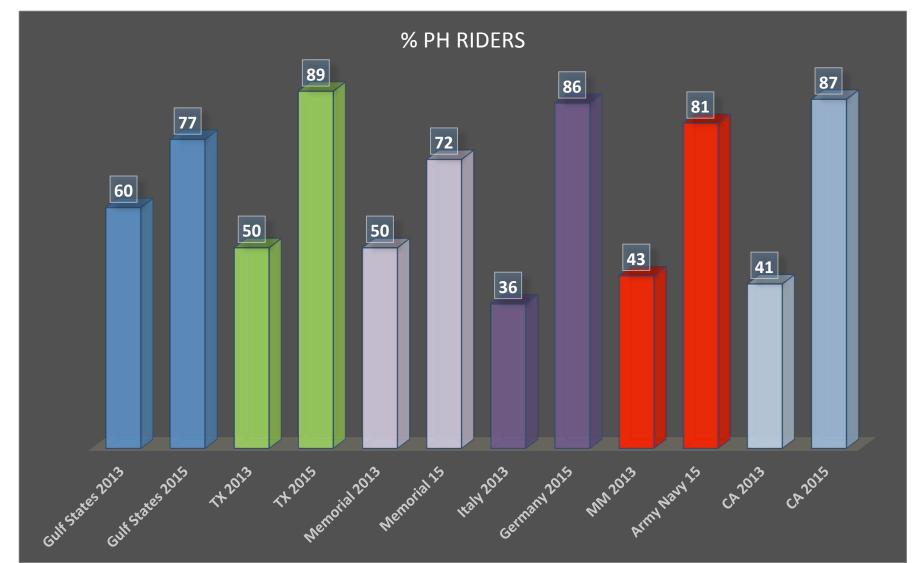




2015 Challenges Gender %



%Project HERO Riders Comparing 2013 to 2015



Project HERO Metrics

The following questions were asked on a scale of **1** (Least Helpful/Satisfied) to **5** (Most Helpful/Satisfied) **N = 461**

"Based on the condition you were originally referred to the program for, to what extent has the cycling program helped you?"

Ability to perform normal day to day activities

Recover from injuries or conditions

Improve general health and fitness

Reduced pain

Improved sleep





2015 Review

FY 2015 Expenses: \$4,000,000.00

- **FY 2015 (estimated)** Revenue: \$34000,000.00
- Media Impressions: 80,000,000+
- **105** Event days in 2015
- **10,000** Riders in the R2R program
- 6 Challenge Rides in 2015
- 47 Total Challenges (as of Dec. 2015)
- **14** Honor Rides in 2014
- **11** Special Events in 2014
- Project HERO programs nationwide
- 200 Riders per Challenge
- **2,600+** Bikes given to participants since 2008
- 230 Adaptive bikes built by R2R
- 20,500+ Total Miles Traveled
- **32** States Traveled Through (Challenge Rides)
- 13 Veterans on staff



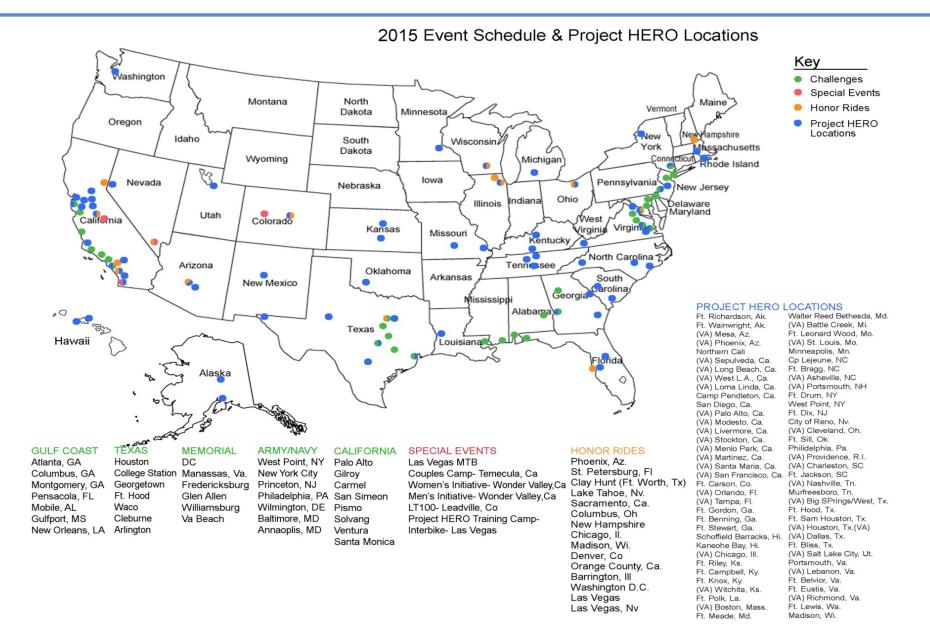
2015 Highlights

- Established and Launched the Regional Community Project HERO Program in Ohio, Central Florida, and NSW
- Increased the number of Project HERO Riders, Women & First Time Riders
- Created a well rounded Development and Fundraising Capability
- Maintained Challenge customer satisfaction on USO survey at 100%
- Improved rider safety/experience: more prepared on Challenges
- Earned 13 Buckles at the Leadville 100





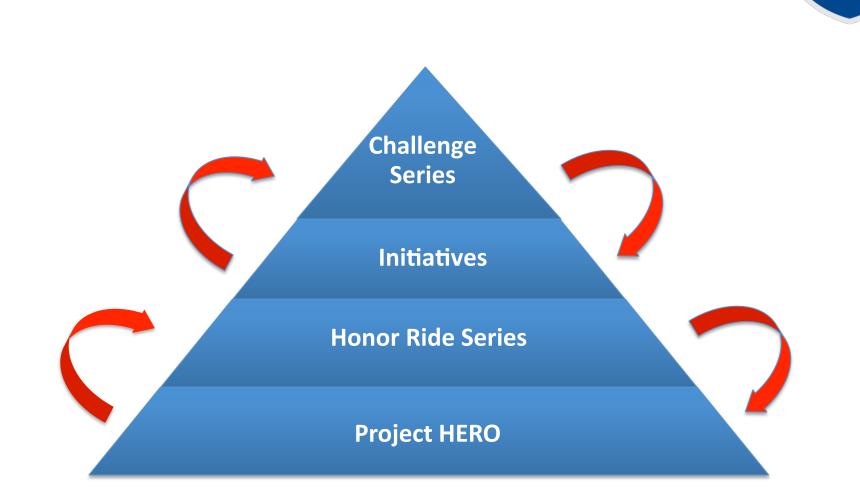
R2R has a National Presence



Ride 2 Recovery 2016 Master Calendar

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What is Ride 2 Recovery

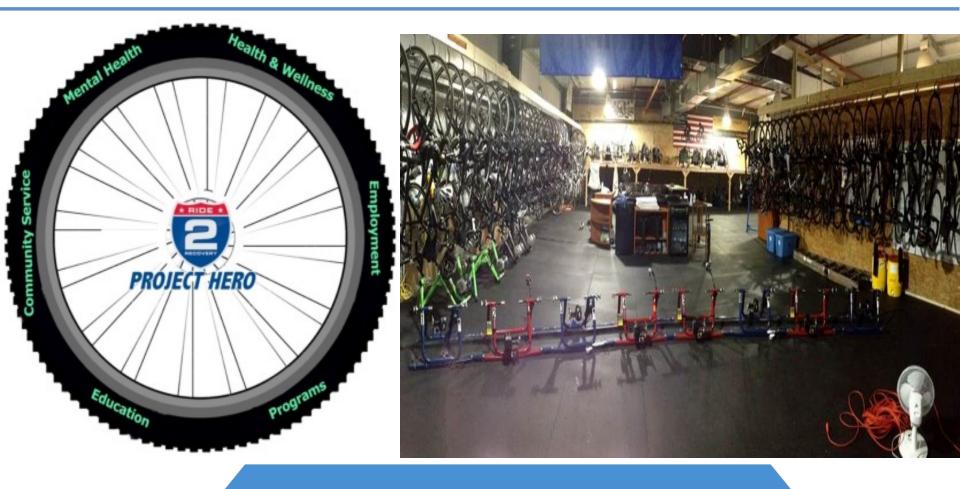


* RIDE

RECOVERY

Project HERO Regional Community Centers

A 21st Century Path to Life for Veterans



Project HERO



- **MISSION:** Saving Lives by Restoring HOPE & PURPOSE
- <u>GOAL</u>: To establish a 21st century network of Veteran centric locations to provide a full spectrum of transition, reintegration, recovery and rehabilitation services. We will create a personalized and progressive program that complementary augments the current VA support and fits the Mind, Body and Spirit of the Veteran community.

	Location	City	Location	City	Location	City
Established	S. California	San Diego	Walter Reed	Washington DC	S. Texas	San Antonio
Identified	Ohio	Cincinnati	N. Tennessee	Nashville	Utah	Salt Lake City
	N. Nevada	Reno	Central Florida	Tampa	South Florida	Miami
			Virginia	NSW		

What is Ride 2 Recovery





Honor Ride Series

Honor Rides blend an unforgettable single day "Event Experience," together with active military, veterans and civilian participants.

Routes are designed to meet the needs of both novice and experienced cyclists

- Various distances ranging from 20 to 100 miles
- Fully supported from start to finish with rest stops, food and cheering fans
- Significant sponsor support, media coverage and a consistent branding message

Honor Ride Series



R2R – Honor Ride

St. Petersburg - Feb Beverly Hills - April Houston - April Madison - May

Sacramento - May

HONOR RIDENY - August
Illinois-August
Washington DC-Sept

Philadelphia-Sept

Columbus - May New Hampshire -June

Chicago - June

Orange County-October

Las Vegas-November

San Diego-December



What is Ride 2 Recovery

Special Initiatives

Events designed to provide a rehabilitative experience for Healing Heroes in a unique location with distinctive activities and specific goals









- R2R Veterans will receive free entry fee*
- Regional Project HERO will provide coordination and event day support.
- Participants will need to furnish their own transportation and housing unless otherwise provided by event.
- Participants will receive free entry to any event but if they ride one event as part of the R2R Team, then any other subsequent events, they must participate as part of the R2R Team unless a waiver is approved in advance by R2R Challenge Series Staff. **
- To receive free entry, participants must contact R2R staff for registration details (promo codes/links).
- USA Cycling License is not required in order to participate in the Century Challenge events.





- There are 19,000+ cases of unwanted sexual contact.
- 24% report / 76% go unreported
- 59% perceive social retaliation Source: 2014 DoD POTUS Report.
- Women are 2-3 times more likely to develop PTSD compared to men.

Source: NIH--Olff M, Langeland W, et. al.

- Multi-day events focus on resiliency building and selfcare strategies. Themes woven throughout the event: Women in Connection, Healing and Creating a Healing Space, Awareness of Body, Mind, and Spirit, Support: Giving it and Getting it
- Dr. Christine Norton, LCSW and Assistant Professor at North Texas State University's School of Social Work will be our licensed clinician facilitating group discussions.



Women's Initiative

- Mental and physical rehabilitation effort specifically designed to help and support female service members who are survivors of mental or physical trauma.
- Established in 2013, the Women's Initiative seeks to provide a setting that allows for healing, growth, and learning in our proven cycling- centric format.
- The measurable outcomes will focus on confidence, attitude, support, and knowledge.
 - Pre and post surveys created in collaboration with DOD SAPR Office.



What is Ride 2 Recovery



The pinnacle of the R2R program, Challenge Series rides are multi-day, point-to-point journeys

- 350-500 miles, with average daily distances of 40-100 miles
- 175-250 Veterans and Staff ride from five to seven days
- 4 separate groups (Alpha, Bravo, Charlie, Delta), based on various levels of rider ability
- Major press coverage, school assemblies, sponsored dinners

Gulf Coast Challenge (Atlanta-New Orleans) Memorial Challenge (Washington DC-Virginia Beach) 911 Challenge (Pentagon to NYC) Texas Challenge (Houston-Dallas) WWI Western Front Challenge (France-Belgium) California Challenge (Palo Alto-Los Angeles)

Sponsors and their Activation











Media

2015									
Type of Media	No. of Hits/Stories								
Newspapers/Magazines									
Texas Challenge	11								
Gulf Coast	30								
Memorial Challenge	20								
Army/Navy Challenge	24								
California Challenge	29								
Television									
Texas Challenge	12								
Gulf Coast	22								
Memorial Challenge	18								
Army/Navy Challenge	24								
California Challenge	35								
Radio									
Texas Challenge	10								
Gulf Coast	16								
Memorial Challenge	6								
Army/Navy Challenge	10								
California Challenge	35								
Total Stories	302								
lotal Stories	502								

2015 Media increase 10.6%

Financial Report

FITNESS CHALLENGE FOUNDATION dba RIDE 2 RECOVERY (a nonprofit organization)

FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

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Fitness Challenge Foundation dba Ride 2 Recovery

FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

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1

INDEPENDENT AUDITORS' REPORT

Fitness Challenge Foundation dba Ride 2 Recovery Calabasas, California

Report on the Financial Statements

We have audited the accompanying financial statements of Fitness Challenge Foundation, dba Ride 2 Recovery (a nonprofit organization) which comprise the statements of financial position as of December 31, 2014 and 2013, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 of 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 reasonable 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 Fitness Challenge Foundation, dba Ride 2 Recovery as of December 31, 2014 and 2013, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

LUGAS, MORSFACL, MURPHY FPINDROM, LLP

Pasadena, California August 27, 2015

FITNESS CHALLENGE FOUNDATION DBA RIDE 2 RECOVERY STATEMENTS OF FINANCIAL POSITION December 31,

ASSETS

		2014		2013					
Current Assets Cash	\$	177,829	\$	198,340					
Unconditional promise to give, net of allowance for doubtful accounts of \$30,000 Prepaid expenses and other current assets		80,190		185,580 <u>1,133</u>					
Total Current Assets		258,019		385,053					
Property and equipment, net of accumulated depreciation of \$167,087		283,688		343,456					
Total Assets	\$	541,707	\$	728,509					
LIABILITIES AND NET ASSETS									
Current Liabilities Accounts payable and accrued expenses Notes payable, current portion	\$	142,506 3,350	\$	95,045 12,791					
Total Current Liabilities		145,856		107,836					
Other Liabilities Notes payable, net of current portion Note payable - related party		- 100,000	_	3,355 100,000					
Total Other Liabilities		100,000		103,355					
Total Liabilities		245,856		211,191					
Net Assets Unrestricted Net Assets		295,851		517,318					
Total Net Assets		295,851		517,318					
Total Liabilities and Net Assets	\$	541,707	\$	728,509					

FITNESS CHALLENGE FOUNDATION DBA RIDE 2 RECOVERY STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS For the Years Ended December 31,

		2014		2013
Operating Revenues				
Grant revenue	\$	1,832,927	\$	3,502,700
Contributions		1,787,773		474,397
Government contracts		-		800,200
Gifts in kind		153,600		436,098
Interest income		131		529
Other income		157	_	8,912
Total Operating Revenues		3,774,588		5,222,836
Operating Expenses				
Fundraising		10		105,606
Program services		3,746,550		4,410,101
Management and general	_	249,495	_	435,660
Total Operating Expenses		3,996,055		4,951,367
Change in Net Assets		(221,467)		271,469
Net Assets, Beginning of Year	-	517,318		245,849
Net Assets, Ending of Year	\$	295,851	\$_	517,318

FITNESS CHALLENGE FOUNDATION DBA RIDE 2 RECOVERY STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2014

	Program Services		Fundraising			nagement d General	То	tal Expenses
Independent contractors	\$	280,593	\$	-		\$ -	\$	280,593
Payroll taxes		86,133		-		8,484		94,617
Sales taxes		-			10	-		10
Legal fees		5,000		-		-		5,000
Insurance - general		21,428		-		2,381		23,809
Telephone		6,311		-		702		7,013
Direct program costs		2,199,674		-		-		2,199,674
Advertising		2,581		-		-		2,581
Salaries		1,006,900		-		133,400		1,140,300
Depreciation		-		-		61,285		61,285
Rent and repairs		61,897		-		6,878		68,775
Printing		2,007		-		-		2,007
Professional fees		17,278		-		-		17,278
Interest expense		1,448		-		-		1,448
Travel		38,716		-		-		38,716
Postage		10,883		-		-		10,883
Bank charges		5,701		-		-		5,701
Uncollectible receivables	-					 36,365		36,365
Total Expenses	\$_	3,746,550	\$		10	\$ 249,495	\$	3,996,055

FITNESS CHALLENGE FOUNDATION DBA RIDE 2 RECOVERY STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2013

	Program Services		<u> </u>	undraising		nagement 1 General	Total Expenses		
Independent contractors	\$	273,175	\$	-	\$	_	\$	273,175	
Payroll taxes		80,845		-		24,148		104,993	
Employee benefits		4,344		-		1,298		5,642	
Insurance - general		38,011		-		-		38,011	
Telephone		10,995		~		-		10,995	
Direct program costs		3,173,330		-		-		3,173,330	
Fundraising expenses		-		52,822		-		52,822	
Salaries		817,924		52,784		239,530		1,110,238	
Depreciation		-		-		66,550		66,550	
Rent and repairs		11,477		-		34,431		45,908	
Professional fees		-		-		19,652		19,652	
Supplies		-		-		467		467	
Postage		-		-		13,581		13,581	
Bank charges		-		-		196		196	
Miscellaneous				-	·	35,807		35,807	
Total Expenses	\$_	4,410,101	\$	105,606	\$	435,660	\$	4,951,367	

FITNESS CHALLENGE FOUNDATION DBA RIDE 2 RECOVERY STATEMENT OF CASH FLOWS For the Years Ended December 31,

		2014	2013
CASH FLOW FROM OPERATING ACTIVITIES Change in net assets Adjustments to reconcile change in net assets to net cash (used in) provided	\$	(221,467) \$	271,469
by operating activities: Depreciation Gifts in kind - vehicles Loss on disposal of property and equipment Bad debt expense		61,285 - - 35,865	66,550 (226,098) 3,700 30,000
(Increase) decrease in operating assets: Accounts receivable Unconditional promise to give Prepaid expenses and other current assets Increase (decrease) in operating liabilities:		69,526 - 1,133	153,498
Accounts payable and accrued expenses		47,460	41,700
Net Cash Provided by (Used in) Operating Activities		(6,198)	340,819
CASH FLOW FROM INVESTING ACTIVITIES Purchase of property and equipment Proceeds from sale of property and equipment		(1,517)	(133,419) <u>45,970</u>
Net Cash Used in Investing Activities		(1,517)	(87,449)
CASH FLOW FROM FINANCING ACTIVITIES Repayments on notes payable		(12,796)	(210,932)
Net Cash Used in Financing Activities		(12,796)	(210,932)
Increase (Decrease) in cash during the year		(20,511)	42,438
Cash, beginning of year		198,340	155,902
Cash, end of year	\$	177,829	<u> 198,340 </u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Financed purchase of property and equipment	\$	- 3	59,593

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Fitness Challenge Foundation dba Ride 2 Recovery (the Organization), is the program produced by the Fitness Challenge Foundation, in partnership with the Military and VA Volunteer Service Office, to benefit Mental and Physical Rehabilitation Programs for the country's wounded veterans that feature cycling as a core activity. The Organization raises money to support Spinning Recovery Labs and outdoor cycling programs at Military and VA locations around the U.S. to help injured veterans overcome obstacles they face.

Basis of Accounting

The Organization accounts for its financial transactions using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

Net Assets

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

Unrestricted Net Assets: Net assets that are not subject to donor-imposed restrictions on their use that may be met by actions of the Program or the passage of time.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Organization or the passage of time. The Organization had no temporarily restricted net assets at December 31, 2014 and 2013.

Permanently Restricted Net Assets: Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization. Generally, the donors permit the Organization to use all or part of the income earned for either general or donor-specified purposes. The Organization had no permanently restricted net assets at December 31, 2014 and 2013.

Unconditional Promise to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Purchased property and equipment is stated at cost and contributed property and equipment is stated at fair value at the date of contribution. Depreciation is provided on the straight-line method over the estimated useful lives of the related assets or, in the case of leasehold improvements, over the lesser of the useful life of the related asset or the lease term. Expenditures for repairs and maintenance are charged to support services as incurred, while renewals and betterments are capitalized. Upon retirement or disposal of assets, if any, the costs and related accumulated depreciation are removed from the balance sheet and any gain or loss is reflected in the statement of activities.

Functional Allocation of Expenses

The costs of providing the program have been summarized on a functional basis in the statements of activities and detailed in the statements of functional expenses. Accordingly, certain expenses have been allocated among the program and supporting services benefited based on management's estimates of time spent on the program and services.

Income Taxes

Ride 2 Recovery is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code.

Uncertain Tax Position

The Organization accounts for uncertain tax positions in accordance with ASC 740-10, Income Taxes. The guidance prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. It also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Organization's management believes that no uncertain tax positions exist as of December 31, 2014.

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 certain reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. Accordingly actual results could differ from those estimates.

2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2014 and 2013:

		2013		
Vehicles	\$	339,126	\$	339,126
Website		25,100		25,100
Office Construction in Progress		<u>86,549</u>		85,032
		450,775		449,258
Less: Accumulated depreciation		(167,087)	1	(105,802)
	\$	283,688	\$	343,456

Depreciation charged to expense was \$61,285 and \$66,550 for the years ended December 31, 2014 and 2013, respectively.

3. NOTES PAYABLE

At December 31, 2014 and 2013, notes payable consists of the following:

	2014		2013
A vehicle was financed with a loan that requires monthly payments of \$1,133, with an interest rate at 7.75% through March 2015.	\$ 3,350	\$	16,146
Less current portion	 3,350	.	12,791
Non-current portion	\$ -	\$	3,355

4. RELATED PARTY TRANSACTIONS

The Organization has entered into various related party transactions. Related party transactions not specifically identified elsewhere in the financial statements are as follows:

The Organization rents office space from the principle officer under a month-to-month operating lease agreement. Rent expense for the years ended December 31, 2014 and 2013, was \$55,820 and \$45,020, respectively.

The Organization has an unsecured, non-interest bearing loan from the principle officer. The balance of the loan was \$100,000 at December 31, 2014 and 2013.

5. CONCENTRATION OF CREDIT RISK

The Organization places its cash with high credit quality financial institutions in which the deposits are guaranteed by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2014 and 2013, the FDIC insures cash balances up to \$250,000 per institution. The Organization had no uninsured amounts as of December 31, 2014 and 2013.

6. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 27, 2015, the date the financial statements were available to be issued.