



Reviewed Financial Statements

Year Ended December 31, 2012

(With Comparative Totals for 2011)



First Descents

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First Descents

Contents

Independent Accountants' Review Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Summary of Significant Accounting Policies	6 – 10
Notes to Financial Statements	11 – 13



Independent Accountants' Review Report

First Descents
Denver, Colorado

We have reviewed the accompanying statement of financial position of First Descents (a non-profit corporation) as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion. The prior year summarized comparative information has been derived from First Descents' 2011 financial statements and, in our report dated May 23, 2012, we expressed that we were unaware of any material modifications that should be made to those 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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report. Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States.

Anton Collins Mitchell LLP

May 17, 2013

First Descents

Statement of Financial Position

<i>December 31,</i>	2012	2011
Assets		
Cash and cash equivalents	\$ 483,326	\$ 464,953
Grants receivable	88,000	-
Contributions receivable	41,190	54,396
Prepaid expenses	98,220	51,142
Inventory	4,071	4,510
Property and equipment, net	91,373	105,391
Other assets	5,195	16,323
Total assets	\$ 811,375	\$ 696,715
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 115,073	\$ 28,340
Payable to related party	-	39,394
Total liabilities	115,073	67,734
Commitments and contingencies		
Net Assets		
Unrestricted	646,302	478,981
Temporarily restricted	50,000	150,000
Total net assets	696,302	628,981
Total liabilities and net assets	\$ 811,375	\$ 696,715

See accompanying summary of accounting policies, notes to financial statements, and independent accountants' review report.

First Descents

Statement of Activities

<i>Year Ended December 31,</i>	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
Support, revenue and gains				
Team FD, net	\$ 665,508	\$ -	\$ 665,508	\$ 618,627
Net store income (loss)	3,638	-	3,638	(342)
Net event income	338,573	-	338,573	276,636
General contributions	332,972	-	332,972	293,092
Grants	515,546	50,000	565,546	472,206
Other income	543	-	543	345
Net assets released from restriction	150,000	(150,000)	-	-
Total support, revenue and gains	2,006,780	(100,000)	1,906,780	1,660,564
Expenses				
Program services	1,587,807	-	1,587,807	1,020,041
Administrative	107,829	-	107,829	113,912
General donor development	245,186	-	245,186	167,590
Total expenses	1,940,822	-	1,940,822	1,301,543
Change in net assets before other expenses	65,958	(100,000)	(34,042)	359,021
Other income (expenses)	101,363	-	101,363	(48,332)
Change in net assets	167,321	(100,000)	67,321	310,689
Net assets, beginning of period	478,981	150,000	628,981	318,292
Net assets, end of period	\$ 646,302	\$ 50,000	\$ 696,302	\$ 628,981

See accompanying summary of accounting policies, notes to financial statements, and independent accountants' review report.

First Descents

Statement of Functional Expenses

<i>Year Ended December 31,</i>	2012					2011
Description of Expenses	Supporting Services					Total
	Fundraising					
	Programs	Team FD	Development	Administrative	Total	
Salaries and wages	\$ 378,175	\$ 47,982	\$ 144,947	\$ 52,489	\$ 623,593	\$ 418,122
Payroll taxes and benefits	68,553	6,172	18,522	9,825	103,072	60,667
Accounting, legal, and consulting fees	-	-	-	18,396	18,396	9,761
Alumni outreach	25,297	-	-	-	25,297	25
Bank and merchant fees	-	48,905	4,543	827	54,275	45,736
Conferences and meetings	9,450	-	139	-	9,589	16,135
Contract staff	376,460	-	19,909	5,870	402,239	303,503
Cost of direct benefit to donors	-	-	378,100	-	378,100	250,942
Cost of goods sold	-	-	8,919	-	8,919	2,841
Depreciation	18,158	-	6,504	636	25,298	6,168
Dues and subscriptions	-	-	-	1,348	1,348	806
Event entries	-	77,634	-	-	77,634	44,214
Events	-	-	660,835	-	660,835	273,343
Insurance	6,913	-	-	4,306	11,219	4,841
IT/web development	9,317	-	1,084	-	10,401	27,927
Marketing	29,662	5,342	4,127	-	39,131	71,468
Participant recruiting	46,858	-	-	-	46,858	69,123
Payroll processing expenses	1,109	-	508	340	1,957	2,031
Postage and shipping	4,649	6,041	886	-	11,576	8,702
Program equipment and vehicle rentals	78,282	-	-	-	78,282	59,701
Program facilities rent	195,514	-	-	-	195,514	95,172
Program meals	92,325	-	-	-	92,325	57,875
Program supplies	31,556	-	-	-	31,556	19,554
Public relations	19,088	-	6,666	-	25,754	26,500
Rent, utilities, and supplies	26,231	3,948	18,260	8,318	56,757	20,599
Travel and meals	170,210	384	19,091	5,474	195,159	121,027
Total	1,587,807	196,408	1,293,040	107,829	3,185,084	2,016,783
Less expenses netted against revenue:						
Other Team FD costs	-	118,774	-	-	118,774	143,900
Events	-	-	660,835	-	660,835	273,343
Cost of direct benefit to donors	-	77,634	378,100	-	455,734	295,156
Direct store expense	-	-	8,919	-	8,919	2,841
Total Expenses	\$ 1,587,807	\$ -	\$ 245,186	\$ 107,829	\$ 1,940,822	\$ 1,301,543
Functional expenses as percentage of total expense	81%	0%	13%	6%	100%	

See accompanying summary of accounting policies, notes to financial statements, and independent accountants' review report.

First Descents

Statement of Cash Flows

<i>Year Ended December 31,</i>	2012	2011
Cash flows from operating activities		
Change in net assets	\$ 67,321	\$ 310,689
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	25,298	6,168
(Increase) decrease in operating assets:		
Grants and contributions receivable	(74,794)	(54,396)
Prepaid expenses	(47,078)	(37,385)
Inventory	439	17,013
Other assets	11,128	17,062
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	86,733	21,452
Net cash flows from operating activities	69,047	280,603
Cash flows from investing activities		
Purchase of property and equipment	(16,029)	(99,183)
Proceeds from sale of property and equipment	4,749	-
Net cash flows from investing activities	(11,280)	(99,183)
Cash flows from financing activities		
(Repayments to) borrowed from related party	(39,394)	39,394
Net change in cash and cash equivalents	18,373	220,814
Cash and cash equivalents, beginning of year	464,953	244,139
Cash and cash equivalents, end of year	\$ 483,326	\$ 464,953

See accompanying summary of accounting policies, notes to financial statements, and independent accountants' review report.

First Descents

Summary of Significant Accounting Policies

Organization

First Descents is a non-profit organization established in 2003 in Colorado, whose mission is to offer young adult cancer fighters and survivors a free outdoor adventure experience designed to empower them to climb, paddle and surf beyond their diagnosis, defy their cancer, reclaim their lives and connect with others doing the same. First Descents places an emphasis on each individual's experience and provides the right support for every participant to achieve their goals every week. The experience is designed to allow healing to happen naturally and organically, no forced conversations and no structured group sessions or therapy.

First Descents fulfills its mission at no charge to participants, and relies financially on donations and grants to fund continuing operating costs. Substantially all net event income comes from the Organization's two major fundraising events.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"), as promulgated in the Financial Accounting Standards Board ("FASB") publication, *FASB Accounting Standards Codification*TM ("FASB Codification" or "ASC").

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with our reviewed financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Cash and Cash Equivalents

First Descents considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

Inventory

Inventory consists of items that are sold via the website and are valued at the lower of cost or market on the first-in, first-out basis.

See accompanying independent accountants' review report.

First Descents

Summary of Significant Accounting Policies

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of expenses paid in advance of services or goods provided. The majority of such amounts are for down payments to secure outfitter services or lodging for upcoming programs. Typically 50% is paid upfront to secure the reservations and the rest is paid at the time of the program.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue in years subsequent to initial recognition. Conditional promises to give are not included as support until the conditions are substantially met. At December 31, 2012, contributions receivable primarily consisted of contributions from corporations and foundations, and are expected to be received within one year.

Subsequent to initial recognition, management uses the allowance method to determine the uncollectible amounts. The allowance is based upon historical experience, assessment of the current economic environment, and analysis of subsequent events. At December 31, 2012, management determined that an allowance was not necessary based on the nature of the receivables.

Property and Equipment

Property and equipment is recorded at cost, or if donated, at fair value on the date of donation. First Descents capitalizes all additions and donations of property and equipment over \$500 which are expected to have a useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to seven years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation is removed from the accounts, and any resulting gain or loss is included in the statement of activities. Repair and maintenance costs are charged to expense when incurred.

Summary of Significant Accounting Policies

Impairment of Long-Lived Assets

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the statement of activities, to its current fair value. Management has determined that there were no indicators of impairment during the year ended December 31, 2012.

Unrestricted Net Assets

Unrestricted net assets are available for use in general operations.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts that are subject to donor restrictions that may or will be met by expenditures or actions of First Descents and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure.

Donor-restricted contributions, including promises to give, are recorded as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. 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 restriction.

Permanently Restricted Net Assets

Permanently restricted net assets consist of assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of First Descents. These restrictions stipulate that resources must be maintained permanently, but permit First Descents to expend the income generated in accordance with the provisions of the gift agreements. There were no permanently restricted net assets at December 31, 2012.

Revenue Recognition

Revenue is recognized when earned and collectability is reasonably assured. Contributions are recognized when cash, other assets, or an unconditional promise to give is received.

First Descents

Summary of Significant Accounting Policies

In Kind Contributions

In kind professional services are recorded at the respective fair values of the services received. Donated goods are recorded at fair value at the date of donation. Volunteers contribute time to First Descents' program, administrative, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by the FASB Codification.

Expenses

Expenses are recognized when incurred. Expenses paid in advance but not yet incurred are deferred to the applicable period.

Functional Allocation of Expenses

The costs of conducting the First Descents program and supporting service activities are presented on a functional basis in the statement of activities. The details of functional expenses by natural classification are presented in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Concentrations and Credit Risks

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. First Descents has never experienced any losses related to these balances. All of First Descents' non-interest bearing cash balances were fully insured at December 31, 2012 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under the program, there was no limit to the amount of insurance for certain eligible accounts. Beginning 2013, insurance coverage reverted to \$250,000 per depositor at each financial institution, and First Descents' non-interest bearing cash balances may again exceed federally insured limits. First Descents had \$120,888 interest-bearing amounts on deposit in excess of federally insured limits at December 31, 2012.

See accompanying independent accountants' review report.

First Descents

Summary of Significant Accounting Policies

At December 31, 2012, 39% of the total grants receivable and contributions receivable were from one organization. Of the total 2012 revenue, 13% was received from one corporation.

Reclassifications

Certain reclassifications have been made to the prior year summarized financial information presentation to conform to the current year's presentation. These reclassifications had no effect on net assets or change in net assets.

Taxes and Tax-Exempt Status

First Descents is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. First Descents qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1). However, income from activities not directly related to First Descents' tax-exempt purpose is subject to taxation as unrelated business income.

First Descents believes that it has conducted its operations in accordance with, and has properly maintained, its tax-exempt status, and that it has taken no material uncertain tax positions that qualify for recognition or disclosure in the financial statements. First Descents is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2009.

First Descents

Notes to Financial Statements

1. TEAM FD

Team FD is a fundraising platform where individuals sign up for challenging events and ask for support for First Descents in honor of their challenge. Team FD is First Descents' largest single source of support, representing \$861,916 during the year ended December 31, 2012. Expenses incurred to generate this support are reported as fundraising expenses on the statement of functional expenses and were \$196,408 during the year ended December 31, 2012, resulting in a net benefit of \$665,508 as reported on the statement of activities.

2. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at:

<i>December 31,</i>	2012
Vehicle	\$ 92,000
Fixtures and equipment	36,150
	128,150
Less accumulated depreciation	(36,777)
	\$ 91,373

3. IN-KIND CONTRIBUTIONS

In-kind contributions are reflected as contributions and expense at their estimated fair values at the date of receipt. In-kind contributions consisted of the following as reported in the statement of activities:

<i>December 31,</i>	2012		
	Net Event Income	General Contributions	Total
Non-Cash Prizes	\$ 339,430	\$ -	\$ 339,430
Food and Beverages	38,670	-	38,670
Event Rent	3,800	-	3,800
Salaries and wages	-	16,670	16,670
Legal	-	8,640	8,640
	\$ 381,900	\$ 25,310	\$ 407,210

See accompanying independent accountants' review report.

First Descents

Notes to Financial Statements

4. RESTRICTIONS ON NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions restricted by donors for particular purposes or periods. Releases from restrictions were as follows during the year ended:

<i>December 31,</i>	2012
Purpose:	
Recruiting	\$ 50,000
Research study	50,000
Alumni outreach	50,000
Change in Temporarily Restricted Net Assets	\$ 150,000

Temporarily restricted net assets consisted of \$50,000 restricted to use in a future period.

5. COMMITMENTS AND CONTINGENCIES

Lease

On December 1, 2011, First Descents entered into an operating lease for real property and improvements to be used as office space which expires on November 30, 2014. The lease requires a \$5,000 deposit and payments ranging from \$2,500 to \$3,500 per month. Rent expense is recorded based on the payments made as First Descents believes the results are immaterially different from the straight-line method. Rent expense under this lease for the year ended December 31, 2012 totaled \$32,700.

Future minimum payments on this lease are as follows:

<i>Years ended December 31,</i>	
2013	\$ 40,930
2014	38,750
Total	\$ 79,680

See accompanying independent accountants' review report.

First Descents

Notes to Financial Statements

6. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2012, First Descents repaid \$39,394 to related parties, borrowed interest free in 2011 from several board members to cover certain costs.

During the year ended December 31, 2012, an entity controlled by a board member provided in-kind contributions of salaries and wages for accounting services valued at \$16,670.

7. SUBSEQUENT EVENTS

First Descents has evaluated subsequent events through May 17, 2013, which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.