CHIVE CHARITIES

Financial Statements as of and for the Year Ended December 31, 2016 and Independent Auditors' Report

MAXWELL & LOCKE RITTER

MAXWELL LOCKE & RITTER LLP
Accountants and Consultants
An Affiliate of CPAmerica International
tel (512) 370 3200 fax (512) 370 3250
www.mlrpc.com

Austin: 401 Congress Avenue, Suite 1100
Austin, TX 78701

Round Rock: 411 West Main Street, Suite 300
Round Rock, TX 78664

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Chive Charities:

We have audited the accompanying financial statements of Chive Charities (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, 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.

Auditors' 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 auditors' 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 the Organization as of December 31, 2016, 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.

Maxwell Locke + Ritter LLP

Austin, Texas
August 10, 2017

CHIVE CHARITIES

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	284,883
Accounts receivable		32,000
Prepaid expenses and other assets		27,953
Total current assets		344,836
FIXED ASSETS, net		3,150
INTANGIBLES, net		119,356
TOTAL ASSETS	$	467,342
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$	17,482
Accrued expenses		16,682
Total liabilities		34,164
UNRESTRICTED NET ASSETS		433,178
TOTAL LIABILITIES AND NET ASSETS	$	467,342

See notes to financial statements.

CHIVE CHARITIES

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

REVENUES:	
Membership dues	$ 1,678,105
Contributions	992,572
Donated goods and services	5,688
Total revenues	2,676,365
EXPENSES:	
Program services:	
Medical and disability assistance	1,125,651
Veteran assistance	347,699
First responder and disaster relief	134,928
Special education initiatives	102,400
Total program services	1,710,678
Support services:	
Fundraising	420,212
Management and general	268,818
Total support services	689,030
Total expenses	2,399,708
CHANGE IN UNRESTRICTED NET ASSETS	276,657
UNRESTRICTED NET ASSETS, beginning of year	156,521
UNRESTRICTED NET ASSETS, end of year	$ 433,178

See notes to financial statements.

CHIVE CHARITIES

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Medical and Disability Assistance	Veteran Assistance	First Responder and Disaster Relief	Special Education Initiatives	Total Program Services	Fundraising	Management and General	Total Support Services	Total
Financial and material assistance grants	$ 847,551	347,699	134,928	102,000	1,432,178	-	-	-	1,432,178
Salaries and wages	132,775	-	-	-	132,775	97,001	141,587	238,588	371,363
Professional services - non-program	-	-	-	-	-	43,141	78,482	121,623	121,623
Depreciation and amortization	44,798	-	-	-	44,798	36,599	19,879	56,478	101,276
Program and office supplies	1,985	-	-	-	1,985	86,708	5,914	92,622	94,607
Website and hosting	19,527	-	-	-	19,527	41,916	6,193	48,109	67,636
Service fees	-	-	-	-	-	46,355	816	47,171	47,171
Professional services - program	43,849	-	-	400	44,249	-	-	-	44,249
Rent and occupancy	6,679	-	-	-	6,679	31,851	3,510	35,361	42,040
Employee benefits	14,841	-	-	-	14,841	12,832	11,039	23,871	38,712
Travel	13,646	-	-	-	13,646	9,669	1,398	11,067	24,713
Marketing and advertising	-	-	-	-	-	14,140	-	14,140	14,140
Total expenses	$ 1,125,651	347,699	134,928	102,400	1,710,678	420,212	268,818	689,030	2,399,708

See notes to financial statements.

CHIVE CHARITIES

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	276,657
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		101,276
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable		(32,000)
Prepaid expenses and other assets		(11,135)
Accounts payable		7,440
Accrued expenses		(5,367)
Net cash provided by operating activities		336,871
CASH FLOWS FROM INVESTING ACTIVITIES-		
Purchases of intangibles		(113,180)
NET CHANGE IN CASH AND CASH EQUIVALENTS		223,691
CASH AND CASH EQUIVALENTS, beginning of year		61,192
CASH AND CASH EQUIVALENTS, end of year	$	284,883

See notes to financial statements.

1. ORGANIZATION

Founded in 2012, Chive Charities (the "Organization") is a nonprofit organization which inspires the CHIVE's online community to champion orphaned causes in need of public awareness and financial assistance. The Organization is changing the charitable-giving paradigm. Rather than using the cause to raise awareness for the recipient, the Organization helps the recipient raise awareness for the cause. The Organization focuses on such causes as individuals with rare medical conditions, disabled veterans and first responders in need of quality of life enhancements, underfunded special needs education initiatives, and organizations that provide emergency assistance and disaster relief.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Under the accrual basis of accounting, revenue is recognized when earned regardless of when collected, and expenses are recognized when the obligation is incurred regardless of when paid.

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

Unrestricted net assets **-** Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets **-** Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and / or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization has not received any temporarily restricted donations.

Permanently restricted net assets **-** Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes. The Organization has not received any permanently restricted donations.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fixed Assets - The Organization capitalizes fixed asset purchases that exceed $1,000. Fixed assets are stated at cost unless received as a gift, in which case the asset is recorded at its fair value on the date of donation. The Organization calculates depreciation using the straight-line method based on the estimated useful lives of the assets ranging from three to seven years.

Intangible Assets - Intangible assets consist of a website which is amortized using the straight-line method over the estimated benefit period of three years.

Impairment of Long-Lived Assets and Intangible Assets Subject to Amortization - Long-lived assets and intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of the asset exceeds fair value, if the carrying amount of the asset is not recoverable. No impairment losses have been recognized during the year ended December 31, 2016.

Financial and Material Assistance Grants Payable - The Organization records financial and material assistance grants in the statement of activities upon award of unconditional promises to give amounts to recipient organizations and individuals. Grants approved but not distributed at year end are included in financial and material assistance grants payable on the statement of financial position. There were no amounts approved but not distributed at December 31, 2016.

Membership Dues and Contribution Revenue - The Organization considers membership dues unconditional promises to give. Unconditional promises to give are recognized at fair value as revenue in the period pledged and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized at fair value when the conditions on which they depend are substantially met, and the promises become unconditional. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Donated Goods and Services - Contributed services are recognized by the Organization if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated materials and other noncash donations, including legal fees, are recorded as contributions at their estimated fair values on the date received.

Functional Allocation of Expenses - The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Federal Income Taxes - The Organization is a nonprofit organization that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, except as it relates to unrelated business income. The Organization did not incur any tax liabilities due to unrelated business income during the year ended December 31, 2016. The Organization files Form 990 tax returns in the U.S. federal jurisdiction, and is subject to routine examinations of its returns; however, there are no examinations currently in progress.

Recently Issued Accounting Pronouncements - In May 2014 and August 2015, the FASB issued Accounting Standards Update ("ASU") No. 2014-09 and No. 2015-14, *Revenue from Contracts with Customers*, which supersede the revenue recognition requirements in ASC 605, *Revenue Recognition*, and most industry-specific guidance included in the ASC. The standard requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The standard is effective retrospectively for fiscal years beginning after December 15, 2018 and early adoption is permitted. The Organization is currently evaluating the impact the new standard will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires the recognition of lease assets and lease liabilities by lessees for all leases, including leases previously classified as operating leases, and modifies the classification criteria and accounting for sales-type and direct financing leases by lessors. Leases continue to be classified as finance or operating leases by lessees and both classifications require the recognition of a right-of-use asset and a lease liability, initially measured at the present value of the lease payments in the statement of financial position. Interest on the lease liability and amortization of the right-of-use asset are recognized separately in the statement of operations for finance leases and as a single lease cost recognized on the straight-line basis over the lease term for operating leases. The standard is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019 and early adoption is permitted. The Organization is currently evaluating the impact the standard will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958)*: *Presentation of Financial Statements of Not-for-Profit Entities*, which requires presentation on the face of the statements of financial position amounts for two classes of net assets at the end of the period, net assets with donor restrictions and net assets without donor restrictions, rather than the currently required three classes. The standard also requires the presentation on the face of the statements of activities the amount of the change in each of these two classes of net assets. The standard will no longer require the presentation or disclosure of the indirect method of reporting cash flows if an entity elects to use the direct method, however it will be required for an entity to provide enhanced disclosures about liquidity in the footnotes to the financial statements. The standard is effective for fiscal years beginning after December 15, 2017 and early adoption is permitted. The Organization does not anticipate this pronouncement to have a significant impact on its financial statements.

3. CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Organization places its cash and cash equivalents with a limited number of high quality financial institutions and at times may exceed the amount of insurance provided on such deposits. Management believes no significant risk exists with respect to cash and cash equivalents. The Organization does not maintain collateral for its receivables and does not believe significant risk exists at December 31, 2016.

4. FIXED ASSETS

Fixed assets consisted of the following at December 31, 2016:

Computers	$	15,867
Furniture and fixtures		2,043
		17,910
Accumulated depreciation		(14,760)
Total fixed assets, net	$	3,150

Depreciation expense totaled $3,980 for the year ended December 31, 2016.

5. INTANGIBLE ASSETS

Intangible assets consisted of the following at December 31, 2016:

Website	$	461,831
Less accumulated amortization		(342,475)
Total	$	119,356

Amortization expense totaled $97,296 for the year ended December 31, 2016. Estimated amortization expense is as follows as of December 31, 2016:

2017	$	46,486
2018		46,486
2019		26,384
Total	$	119,356

6. DEFINED CONTRIBUTION 401(k) PLAN

The Organization participates in a 401(k) Plan (the “Plan”). The Plan is available to all employees over the age of 21 with six months of service with the Organization. Eligible employees can contribute to the Plan up to the maximum amount allowed by the Internal Revenue Service. The Organization makes matching contributions equal to 100% of the first 3% and 50% of the next 2% of the participants’ contributions to the Plan plus additional discretionary profit sharing contributions. The employer matching contributions are 100% vested and discretionary profit sharing contributions vest in equal increments over a period of three years of service by the employee. The Organization’s contributions related to the Plan were $10,251 for the year ended December 31, 2016.

7. COMMITMENTS AND CONTINGENCIES

The Organization leases office space from a related party under a noncancellable operating lease which expires on August 31, 2017. Rental expense was $9,487 for the year ended December 31, 2016. Future minimum lease payments due during 2017 under the lease at December 31, 2016 were $11,616.

8. RELATED PARTY TRANSACTIONS

Members of the Board of Directors contributed $1,280 and a related entity contributed $35,200 to the Organization during the year ended December 31, 2016.

9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 10, 2017 (the date the financial statements were available to be issued), and no events have occurred from the statement of financial position date through that date that would impact the financial statements.