

BRAVEN, INC.

FINANCIAL STATEMENTS

June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Braven, Inc.
Chicago, Illinois

We have audited the accompanying financial statements of Braven, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, 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 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 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.

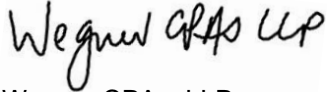
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Braven, Inc. as of June 30, 2020 and 2019, 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.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, Braven, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08, *Not-For Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of July 1, 2019. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, flowing style.

Wegner CPAs, LLP
New York, New York
February 19, 2021

BRAVEN, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash	\$ 7,186,612	\$ 4,653,713
Unconditional promises to give, net	5,481,973	8,163,500
Accounts receivable	79,815	101,521
Other receivables	85,240	-
Prepaid expenses	45,060	20,402
Security deposits	53,841	29,030
Website development and leasehold improvements, net	90,240	15,000
Total assets	<u>\$ 13,022,781</u>	<u>\$ 12,983,166</u>
LIABILITIES		
Accounts payable	\$ 36,945	\$ 100,542
Accrued payroll and other expenses	267,416	215,867
Deferred revenue	27,273	30,000
Lease incentive liability	85,240	-
Paycheck Protection Program loan payable	841,500	-
Total liabilities	1,258,374	346,409
NET ASSETS		
Without donor restrictions	4,112,368	1,753,487
With donor restrictions	7,652,039	10,883,270
Total net assets	<u>11,764,407</u>	<u>12,636,757</u>
Total liabilities and net assets	<u><u>\$ 13,022,781</u></u>	<u><u>\$ 12,983,166</u></u>

See accompanying notes.

BRAVEN, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2020 and 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contributions	\$ 1,929,688	\$ 948,116
Donated services	3,183,352	69,000
Program service revenue	541,429	317,552
	<u>5,654,469</u>	<u>1,334,668</u>
Total revenues without donor restrictions	5,654,469	1,334,668
EXPENSES		
Program services	8,196,654	4,002,216
Management and general	1,697,987	799,849
Fundraising	730,237	448,232
	<u>10,624,878</u>	<u>5,250,297</u>
Total expenses	10,624,878	5,250,297
NET ASSETS RELEASED FROM RESTRICTIONS		
Expiration of time restrictions	1,209,221	1,712,500
Satisfaction of purpose restrictions	6,120,069	2,678,028
	<u>7,329,290</u>	<u>4,390,528</u>
Change in net assets without donor restrictions	2,358,881	474,899
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	4,098,059	13,045,741
Net assets released from restrictions	(7,329,290)	(4,390,528)
	<u>(3,231,231)</u>	<u>8,655,213</u>
Change in net assets with donor restrictions	(3,231,231)	8,655,213
Change in net assets	(872,350)	9,130,112
Net assets at beginning of year	<u>12,636,757</u>	<u>3,506,645</u>
Net assets at end of year	<u><u>\$ 11,764,407</u></u>	<u><u>\$ 12,636,757</u></u>

See accompanying notes.

BRAVEN, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2020 and 2019

	2020			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 4,266,604	\$ 680,352	\$ 624,923	\$ 5,571,879
Professional fees	3,071,345	907,229	50,324	4,028,898
Travel	149,452	22,966	11,719	184,137
Occupancy	216,088	33,670	23,707	273,465
Supplies and equipment	253,773	35,884	1,384	291,041
Publications and promotions	174,373	4,989	11,457	190,819
Communications and shipping	36,404	6,839	2,621	45,864
Insurance	10,626	2,382	265	13,273
Amortization	8,006	1,994	-	10,000
Other expenses	9,983	1,682	3,837	15,502
Total expenses	\$ 8,196,654	\$ 1,697,987	\$ 730,237	\$ 10,624,878

	2019			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 2,865,008	\$ 370,553	\$ 418,299	\$ 3,653,860
Professional fees	413,936	348,073	12,007	774,016
Travel	187,013	36,898	5,535	229,446
Occupancy	149,023	11,463	1,650	162,136
Supplies and equipment	130,163	16,682	4,189	151,034
Publications and promotions	199,047	11,453	2,765	213,265
Communications and shipping	25,291	2,901	574	28,766
Insurance	21,409	541	121	22,071
Amortization	7,841	1,014	1,145	10,000
Other expenses	3,485	271	1,947	5,703
Total expenses	\$ 4,002,216	\$ 799,849	\$ 448,232	\$ 5,250,297

See accompanying notes.

BRAVEN, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (872,350)	\$ 9,130,112
Adjustments to reconcile net assets to net cash flows from operating activities		
Discount (amortization) of long-term promises to give	(118,800)	158,700
Amortization	10,000	10,000
(Increase) decrease in assets		
Unconditional promises to give	2,800,327	(6,906,125)
Accounts receivable	21,706	19,693
Other receivables	(85,240)	-
Prepaid expenses	(24,658)	(20,402)
Security deposits	(24,811)	(18,780)
Increase (decrease) in liabilities		
Accounts payable	(63,597)	27,341
Accrued payroll and other expenses	51,549	96,987
Deferred revenue	(2,727)	30,000
Lease incentive liability	85,240	-
Net cash flows from operating activities	1,776,639	2,527,526
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of leasehold improvements	(85,240)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan payable	841,500	-
Net change in cash	2,532,899	2,527,526
Cash at beginning of year	4,653,713	2,126,187
Cash at end of year	<u>\$ 7,186,612</u>	<u>\$ 4,653,713</u>

See accompanying notes.

BRAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Braven, Inc. (Braven) is a nonprofit charitable organization established in 2014 with a mission to empower promising, underrepresented young people—first-generation college students, students from low-income backgrounds, and students of color—with the skills, confidence, experiences and networks necessary to transition from college to strong first jobs, which lead to meaningful careers and lives of impact. Braven's primary sources of revenues include contributions from corporations and foundations and program service fees.

Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give due in more than one year are discounted at an interest rate commensurate with risk involved if material to the financial statements.

Accounts Receivable

Accounts receivable primarily consists of program revenue due from service recipients. Based on historical experience, Braven considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made.

Website Development and Leasehold Improvements

Expenditures for website development and leasehold improvements are capitalized at cost. Amortization for website development is computed using the straight-line method. Amortization for leasehold improvements is computed using the straight-line method over the shorter of the estimated life of the improvement or the lease term.

Contributions

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Braven partners with colleges, universities, and employers to deliver programming and help employers build a diverse leadership force. Program service revenue, primarily consulting services, consists of single performance obligations that are satisfied at a point in time (when deliverables are provided), as well as over time within the designated contract period.

BRAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

Donated services are recognized as revenue if the services create or enhance nonfinancial assets, require specialized skills, are performed by people with those skills, and would otherwise be purchased by Braven.

Adoption of New Accounting Guidance

On June 21, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The ASU also assists entities in determining whether a contribution is conditional. Braven adopted the requirements of the ASU as of July 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes applied to agreements that are either not completed as of July 1, 2019, or entered into after that date.

Expense Allocation

The financial statements report certain expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, professional fees, travel, occupancy, insurance, and amortization, which are allocated on the basis of estimates of time and effort. All other expenses are allocated based upon the types of services performed and expenses incurred.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Income Tax Status

Braven is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Date of Management's Review

Management has evaluated subsequent events through February 19, 2021, the date which the financial statements were available to be issued.

BRAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 – CONCENTRATIONS

Braven maintains its cash balances in one financial institution located in San Francisco, California. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020 and 2019, Braven's uninsured cash balances totaled approximately \$6,900,000 and \$4,400,000, respectively. Braven places its cash balances with reputable financial institutions. Braven has not experienced any losses and believes it is not exposed to any significant credit risk on cash balances.

During the year ended June 30, 2019, Braven received approximately 55% of its total contributions, or \$8,000,000, from two donors.

NOTE 3 – WEBSITE DEVELOPMENT AND LEASEHOLD IMPROVEMENTS

Website development and leasehold improvements consist of the following:

	2020	2019
Website development	\$ 30,000	\$ 30,000
Leasehold improvements	85,240	-
Accumulated amortization	(25,000)	(15,000)
	<u>\$ 90,240</u>	<u>\$ 15,000</u>
Website development and leasehold improvements, net	<u>\$ 90,240</u>	<u>\$ 15,000</u>

NOTE 4 – PROMISES TO GIVE

Unconditional promises to give consist of the following:

	2020	2019
Receivable in less than one year	\$ 3,684,673	\$ 4,225,000
Receivable in more than one year	1,850,000	4,110,000
	<u>5,534,673</u>	<u>8,335,000</u>
Unconditional promises to give	5,534,673	8,335,000
Discounts to net present value	(52,700)	(171,500)
	<u>\$ 5,481,973</u>	<u>\$ 8,163,500</u>
Unconditional promises to give, net	<u>\$ 5,481,973</u>	<u>\$ 8,163,500</u>

Unconditional promises to give receivable in more than one year at June 30, 2020 and 2019 are discounted at an effective rate of 1% and 3%, respectively.

Additionally, during the year ended June 30, 2020, Braven received a promise to give of \$675,000 that contained donor conditions. The conditional promise to give will be recognized as revenue when the conditions are substantially met.

BRAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 5 – DONATED SERVICES

The fair value of donated services received and their corresponding functional allocation for the years ended June 30, 2020 and 2019 are as follows:

	Program	Management and General	2020 Total
Legal	\$ 142,721	\$ 237,869	\$ 380,590
Accounting and HR	-	-	-
Consulting services	2,380,000	422,762	2,802,762
Donated services	<u>\$ 2,522,721</u>	<u>\$ 660,631</u>	<u>\$ 3,183,352</u>
	Program	Management and General	2019 Total
Legal	\$ -	\$ 9,000	\$ 9,000
Accounting and HR	-	60,000	60,000
Donated services	<u>\$ -</u>	<u>\$ 69,000</u>	<u>\$ 69,000</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2020	2019
Purpose restrictions		
Bay Area	\$ 908,240	\$ 1,463,800
New Jersey	344,540	35,000
Chicago	247,000	420,000
New York	100,000	-
Braven booster	61,000	-
Program personnel	44,500	50,000
Consulting	17,992	-
Impact study	-	10,473
Innovation and scaling	-	681,797
Capacity building	-	125,000
Subsequent periods' activities	<u>5,928,767</u>	<u>8,097,200</u>
Net assets with donor restrictions	<u>\$ 7,652,039</u>	<u>\$ 10,883,270</u>

BRAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On April 16, 2020, Braven received a \$841,500 loan under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan accrues interest at 1%, but payments are deferred until a determination of the amount of forgiveness is made. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by Braven during the covered period. Eligible expenses include payroll costs, rent, and utilities. Any portion not forgiven will be payable over two years.

NOTE 8 – LEASING ARRANGEMENTS

Braven leases office space pursuant to various shared space agreements with terms ranging from 1 to 12 months. In June 2020, Braven signed a lease for office space with a lease start date of October 1, 2020. Pursuant to the lease agreement, an allowance for improvements made to the space would be reimbursed for costs incurred up to \$85,240. At June 30, 2020, Braven recorded a receivable from the landlord and a lease incentive liability for the amount of capitalized leasehold improvements.

Braven also leases office equipment pursuant to various operating leases with terms ranging from 1 to 5 years. Lease expense, including various office usage charges, was \$273,465 and \$162,136 for the years ended June 30, 2020 and 2019, respectively.

Future minimum lease payments for the years ending June 30 are as follows:

2021	\$	118,051
2022		160,438
2023		158,075
2024		155,712
2025		157,019
2026		<u>103,176</u>
Total	\$	<u>852,471</u>

NOTE 9 – RETIREMENT PLAN

Braven sponsors a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. Employees become eligible for the plan upon hire. Braven generally makes discretionary contributions to the plan equal to 5% of participants' annual compensation. Plan expenses for the years ended June 30, 2020 and 2019 were \$143,372 and \$92,847, respectively.

BRAVEN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – LIQUIDITY AND AVAILABILITY

The following represents Braven's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general expenditures within one year because of contractual or donor-imposed restrictions.

	2020	2019
Cash	\$ 7,186,612	\$ 4,653,713
Unconditional promises to give, net	5,481,973	8,163,500
Accounts receivable	79,815	101,521
Other receivables	85,240	-
	<u>12,833,640</u>	<u>12,918,734</u>
Financial assets at year-end	12,833,640	12,918,734
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time and purpose restrictions	(7,652,039)	(10,883,270)
Add back amounts available for general expenditures within one year	<u>3,849,167</u>	<u>3,100,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,030,768</u>	<u>\$ 5,135,464</u>

Braven's cash flows have seasonal variations during the year attributable to cash receipts for contributions received. Braven has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As a not-for-profit, donor-funded organization, Braven regularly receives contributions from donors that are available to meet annual cash needs for general operating expenditures.

NOTE 11 – COVID-19 CONSIDERATIONS

The extent of the impact of COVID-19 on Braven's operations will depend on certain developments, including the duration and spread of the outbreak, and impact on Braven's employees, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact Braven's operations is uncertain.