

TEAM RUBICON, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

TEAM RUBICON, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Team Rubicon, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Team Rubicon, Inc. (Team Rubicon), 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.

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Team Rubicon 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.

Report on Summarized Comparative Information

We have previously audited Team Rubicon's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

July 13, 2017
Los Angeles, California

TEAM RUBICON, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2016

With Summarized Totals at December 31, 2015

ASSETS	2016			2015 Total
	Unrestricted	Temporarily Restricted	Total	
Cash and Cash Equivalents	\$ 1,364,215	\$ -	\$ 1,364,215	\$ 1,191,576
Investments	645,643	654,934	1,300,577	1,807,600
Contributions and Pledges Receivable (Net)	604,470	1,068,044	1,672,514	1,005,341
Prepaid Expenses and Other Assets	516,464	-	516,464	401,760
Due from Affiliate	262,798	-	262,798	257,189
Property and Equipment (Net)	656,041	-	656,041	300,456
TOTAL ASSETS	\$ 4,049,631	\$ 1,722,978	\$ 5,772,609	\$ 4,963,922
 LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable	\$ 132,559	\$ -	\$ 132,559	\$ 93,507
Accrued Liabilities	528,815	-	528,815	168,432
TOTAL LIABILITIES	661,374	-	661,374	261,939
NET ASSETS:				
Unrestricted	3,388,257	-	3,388,257	2,406,721
Temporarily Restricted	-	1,722,978	1,722,978	2,295,262
TOTAL NET ASSETS	3,388,257	1,722,978	5,111,235	4,701,983
TOTAL LIABILITIES AND NET ASSETS	\$ 4,049,631	\$ 1,722,978	\$ 5,772,609	\$ 4,963,922

The Accompanying Notes are an Integral Part of These Financial Statements

TEAM RUBICON, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

With Summarized Totals for the Year Ended December 31, 2015

	2016			2015 Total
	Unrestricted	Temporarily Restricted	Total	
REVENUE, PUBLIC SUPPORT AND OTHER INCOME:				
Contributions and Grants	\$ 5,685,930	\$ 4,682,755	\$ 10,368,685	\$ 7,155,348
In-Kind Contributions	2,810,391	-	2,810,391	1,347,351
Special Events (Net of Cost of Direct Donor Benefits of \$245,583)	421,556	-	421,556	653,266
Other Income	2,484	-	2,484	20,969
Investment Income (Loss) (Net)	(12,813)	-	(12,813)	5,238
Net Assets Released from:				
Purpose Restrictions	5,255,039	(5,255,039)	-	-
TOTAL REVENUE, PUBLIC SUPPORT AND OTHER INCOME	14,162,587	(572,284)	13,590,303	9,182,172
EXPENSES:				
Program Services	10,479,565	-	10,479,565	6,411,723
Management and General	1,392,367	-	1,392,367	737,804
Fundraising	1,309,119	-	1,309,119	795,447
TOTAL EXPENSES	13,181,051	-	13,181,051	7,944,974
CHANGE IN NET ASSETS	981,536	(572,284)	409,252	1,237,198
Net Assets - Beginning of Year	2,406,721	2,295,262	4,701,983	3,464,785
NET ASSETS - END OF YEAR	<u>\$ 3,388,257</u>	<u>\$ 1,722,978</u>	<u>\$ 5,111,235</u>	<u>\$ 4,701,983</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TEAM RUBICON, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016

With Summarized Totals for the Year Ended December 31, 2015

	2016				2015 Total
	Program Services	Management and General	Fundraising	Total	
Salaries	\$ 3,020,532	\$ 643,392	\$ 715,647	\$ 4,379,571	\$ 2,707,292
Employee Benefits	405,779	89,248	74,125	569,152	368,332
Payroll Taxes	249,394	52,736	57,064	359,194	236,446
TOTAL PERSONNEL COSTS	3,675,705	785,376	846,836	5,307,917	3,312,070
Field Expenses	4,335,349	-	-	4,335,349	2,659,658
Travel and Conferences	548,015	39,738	76,867	664,620	419,083
Office Supplies	367,369	175,380	106,601	649,350	272,506
Professional Services	286,234	220,183	53,608	560,025	352,975
Rent, Parking and Utilities	384,600	99,572	48,103	532,275	221,873
Marketing Materials	337,061	4,231	17,277	358,569	112,278
Meals	193,750	6,928	20,113	220,791	115,408
Insurance	83,399	20,491	15,250	119,140	105,036
Awards, Fellowships and Grants	112,000	-	-	112,000	88,000
Depreciation	68,531	10,464	1,878	80,873	68,110
Printing and Copying	24,090	715	49,890	74,695	34,277
Bank Fees	3,067	12,739	46,106	61,912	57,493
Miscellaneous	28,398	8,787	3,895	41,080	21,590
Placement and Hiring Costs	7,500	6,794	18,700	32,994	27,843
Telephone and Internet	24,497	969	3,995	29,461	76,774
TOTAL 2016 FUNCTIONAL EXPENSES	\$ 10,479,565	\$ 1,392,367	\$ 1,309,119	\$ 13,181,051	
	80%	10%	10%	100%	
TOTAL 2015 FUNCTIONAL EXPENSES	\$ 6,411,723	\$ 737,804	\$ 795,447		\$ 7,944,974
	81%	9%	10%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

TEAM RUBICON, INC.**STATEMENT OF CASH FLOWS**

Year Ended December 31, 2016

With Summarized Totals for the Year Ended December 31, 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 409,252	\$ 1,237,198
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	83,148	68,110
Net Realized and Unrealized Loss on Investments	31,063	24,579
Present Value Discount on Contributions and Pledges Receivable	17,857	35,147
Contributed Stock	(5,789)	-
Contributed Property and Equipment	(126,398)	(68,300)
Loss on Disposal of Property and Equipment	7,296	-
(Increase) Decrease in:		
Contributions and Pledges Receivable	(685,030)	(650,591)
Prepaid Expenses and Other Assets	(114,704)	(20,667)
Due from Affiliate	(5,609)	(60,575)
Increase (Decrease) in:		
Accounts Payable	39,052	(111,235)
Accrued Liabilities	360,383	47,263
Deferred Rent	-	(21,409)
	<u>10,521</u>	<u>479,520</u>
<i>NET CASH PROVIDED BY OPERATING ACTIVITIES</i>	10,521	479,520
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(319,631)	(50,371)
Purchase of Investments	-	(611,598)
Interest and Dividends Reinvested	(18,251)	(29,817)
Proceeds on Sale of Investments	500,000	829,816
	<u>162,118</u>	<u>138,030</u>
<i>NET CASH PROVIDED BY INVESTING ACTIVITIES</i>	162,118	138,030
<i>NET INCREASE IN CASH AND CASH EQUIVALENTS</i>	172,639	617,550
Cash and Cash Equivalents - Beginning of Year	<u>1,191,576</u>	<u>574,026</u>
<i>CASH AND CASH EQUIVALENTS - END OF YEAR</i>	<u>\$ 1,364,215</u>	<u>\$ 1,191,576</u>

The Accompanying Notes are an Integral Part of These Financial Statements

TEAM RUBICON, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 - ORGANIZATION

Team Rubicon, Inc. (Team Rubicon) is a nonprofit global humanitarian organization founded in 2010. Team Rubicon's primary mission is providing disaster relief to those affected by natural disasters, domestic or international. By pairing the skills and experiences of military veterans with first responders, medical professionals and technology solutions, Team Rubicon aims to provide the greatest service and impact possible. Through continued service, Team Rubicon seeks to provide veterans with three things they lose after leaving the military: a purpose, gained through disaster relief; community, built by serving with others; and self-worth, from recognizing the impact one individual can make. Coupled with leadership development and other opportunities, Team Rubicon looks to help veterans transition from military to civilian life.

Since 2010, Team Rubicon has grown to over 40,000 registered volunteers and responded to over 140 disasters, including large-scale events such as the Haiti earthquake, Superstorm Sandy, Joplin tornado, and others. The organization's work has been recognized by numerous awards, including, but not limited to, CNN Heroes, the Classy Awards, the Heinz Award, the Grinnell Prize, The Manhattan Institute, and the Lincoln Awards. Its work has also been covered by dozens of media outlets, including ABC News, NBC, CNN, Fox, MSNBC, ESPN, The New York Times, Time Magazine, and others.

In addition to disaster response, Team Rubicon focuses on preparing volunteers and communities alike for disasters before they happen. Its training department has trained thousands of volunteers in skills such as incident command, safe chainsaw operations, heavy equipment usage, expedient home repairs and other skills.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of Team Rubicon are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

TEAM RUBICON, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) ACCOUNTING (continued)

- **Temporarily Restricted.** Team Rubicon reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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 purpose or time restrictions. Team Rubicon has \$1,722,978 of temporarily restricted net assets at December 31, 2016.
- **Permanently Restricted.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit Team Rubicon to expend all of the income (or other economic benefits) derived from the donated assets. Team Rubicon has no permanently restricted net assets at December 31, 2016.

(c) CASH AND CASH EQUIVALENTS

For financial statement purposes, Team Rubicon considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Team Rubicon maintains its cash and cash equivalents in bank deposit and money market accounts which, at times, may exceed federally insured limits. Team Rubicon has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The carrying value of cash and cash equivalents at December 31, 2016 approximates its fair value.

(d) INVESTMENTS

Investments in equity and debt securities with readily determinable fair values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Interest and dividend income and gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulations or by law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investments are made at the direction of Team Rubicon's Board of Directors. The investments are managed by outside investment managers contracted by Team Rubicon.

TEAM RUBICON, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Unconditional contributions and grants, including pledges recorded at estimated fair value, are recognized as revenues in the period received. Team Rubicon reports unconditional contributions and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met. At December 31, 2016, Team Rubicon had received \$9,191,000 of conditional promises to give.

Pledges receivable expected to be collected within one year are recorded at their net realizable value. Pledges receivable expected to be collected in future years are recorded at the present value of estimated future cash flows discounted at an appropriate market interest rate at the time of the contribution. Team Rubicon used a discount rate of 5% to calculate the present value of pledges receivable. The discount amounted to \$17,857 at December 31, 2016.

At December 31, 2016, the Team Rubicon evaluated the collectability of pledges receivable and determined that no allowance for uncollectible pledges receivable was necessary.

(f) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year. The estimated useful lives of property and equipment are as follows:

Field Equipment	5 - 10 Years
Field Communication Equipment	5 Years
Computer Equipment and Software	3 Years
Furniture and Office Equipment	7 Years
Leasehold Improvements	Lease Term
Audiovisual and Media Equipment	5 Years

(g) LONG-LIVED ASSETS

Team Rubicon reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the year ended December 31, 2016.

TEAM RUBICON, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived 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. During the year ended December 31, 2016 Team Rubicon received in-kind contributions of \$2,810,391 which includes donated field communication equipment of \$126,398 and other donated services of \$2,683,993.

A substantial number of volunteers have donated significant amounts of their time to Team Rubicon. The services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized in the accompanying financial statements.

(i) INCOME TAXES

Team Rubicon is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) as a charitable organization whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. Team Rubicon currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. Team Rubicon is also exempt under California Revenue and Taxation Code Section 23701d.

(j) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing Team Rubicon's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

(k) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

(l) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted principles. Accordingly, such information should be read in conjunction with Team Rubicon's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

TEAM RUBICON, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and providing additional information about the amounts recorded in the financial statements. For Team Rubicon, the ASU will be effective for the year ending December 31, 2020.

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which is intended to reduce complexity in financial reporting. The ASU focuses on improving the current net asset classification requirements and information presented in financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. For Team Rubicon, the ASU will be effective for the year ending December 31, 2018.

(n) SUBSEQUENT EVENTS

Team Rubicon has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2016 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through July 13, 2017, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as described in Note 3.

NOTE 3 - INVESTMENTS

Team Rubicon has implemented the accounting standard for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs utilize unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

TEAM RUBICON, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2016

NOTE 3 - INVESTMENTS (continued)

The following table presents information about Team Rubicon's assets that are measured at fair value on a recurring basis at December 31, 2016 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Fixed Income	\$ 849,266	\$ 849,266	\$ -	\$ -
Equity Funds	267,436	267,436	-	-
Hedge Funds	164,375	164,375	-	-
Common Stock	19,500	19,500	-	-
<i>TOTAL</i>	\$ 1,300,577	\$ 1,300,577	\$ -	\$ -

The fair values of the securities within level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

Team Rubicon recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and 2 investments generally relate to whether a market becomes active or inactive. Transfers between Level 2 and 3 investments related to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels during the year ended December 31, 2016.

Investment loss (net) for the year ended December 31, 2016 is comprised of the following:

Interest and Dividends	\$ 30,883
Net Realized and Unrealized Loss	(31,063)
Management Fees	(12,633)
<i>INVESTMENT LOSS (NET)</i>	\$ (12,813)

Subsequent to year end, Team Rubicon transferred all investment funds to a bank deposit account.

NOTE 4 - CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable are expected to be collected as follows:

Within One Year	\$ 1,315,371
In One to Five Years	375,000
<i>TOTAL</i>	1,690,371
Less: Present Value Discount	(17,857)
<i>CONTRIBUTIONS AND PLEDGES RECEIVABLE (NET)</i>	\$ 1,672,514

TEAM RUBICON, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2016

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2016 consist of the following:

Field Equipment	\$	493,976
Field Communication Equipment		109,304
Computer Equipment and Software		66,128
Furniture and Office Equipment		57,925
Leasehold Improvements		56,559
Audiovisual and Media Equipment		44,012
TOTAL		827,904
Less: Accumulated Depreciation		(171,863)
PROPERTY AND EQUIPMENT (NET)	\$	656,041

Depreciation expense for the year ended December 31, 2016 was \$83,148.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING UNDER OPERATING LEASES

Team Rubicon leases its Los Angeles office space under a non-cancelable operating lease agreement which expires in February 2023. As of December 31, 2016, future minimum lease payments under these leases are as follows:

Years Ending December 31

2017	\$	386,078
2018		335,841
2019		339,306
2020		329,425
2021		339,308
Thereafter		408,019
TOTAL	\$	2,137,977

Rent expense for the year ended December 31, 2016 was \$375,481.

(b) LEGAL PROCEEDINGS

In the ordinary course of conducting its business, Team Rubicon may become involved in various lawsuits. Some of these proceedings may result in judgments being assessed against Team Rubicon which, from time to time, may have an impact on its change in net assets. Team Rubicon does not believe that these proceedings, individually or in the aggregate, are material to the accompanying financial statements.

TEAM RUBICON, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016 are restricted for the following purposes:

Training	\$	446,028
Division 1		283,840
Clay Hunt Fellowship Program		268,237
Leadership Conference		250,000
Mobile Training Center		118,528
Region 7		144,176
Region 4, 5 and 6		75,629
International Ready Reserve		60,890
Region 8		41,593
Chainsaw Equipment		21,280
Gulf Coast Recovery		10,202
Region 10		2,575
		<hr/>
TEMPORARILY RESTRICTED		
NET ASSETS	\$	<u>1,722,978</u>

NOTE 8 - DUE FROM AFFILIATE

Team Rubicon Global is a nonprofit organization that incubates, launches, oversees and enables Team Rubicon organizations in countries around the world. It helps them reach maturity and supports international deployments. Team Rubicon Global maintains brand control, shares stories, sets operating standards, and maintains strategic international relationships. Team Rubicon Global was co-founded by Team Rubicon's co-founders, who currently serve on the Boards of Directors of both organizations. Team Rubicon has provided funding to Team Rubicon Global and at December 31, 2016, the amount owed to Team Rubicon by Team Rubicon Global amounted to \$262,798. \$254,000 of this balance due will be repaid to Team Rubicon ratably over a one-and-a-half year period once Team Rubicon Global achieves certain revenue levels. The remaining balance due of \$8,798 will be repaid during 2017.

NOTE 9 - EMPLOYEE BENEFIT PLAN

Team Rubicon sponsors a 401(k) retirement plan that covers all full-time and part-time employees. Participating employees may elect to contribute on a tax-deferred basis a portion of their compensation. Team Rubicon contributes an amount equal to 100% of each participant's contribution up to a maximum of 4% of eligible compensation. Team Rubicon may also elect to make additional discretionary contributions to the plan. Team Rubicon's contribution for the year ended December 31, 2016 amounted to \$144,130.