ALWARD INSTITUTE FOR COLLABORATIVE SCIENCE

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Alward Institute for Collaborative Science:

We have audited the accompanying statement of financial position of Alward Institute for Collaborative Science (a nonprofit organization) as of December 31, 2015 and the related statements of activities and changes in net assets and cash flows for the year 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 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 Alward Institute for Collaborative Science as of December 31, 2015, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

BGW CPA, PLLC

Charlotte, North Carolina
March 23, 2016

ALWARD INSTITUTE FOR COLLABORATIVE SCIENCE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

ASSETS

CURRENT ASSETS:	
Cash	$20,554
Prepaid expenses	6,014
Total current assets	26,568
SOFTWARE, net	1,568
Total assets	$28,136

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	$590
Advance from related party	8,000
Total current liabilities	8,590
NET ASSETS:	
Unrestricted net assets	19,546
Total net assets	19,546
Total liabilities and net assets	$28,136

The accompanying notes to financial statements are an integral part of these statements.

ALWARD INSTITUTE FOR COLLABORATIVE SCIENCE

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

REVENUE AND SUPPORT:	
Revenue	$585,091
In-kind donations	37,721
Total revenue and support	622,812
EXPENSES:	
Program costs:	
Independent contractors	149,464
Salary and benefits	188,750
Travel and meetings	20,226
Payroll service fee	25,086
Bad debt expense	50,000
Office expense	1,095
Total program costs	434,621
General and administrative costs:	
Salary and benefits	87,981
Payroll service fee	12,908
Insurance	24,593
Rent expense	35,473
Office expense	8,584
Bookkeeping	37,176
Total general and administrative costs	206,715
Total expenses	641,336
CHANGE IN NET ASSETS	(18,524)
BEGINNING NET ASSETS	38,070
ENDING NET ASSETS	$19,546

The accompanying notes to financial statements are an integral part of these statements.

ALWARD INSTITUTE FOR COLLABORATIVE SCIENCE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	($18,524)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	209
Change in accounts receivable	26,880
Change in prepaid expenses	(371)
Change in accounts payable	(389)
Change in advance from related party	8,000
Net cash provided by operating activities	15,805
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of software	(1,286)
Net cash used in investing activities	(1,286)
NET INCREASE IN CASH	14,519
CASH, beginning of year	6,035
CASH, end of year	$20,554

The accompanying notes to financial statements are an integral part of these statements.

ALWARD INSTITUTE FOR COLLABORATIVE SCIENCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization – Alward Institute for Collaborative Science (the Organization) builds collaborative, interdisciplinary partnerships to provide deep insights into the social, economic and environmental dimensions of corporate social responsibility. The Organization offers unique sophisticated modeling capabilities about the structure and function of regional economies and workforces, and extensive experience modeling integrated ecologic-economic systems.

Revenue – Revenue is recognized at amount billed to customer for modeling and consulting services rendered.

Public support - Contributions are generally available for unrestricted use in the year received unless specifically restricted by the donor.

Contributions of cash and other assets are reported as temporarily restricted if they have donor stipulations that limit the use of the donated assets. When a donor 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.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure 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 those estimates.

Net assets – The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no temporarily or permanently restricted net assets as of December 31, 2015.

2. DONATIONS IN-KIND:

The Organization received in-kind donations of services for the year ended December 31, 2015. The in-kind donations are reflected in the statement of activities as revenue. In-kind services for the year ended December 31, 2015 were received in the following categories:

Category	
Rent	$35,473
Travel	2,050
Office expense	198
Total	$37,721

3. INCOME TAXES:

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is required. The Organization has implemented the provisions of the Financial Accounting Standards Board Codification (FASB ASC 740-10). FASB ASC 740-10 prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of income tax uncertainties with respect to positions, including tax-exempt status, taken or expected to be taken in income tax returns. The use of FASB ASC 740-10 has not had any impact on the Organization's results of operations or financial position. The Organization has an open tax year for its reporting period ended December 31, 2014.

4. ADVANCE FROM RELATED PARTY:

The Organization received an advance from the Chairman of the Board. At December 31, 2015, the outstanding balance on the advance was $8,000, which is expected to be paid in early 2016.

5. EMPLOYEE RETIREMENT PLAN:

The Organization has a 401(k) plan covering all eligible employees. The plan allows employees to defer a portion of their income on a pretax basis through plan contributions. The Organization matches up to, but not more than, 3% of the participating employee's salary. In 2015, all eligible employees participated in the 401(k) plan. The Organization's contributions to the retirement plan for the year ended December 31, 2015 was approximately $6,200.

6. CONCENTRATIONS:

Major customers - The Organization defines a major customer as one whose contributions represent 10% or more of the Organization's total revenues and support. For the year ended December 31, 2015, one related customer and one unrelated customer represented 66% and 10%, respectively, of total revenue and support.

7. SUBSEQUENT EVENTS:

Events and transactions occurring after December 31, 2015 have been evaluated to determine proper recognition and disclosure in the financial statements. Subsequent events and transactions were evaluated through March 23, 2016, which represents the date the financial statements were available to be issued.