OPERATION UNDERGROUND RAILROAD, INC.
AND AFFILIATES

COMBINED FINANCIAL STATEMENTS

December 31, 2018 and 2017

C O N T E N T S

CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Operation Underground Railroad, Inc. and Affiliates
Anaheim, California

We have audited the accompanying combined financial statements of Operation Underground Railroad, Inc. and Affiliates which comprise the combined statements of financial position as of December 31, 2018 and 2017, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Operation Underground Railroad, Inc. and Affiliates as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

WSRP, LLC

Salt Lake City, Utah
April 12, 2019

OPERATION UNDERGROUND RAILROAD, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,891,941	$ 4,788,316
Restricted cash	170,335	245,000
Contributions receivable	654,201	776,863
Investments	12,597,159	4,146,798
Merchandise inventory	90,585	133,085
Prepaid expenses	226,834	338,297
Other current assets	3,317	5,890
TOTAL CURRENT ASSETS	16,634,372	10,434,249
IMPROVEMENTS AND EQUIPMENT	772,714	790,542
ACCUMULATED DEPRECIATION	(273,379)	(204,762)
DEPOSITS	5,788	5,788
TOTAL ASSETS	$ 17,139,495	$ 11,025,817
LIABILITIES, NET ASSETS AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 160,599	$ 110,516
Accrued liabilities	7,090	2,031
TOTAL CURRENT LIABILITIES	167,689	112,547
NET ASSETS AND MEMBERS' EQUITY		
Net assets without donor restriction	16,559,015	9,743,270
Net assets with donor restriction	170,335	245,000
Members' equity	242,456	925,000
TOTAL NET ASSETS AND MEMBERS' EQUITY	16,971,806	10,913,270
TOTAL LIABILITIES, NET ASSETS AND MEMBERS EQUITY	$ 17,139,495	$ 11,025,817

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

OPERATION UNDERGROUND RAILROAD, INC. AND AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES
Years ended December 31, 2018 and 2017

	2018	2017
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS; REVENUES, SUPPORT AND GAINS		
Donations	$ 16,233,349	$ 10,717,084
Contributed services	413,373	630,653
Interest income and dividends	278,615	64,687
Gym memberships	118,866	122,479
Merchandise sales	118,602	145,225
Other revenue	19,627	4,671
Unrealized and realized gains (losses) on investments	(583,023)	126,319
TOTAL REVENUES, SUPPORT AND GAINS	16,599,409	11,811,118
Satisfaction of program/use restrictions	794,664	981,066
TOTAL REVENUES, SUPPORT AND GAINS AND SATISFACTION OF RESTRICTIONS	17,394,073	12,792,184
EXPENSES		
Programs and mission	9,624,185	5,977,155
Management and general	465,006	409,224
Fundraising and development	1,171,681	697,229
TOTAL EXPENSES	11,260,872	7,083,608
CHANGE IN UNRESTRICTED NET ASSETS	6,133,201	5,708,576
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Donations	719,999	1,160,000
Net assets released from restrictions	(794,664)	(981,066)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(74,665)	178,934
CHANGE IN NET ASSETS	6,058,536	5,887,510
NET ASSETS, BEGINNING OF YEAR	10,913,270	5,025,760
NET ASSETS, END OF YEAR	$ 16,971,806	$ 10,913,270

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

OPERATION UNDERGROUND RAILROAD, INC. AND AFFILIATES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2018

	Programs and Mission	Management and General	Fundraising and Development	Total
Contract labor	$ 4,154,403	$ 8,313	$ 95,820	$ 4,258,536
Salaries and wages	1,620,807	82,011	162,509	1,865,327
Travel	1,397,273	12,165	211,495	1,620,933
Office expense	1,095,971	20,307	56,489	1,172,767
Charitable contributions	362,633	93	85,232	447,958
Promotion and marketing	83,056	1,019	259,611	343,686
Professional	188,132	50,843	66,136	305,111
Occupancy	173,203	45,434	64,523	283,160
Employee benefits	135,939	27,426	27,137	190,502
Merchant service fees	-	166,816	-	166,816
Postage and shipping	12,456	7,684	104,778	124,918
Depreciation	94,265	-	4,814	99,079
Other	82,694	7,143	7,823	97,660
Repairs and maintenance	66,472	225	673	67,370
Meals and entertainment	56,198	1,606	6,889	64,693
Bank fees	17,591	33,741	5,752	57,084
Training	30,176	180	12,000	42,356
Intelligence gathering	38,970	-	-	38,970
Loss on disposal of equipment	13,946	-	-	13,946
TOTAL EXPENSES	$ 9,624,185	$ 465,006	$ 1,171,681	$ 11,260,872

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

OPERATION UNDERGROUND RAILROAD, INC. AND AFFILIATES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2017

	Programs and Mission	Management and General	Fundraising and Development	Total
Salaries and wages	$ 1,427,731	$ 42,738	$ 83,069	$ 1,553,538
Contract labor	1,252,714	9,587	79,019	1,341,320
Charitable contributions	1,086,249	-	97,938	1,184,187
Travel	1,072,172	5,947	119,824	1,197,943
Professional	189,850	84,178	59,940	333,968
Promotion and marketing	143,625	-	86,674	230,299
Occupancy	115,544	31,733	50,064	197,341
Employee benefits	113,119	36,738	24,929	174,786
Office expense	109,786	19,814	37,220	166,820
Merchant service fees	7,714	116,517	3,212	127,443
Depreciation	99,413	-	4,709	104,122
Repairs and maintenance	36,085	30,748	28,495	95,328
Other	66,720	11,285	4,495	82,500
Meals and entertainment	61,681	1,315	7,965	70,961
Training	62,676	-	-	62,676
Postage and shipping	46,658	5,039	7,451	59,148
Intelligence gathering	45,515	-	-	45,515
Loss on disposal of equipment	36,687	-	-	36,687
Bank fees	3,216	13,585	-	16,801
Fundraising/development	-	-	2,225	2,225
TOTAL EXPENSES	$ 5,977,155	$ 409,224	$ 697,229	$ 7,083,608

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

OPERATION UNDERGROUND RAILROAD, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
Years ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,058,536	$ 5,887,510
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	99,079	104,122
Loss on disposal of equipment	13,946	36,687
Net unrealized and realized losses (gains) on investments	583,023	(126,319)
Changes in operating assets and liabilities:		
Contributions receivable	122,662	(776,863)
Merchandise inventory	42,500	(33,129)
Prepaid expenses	111,463	(204,297)
Other current assets	2,573	(517)
Accounts payable	50,083	21,292
Accrued liabilities	5,059	(19,756)
Net cash flows from operating activities	7,088,924	4,888,730
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(26,580)	(80,175)
Proceeds received on disposal of fixed assets	-	650
Sales of investments	2,541,313	108,574
Purchases of investments	(11,574,697)	(4,129,053)
Net cash used by investing activities	(9,059,964)	(4,100,004)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,971,040)	788,726
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,033,316	4,244,590
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 3,062,276	$ 5,033,316
SHOWN IN THE STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	$ 2,891,941	$ 4,788,316
Restricted cash	170,335	245,000
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 3,062,276	$ 5,033,316
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

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

OPERATION UNDERGROUND RAILROAD, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Operation Underground Railroad, Inc. was incorporated in the State of Utah as a not-for-profit corporation on September 6, 2013.

Operation Underground Railroad, Inc. was formed for the purposes of rescuing child sex victims and prevention of child exploitation, which constitute the its major program activities. Operation Underground Railroad, Inc. holds 100% ownership in Deacon, Inc., a Nevada corporation, and is the sole member of The Underground Xfit, LLC, a Utah limited liability company. Deacon, Inc. is a for-profit corporation that employs independent contractors to perform security and tactical operations. The Underground Xfit, LLC was formed for the sole purpose of establishing and managing an exercise facility.

On November 13, 2017, the Board of Directors of the Operation Underground Railroad, Inc. established a new entity, The Nazarene Fund, LLC, a California limited liability company. The Nazarene Fund, LLC was formed for the sole purpose of rescuing persecuted victims in the middle east.

The combined financial statements present the results of Operation Underground Railroad, Inc., and its subsidiaries, Deacon, Inc. and The Underground Xfit, LLC, combined with The Nazarene Fund, LLC (collectively the "Organization"). All significant inter-company balances and transactions have been eliminated from the combined financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined 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. The significant accounting policies are described below.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from such estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The combined financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. During 2018, the Organization adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* Under those standards, net assets, contributions, service fees, gains, losses, and expenses are classified as net assets with donor restrictions and net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions and based upon the following criteria:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are able to be spent by the Organization at its discretion and are subject to self-imposed limits by action of the governing board. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses. As of December 31, 2018 and 2017 there were no Board-designated net assets.

Net Assets With Donor Restrictions – Net assets with donor restrictions include contributions of cash and other assets received with donor stipulations that limit the use of the donated assets, or have been restricted by the donor to be held and invested in perpetuity. When a donor restriction expires or a purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with original maturities of three months or less to be cash equivalents. Restricted cash represents funds received from donors to be used for specific purposes decided by the donor.

Contributions Receivable

Donations are recorded at the earlier of either the receipt of funds or at the date an unconditional promise to give is received from the promisor. Contributions receivable are reported at the amount management expects to collect from donors. Differences between the amount due and the amount management expects to collect are reported in the statements of activities of the year in which those differences are determined, with an offsetting entry to a valuation allowance for contributions receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable. As of December 31, 2018 and 2017, management did not identify any uncollectible contributions receivable and, accordingly, did not record a valuation allowance.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Improvements & Equipment

Equipment purchases with a value greater than $1,000 are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Depreciation is calculated on the straight-line basis over the assets' estimated useful lives. The estimated useful lives applied to each asset class are as follows:

Leasehold improvements	20 years
Tactical equipment	5-20 years
Fitness equipment	5-20 years
Office equipment	2-10 years
Vehicles	5 years
Software	3 years

Gains and losses from the sale or disposal of equipment are recorded in the Statements of Activities.

Impairment of Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, are 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 are measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment of long-lived assets occurred during the years ended December 31, 2018 and 2017.

Fair Value of Financial Instruments

The carrying amounts reported in the accompanying financial statements of cash and cash equivalents, accounts receivables, accounts payable, accrued expenses, and other current liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Merchandise Inventory

Merchandise inventory consists of merchandise sold as part of fundraising activities. Goods are valued at the lower of cost or net realizable value based on the first-in first-out method.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Organization's primary source of revenue is from individual and corporate contributions. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis in the statements of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. The methodology management uses to allocate indirect expenses are square footage, units, time and efforts.

Concentrations of Credit Risk

The Organization maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes that the Organization is not exposed to any significant credit risk on its cash and cash equivalents. As of December 31, 2018 and 2017, the Organization had \$2,560,473 and \$2,729,597, respectively, that was not covered under federally insured limits. As of December 31, 2017, the Organization had treasury bills included in cash and cash equivalents in the amount of \$1,798,740 which was not covered by federally insured limits but was backed by the credit of the U.S. Government. The Organization had no treasury bills as of December 31, 2018.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed as incurred. The Organization incurred $343,686 and $230,299, respectively, in promotional advertising costs for the years ended December 31, 2018 and 2017.

Subsequent Events

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America require management to disclose subsequent events, which are events or transactions that occur after the balance sheet date but before the financial statements are issued. Management evaluated subsequent events through April 12, 2019, which is the date the financial statements were issued.

NOTE 3 - INVESTMENTS

Investments comprised the following:

2018	Carrying Value	Unrealized Losses	Fair Market Value
Exchange traded funds	$ 4,251,336	$ (214,910)	$ 4,036,426
Mutual funds	8,723,621	(162,888)	8,560,733
Total investments	$ 12,974,957	$ (377,798)	$ 12,597,159

2017	Carrying Value	Unrealized Gains (Losses)	Fair Market Value
Exchange traded funds	$ 2,045,951	$ 134,623	$ 2,180,574
Mutual funds	1,969,535	(3,311)	1,966,224
Total investments	$ 4,015,486	$ 131,312	$ 4,146,798

Return on investment securities recorded on the accompanying combined statements of activities as of December 31, 2018 and 2017 are as follows:

	2018	2017
Unrealized gains (losses)	$ (377,798)	$ 131,312
Dividend income	277,393	54,699
Interest income	1,222	9,968
Realized losses	(205,225)	(4,993)
Total investment return	$ (304,408)	$ 190,986

NOTE 4 - FAIR VALUE MEASUREMENTS

The Organization holds investments which are measured at fair value on an annual basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A framework for measuring fair value prioritizes the use of observable market-based inputs over the use of unobservable inputs when measuring fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset on the measurement date. The three levels are defined as follows:

Level 1 – Quoted market prices (observable inputs) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 – Observable inputs other than quoted prices included in Level 1 for the asset or liability, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies. Example: thinly traded securities.

Level 3 – Unobservable inputs for the asset or liability that are not corroborated by market data, and reflect the entity’s assumptions for pricing the asset or liability.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization uses the market approach to measure the fair value of their investments. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

2018	**Level 1**	**Level 2**	**Level 3**
Exchange traded funds	$ 4,036,426	$ -	$ -
Mutual funds	8,560,733	-	-
Total assets at fair value	$ 12,597,159	$ -	$ -

2017	**Level 1**	**Level 2**	**Level 3**
Exchange traded funds	$ 2,180,574	$ -	$ -
Mutual funds	1,966,224	-	-
Total assets at fair value	$ 4,146,798	$ -	$ -

NOTE 5 - IMPROVEMENTS AND EQUIPMENT

Improvements and equipment are as follows:

	2018	**2017**
Cost:		
Leasehold improvements	$ 255,444	$ 255,444
Tactical equipment	127,716	170,899
Fitness equipment	83,709	80,346
Office equipment	126,815	104,823
Vehicles	155,664	155,664
Software	23,366	23,366
	772,714	790,542
Less: accumulated depreciation	(273,379)	(204,762)
Improvements and equipment, net	$ 499,335	$ 585,780

NOTE 6 - RELATED PARTY TRANSACTIONS

During 2017, the Nazarene Fund had not yet received a determination letter from the Internal Revenue Service approving its status as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. The Nazarene Fund contracted individually with Operation Underground Railroad to solicit and collect tax-exempt funding on its behalf until it was awarded tax-exempt status. As such, Operation Underground Railroad served as a pass-through entity and remitted those funds collected directly to the Nazarene Fund. The Nazarene Fund received a total of $3,262,725 and $1,000,000 in such transactions from Operation Underground Railroad during the years ended December 31, 2018 and 2017, respectively.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization had $170,335 and $245,000, respectively, in net assets with donor restrictions as of December 31, 2018 and 2017. Net assets with donor restrictions of $794,664 and $981,066, respectively, were released from restriction during the years ended December 31, 2018 and 2017. The December 31, 2018 and 2017 net assets with donor restrictions included the following amounts:

	2018	2017
Mission related operations	$ 96,858	$ -
Technology implementation	73,477	220,000
Law Enforcement Training - Utah	-	20,000
Law Enforcement Training - California	-	5,000
Total net assets with donor restrictions	$ 170,335	$ 245,000

NOTE 8 - LEASE OBLIGATIONS

The Organization has entered in two lease agreements for office space in Utah and an additional lease agreement for an aftercare center in Thailand. The lease agreements expire at various times through 2020. For the years ended December 31, 2018 and 2017, the Organization paid $270,786 and $186,419, respectively, in rent expense. As of December 31, 2018, future lease obligations based on the continuation of current contracts were as follows:

2019	$ 195,062
2020	36,265
Total operating lease obligations	$ 231,327

NOTE 9 - CONTRIBUTED SERVICES

Contributed services that 1) create or enhance nonfinancial assets or 2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recognized as revenue in the financial statements. The Organization recognized $413,373 and $630,653, respectively, in contributed services and related expenses during the years ended December 31, 2018 and 2017. Of this amount, $193,506 and $120,253, respectively, was applicable to fundraising and development activities, $4,333 and $12,571, respectively, was applicable to management and general activities, and $215,534 and $497,829, respectively, was applicable to programs and missions. The Organization also received 15,877 and 8,584 hours, respectively, in other volunteer services during the years ended December 31, 2018 and 2017 that did not meet the criteria outlined above and therefore were not recognized as revenue.

NOTE 10 - INCOME TAXES

The Organization is exempt from federal income taxes in accordance with the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization evaluates the tax positions taken or expected to be taken to determine whether the tax positions will be sustained by the applicable tax authority. Deacon, Inc, The Underground Xfit, LLC and The Nazarene Fund, LLC are disregarded entities for tax purposes. The Organization has determined that there is no tax liability and there are no tax returns which are currently under examination. Tax years subject to examination are from 2015 forward.

NOTE 11 - EMPLOYEE BENEFIT PLAN

The Organization has established a Simple IRA plan, which is available to all full-time employees. The plan allows employees to defer up to the federal maximum limit of their income on a pre-tax basis through contributions to the plan. The Company matches 100% of an employee's contributions up to 3% of total wages. During the years ended December 31, 2018 and 2017 the Company made matching contributions of $22,385 and $19,320, respectively.

NOTE 12 - INFORMATION ABOUT LIQUIDITY

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. In addition, the Organization invests cash in excess of daily requirements in short-term liquid investments. To help manage unanticipated liquidity needs, or in the event of financial distress, the Organization has investments in government securities and other securities that can be quickly turned into cash, and which bear favorable rates in the investment strategy.

NOTE 13 - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions of internal designations. Amounts not available include amounts set aside for long-term investing that could be drawn upon if the governing board approves that action.

	2018	2017
Financial Assets		
Cash	$ 3,062,276	$ 5,033,316
Short-term investments	12,597,159	4,146,798
Contributions receivable	654,201	776,863
Total financial assets	16,313,636	9,956,977
Contractual or donor-imposed funds		
Other donor restrictions	(170,335)	(245,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 16,143,301	$ 9,711,977