Bastion Community of Resilience
New Orleans, Louisiana

Financial Statements

December 31, 2021 and 2020

LeGlue & Company, CPAs, L.L.C.

July 22, 2022

Independent Auditors' Report

Board of Directors
Bastion Community of Resilience
New Orleans, Louisiana

Opinion

We have audited the financial statements of Bastion Community of Resilience (the "Organization"), which comprise the statement of financial position as of December 31, 2021, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Organization for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on July 28, 2021.

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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 auditors' report that includes our 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 GAAS 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 GAAS, we:

- 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 the Organization'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Respectfully submitted,

LeGlue & Company

LeGlue and Company, CPAs, L.L.C.

STATEMENTS OF FINANCIAL POSITION

Bastion Community of Resilience

ASSETS

	December 31, 2021	December 31, 2020
Current assets		
Cash and cash equivalents	$ 740,597	$ 651,118
Contributions receivable, net	133,000	206,600
Other receivables	18,704	-
Total current assets	892,301	857,718
Non-current assets		
Contributions receivable, non-current	25,000	24,000
Property & equipment, net of accumulated depreciation	464,910	399,952
Total non-current assets	489,910	423,952
Total	$ 1,382,211	$ 1,281,670

LIABILITIES AND NET ASSETS

	2021	2020
Current liabilities		
Accounts payable	$ 15,797	$ 24,436
Accrued expenses	7,127	4,748
Note payable - current	2,095	-
Paycheck Protection Program loan	59,712	62,000
Total current liabilities	84,731	91,184
Long-term liabilities		
Note payable, net of current portion	147,905	150,000
Total liabilities	232,636	241,184
Net Assets		
Without donor restrictions	984,878	829,915
With donor restrictions	164,697	210,571
Total net assets	1,149,575	1,040,486
Total	$ 1,382,211	$ 1,281,670

See accompanying notes to the financial statements.

STATEMENTS OF ACTIVITIES

Bastion Community of Resilience

For the years ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support						
Contributions	$ 114,488	$ -	$ 114,488	$ 212,184	$ -	$ 212,184
Corporate grants	18,000	-	18,000	12,500	-	12,500
Foundation grants	290,000	431,578	721,578	144,950	407,289	552,239
Special events	43,447	-	43,447	30,071	-	30,071
PPP loan forgiveness	62,000	-	62,000	-	-	-
Interest income	192	-	192	353	-	353
	528,127	431,578	959,705	400,058	407,289	807,347
Net assets released from restrictions	477,452	(477,452)	-	428,390	(428,390)	-
Total revenues and support	1,005,579	(45,874)	959,705	828,448	(21,101)	807,347
Expenses						
Program services	663,409	-	663,409	603,049	-	603,049
Fundraising	114,497	-	114,497	45,584	-	45,584
General and administrative	72,710	-	72,710	78,579	-	78,579
Total expenses	850,616	-	850,616	727,212	-	727,212
Change in net assets	154,963	(45,874)	109,089	101,236	(21,101)	80,135
Net assets at the beginning of the year	829,915	210,571	1,040,486	728,679	231,672	960,351
Net assets at the end of the year	$ 984,878	$ 164,697	$ 1,149,575	$ 829,915	$ 210,571	$ 1,040,486

See accompanying notes to the financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES

Bastion Community of Resilience

Years ended December 31, 2021 and 2020

	2021				2020			
	Program Services - Informational and Educational	Support Services - Fundraising	Support Services - General and Administrative	Total	Program Services - Informational and Educational	Support Services - Fundraising	Support Services - General and Administrative	Total
Personnel costs	$ 220,552	$ 44,008	$ 28,374	$ 292,934	$ 294,520	$ 43,597	$ 36,463	$ 374,580
Health and wellness	223,487	-	-	223,487	161,680	-	-	161,680
Professional fees	62,121	65,173	27,463	154,757	52,066	-	16,838	68,904
Occupancy	27,670	-	-	27,670	27,572	-	-	27,572
Other expenses	25,409	2,222	106	27,737	5,450	1,975	11,623	19,048
Telephone	9,133	-	8,873	18,006	9,857	-	8,554	18,411
Contract services	14,883	-	-	14,883	16,188	-	-	16,188
Supplies	29,509	2,577	1,641	33,727	11,080	-	2,559	13,639
Depreciation	18,743	-	-	18,743	8,935	-	-	8,935
Conference expenses	2,850	-	-	2,850	7,200	-	-	7,200
Travel	24,121	517	4,573	29,211	4,513	12	2,521	7,046
Printing	4,931	-	1,680	6,611	3,988	-	21	4,009
Total expenses	$ 663,409	$ 114,497	$ 72,710	$ 850,616	$ 603,049	$ 45,584	$ 78,579	$ 727,212

See accompanying notes to the financial statements.

STATEMENTS OF CASH FLOWS

Bastion Community of Resilience

	Years ended December 31, 2021	2020
Cash flows from operating activities		
Change in net assets	$ 109,089	$ 80,135
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	18,743	8,935
Forgiveness of payroll protection program loan	(62,000)	-
Changes in operating assets and liabilities:		
Contributions receivable, net	72,600	(33,595)
Other receivables	(18,704)	-
Accounts payable	(8,639)	16,241
Accrued expenses	2,379	(2,265)
Net cash provided by operating activities	113,468	69,451
Cash flows from investing activities		
Construction in progress	(15,725)	-
Purchase of property and equipment	(67,976)	-
Net cash used in investing activities	(83,701)	-
Cash flows from financing activities		
Proceeds from payroll protection program	59,712	62,000
Proceeds from SBA loan	-	150,000
Net cash provided by financing activities	59,712	212,000
Net increase in cash and cash equivalents	89,479	281,451
Cash and cash equivalents, beginning of year	651,118	369,667
Cash and cash equivalents, end of year	$ 740,597	$ 651,118

See accompanying notes to the financial statements.

Note 1
Nature of Operations and Summary of Significant Accounting Policies

History and Organization

Bastion Community of Resilience (the "Organization") is a nonprofit organization, which supports returning warriors and families through their transition from military service and beyond by providing a healing environment with an intentionally designed neighborhood. The Organization's goal is for residents to maximize independence in the home and age in place by creating layers of social and instrumental support through volunteer programs and individualized care plans.

Basis of Presentation

The accompanying 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 and accordingly reflect all significant receivables, payables, and other liabilities. Under this method, revenues are recognized when earned, and expenses are recorded when incurred. Contributions are recognized when received or when unconditionally promised.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

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

> Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions net assets for an operating reserve or board-designated endowment.

Note 1
(Continued)

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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. At December 31, 2021 and 2020, the Organization held net assets with donor restrictions in the amount of $164,697 and $210,571, respectively.

Cash and Cash Equivalents

For purposes of the statements of cash flows, management considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Contributions Receivable

Contributions receivable consist primarily of grants and contributions receivable. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. 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 accounts receivable.

Contributions receivable that are expected to be collected in future years are considered long-term receivables and are discounted due to the significance of the pledges. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the assets. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

Property and Equipment

All acquisitions of land and leasehold improvements in excess of $1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation for leasehold improvements is computed using the straight-line method over the remaining lease term. Construction in progress at December 31, 2021 and 2020 of $41,198 and $25,473, respectively, consists of architectural and design related costs for the land adjacent to the existing operations.

Note 1
(Continued)

Property and equipment are reviewed for impairment if the use of the asset significantly changes, or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of beneficial interest received. Conditional promises to give that is, those with measurable performance or other barriers and rights to return (or release) are not recognized until the conditions on which they depend have been substantial met.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the Organization throughout the year, but these services do not meet the criteria for recognition as contributed services.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs, primarily salaries, benefits, and professional fees have been allocated among the programs and supporting services benefited. The allocation between functions is based on time spent by specific employees as estimated by management. All other costs are charged directly to the appropriate functional category.

Income Taxes

Bastion Community of Resilience is organized as a nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections.

The Organization is exempt, by statue, from federal, state, and local income taxes, except for certain products and services which have been deemed by the Internal Revenue Services (IRS) to be subject to unrelated business income tax (UBIT). There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2021 and 2020.

Note 1
(Continued)

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled Leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than a year. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted.

On September 17th, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07 on Topic 958, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Organization's year ending December 31, 2022.

The Organization is currently assessing the impact of these pronouncements on the financial statements

Note 2
Liquidity and Availability of Financial Resources

The Organization has $727,604 and $671,147 of financial assets available for general expenditures within one year of the statements of financial position dated December 31, 2021 and 2020, respectively. The financial assets available to meet cash needs for general expenditures within one year excludes donor restricted assets of $164,697 and $186,571 at December 31, 2021 and 2020, respectively. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as it general expenditures, liabilities, and other obligations come due.

Note 3
Property and Equipment

Property and equipment, net of accumulated depreciation, consist of the following at December 31:

	2021	2020
Land	$ 363,311	$ 363,311
Construction in progress	41,198	25,473
Vehicle	67,976	-
Leadshold improvements	29,038	29,038
Total property and equipment	501,523	417,822
Less: Accumulated depreciation	(36,613)	(17,870)
Property and equipment, net	$ 464,910	$ 399,952

Depreciation expense on property and equipment for the years ended December 31, 2021 and 2020 was $18,743 and $8,935, respectively.

Note 4
Note Receivable

The source of funds used for the note receivable balance consisted of grant funds from the City of New Orleans (HOME grant), private donors, and in-kind contributions. The funds advanced to the borrowers were used to support the acquisition and development of the property at 1901 Mirabeau in New Orleans (Phase I and Phase II). Note receivable consists of the following at December 31:

	2021	2020
Bastion NO Partners, I, LLC note receivable dated June 1, 2016, at 0% interest, maturity date of May 1, 2058, unsecured, payments based on net free cash flow, subordinate to other debt	$ 1,555,000	$ 1,555,000
Bastion New Orleans Partners, II, LLC note receivable dated December 21, 2017, at 1% interest, maturity date of August 1, 2058, unsecured, payments based on net free cash flow, subordinate to other debt	660,000	660,000
	2,215,000	2,215,000
Less: allowance for doubtful accounts	(2,215,000)	(2,215,000)
Note receivable, net	$ -	$ -

Advances on the note receivable were $1,128,288 and $1,086,712 during the years ended December 31, 2017, and 2016, respectively. The Organization has recorded an allowance for doubtful accounts of $2,215,000 and $2,215,000 at December 31, 2021 and 2020 due to the uncertainty in future net free cash flows, unsecured nature of the note, and length of time until maturity date.

Note 5

Paycheck Protection Program Loan

On April 17, 2020, the Organization received a U.S. Small Business Administration (SBA) Paycheck Protection Program loan in the amount of $62,000. This loan was forgiven in 2021. In 2021, the Organization was eligible to receive a second round of funding from the Paycheck Protection Program in the amount of $59,712. This loan is potentially forgivable if the Organization meets certain criteria. The loan has an interest rate of 1% and is due five years from the date of origination. The Paycheck Protection Program loan does not require any collateral or personal guarantees associated with this loan. The Organization has applied for forgiveness and the forgiveness application is pending review by the SBA.

Note 6

Note Payable

On May 19, 2020, the Organization received a U.S. Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL) in the amount of $150,000, secured by assets of the Organization. Proceeds of the loan are to be used for working capital and normal operating expenses. The loan has an interest rate of 2.75% and requires principal and interest payments of $641 each month beginning twenty-four months from the date of the loan until maturity date 30 years from the date of the original loan.

Principal maturities of the note payable during each of the next five years are as follows:

2022	$ 2,095
2023	3,671
2024	3,773
2025	3,878
2026	3,986
Thereafter	132,597
	$ 150,000

Note 7

Net Assets with Restrictions

The Organization has contributions receivable and cash totaling $375,268 and $210,571 that is donor restricted for specific programs and program related expenses at December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, the net assets released from restrictions are comprised of previously recorded donor restricted net assets that have met either time or purpose restrictions and related primarily to program related expenses.

Note 8
Operating Lease

The Organization has an operating lease agreement for use of office space and facilities in New Orleans through April 30, 2022. The Organization has one option to review the lease for one additional five-year period. Rent expense for the lease consisted of $17,400 and $17,400 during the years ended December 31, 2021, and 2020 and is included in occupancy expense on the statements of activities. The future minimum lease payments under the operating lease are $6,496.

Note 9
Concentrations

Credit Risk
The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). At December 31, 2021 and 2020, the Organization's uninsured cash balances total $490,295 and $401,118, respectively.

Contributions
During the year ended December 31, 2021 and 2020, approximately 21% and 38%, respectively, of total revenue was from a single grant award.

Contributions Receivable
Contribution receivable includes a single grant in the amount of $90,000, which represent 68% of the total amount reported as of December 31, 2021.

Contribution receivable includes a single grant in the amount of $153,645, which represent 67% of the total amount reported as of December 31, 2020.

Note 10
Special Events

Special event revenue includes revenue from fundraising events managed by the Organization as well as some contributions for which events are managed by third parties for the benefit of the Organization. The special event revenues were $43,447 and $30,315 for the years ended December 31, 2021 and 2020, respectively.

Note 11
Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 22, 2022 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.