

AMERICAN CORPORATE PARTNERS, INC.

Financial Statements and
Independent Auditors' Report
Years Ended
December 31, 2018 and 2017

AMERICAN CORPORATE PARTNERS, INC.

Financial Statements
Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Corporate Partners, Inc.

Report on the Financial Statements

We have audited the accompanying statements of financial position of American Corporate Partners, Inc. as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years 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 of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Corporate Partners Inc. as of December 31, 2018 and 2017 and the changes in net assets and its cash flows for the years ended December 31, 2018 and 2017 in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "RBSM LLP". The letters are bold and slightly slanted, with a cursive-like flow.

RBSM LLP

New York, New York
April 1, 2019

**AMERICAN CORPORATE PARTNERS, INC.
STATEMENTS OF FINANCIAL POSITION**

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 4,946,486	\$ 3,476,449
Certificate of deposit - restricted	301,790	303,758
Prepaid expenses	36,741	27,154
Leasehold improvements, furniture and equipment-net	<u>240,813</u>	<u>285,808</u>
TOTAL ASSETS	\$ <u>5,525,830</u>	\$ <u>4,093,169</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ <u>275,181</u>	\$ <u>188,851</u>
TOTAL LIABILITIES	<u>275,181</u>	<u>188,851</u>
Net Assets :		
Net assets without donor restrictions	<u>5,250,649</u>	<u>3,904,318</u>
TOTAL NET ASSETS	<u>5,250,649</u>	<u>3,904,318</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>5,525,830</u>	\$ <u>4,093,169</u>

See accompanying notes to financial statements

AMERICAN CORPORATE PARTNERS, INC.
STATEMENTS OF ACTIVITIES

	Years ended December 31,	
	2018	2017
<u>CONTRIBUTIONS AND PROGRAM REVENUES:</u>		
Grants in cash	\$ 5,359,947	\$ 3,362,753
TOTAL CONTRIBUTIONS	5,359,947	3,362,753
<u>EXPENSES:</u>		
(See Schedule of Functional Expenses for detail)		
Programs	3,398,275	3,210,551
Fundraising	330,004	29,126
Support services	290,946	320,154
TOTAL EXPENSES	4,019,225	3,559,831
CHANGE IN NET ASSETS BEFORE OTHER INCOME	1,340,722	(197,078)
<u>OTHER INCOME:</u>		
Interest income	5,609	4,641
TOTAL OTHER INCOME	5,609	4,641
CHANGE IN NET ASSETS	1,346,331	(192,437)
NET ASSETS, BEGINNING OF YEAR	3,904,318	4,096,755
NET ASSETS, END OF YEAR	\$ 5,250,649	\$ 3,904,318

See accompanying notes to financial statements

**AMERICAN CORPORATE PARTNERS, INC.
STATEMENTS OF CASH FLOWS**

	Years Ended December 31,	
	2018	2017
<u>OPERATING ACTIVITIES</u>		
CHANGE IN NET ASSETS	\$ 1,346,331	\$ (192,437)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	52,775	54,617
Increase (decrease) in prepaid expenses	(9,587)	(9,664)
Increase in accounts payable and accrued expenses	86,330	118,826
	129,518	163,779
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,475,849	(28,658)
<u>INVESTING ACTIVITIES</u>		
Certificate of deposit - security for letter of credit	1,968	(1,968)
Purchase of furniture, equipment and website costs	(7,780)	(14,392)
NET CASH USED IN INVESTING ACTIVITIES	(5,812)	(16,360)
<u>FINANCING ACTIVITIES</u>		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,470,037	(45,018)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,476,449	3,521,467
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,946,486	\$ 3,476,449
Cash Paid for:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

See accompanying notes to financial statements

American Corporate Partners, Inc.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE A: DESCRIPTION OF THE ORGANIZATION

American Corporate Partners ("ACP") is a New York City based non-profit organization incorporated in the State of New York in November 2007 and approved for 501(c)(3) status on September 12, 2008. ACP consists of two programs: The ACP Veteran Mentoring Program, and ACP AdvisorNet. Both programs are dedicated to helping service members and veterans of the armed services transition to the corporate environment. The ACP Veteran Mentoring Program provides current and past military members with mentoring and networking opportunities offered by employees of some of America's leading corporations and select universities. The Mentoring Program offers both local and national (long-distance) mentorships depending on geography and preferences. At the conclusion of 2018, approximately 3,031 veteran Proteges were paired with corporate Mentors throughout the United States. ACP expects this number of mentorships to increase significantly in the years ahead.

ACP's Veteran Mentoring Program provides a unique career development opportunity to veterans, from former enlisted members and officers to current Reservists and National Guard members who have served on active duty since 2001. The Mentoring Program also accepts applications from spouses of those service members severely wounded or killed while serving. ACP's Mentoring Program is not a jobs program; rather, it is designed to assist veterans in their career development.

On November 11, 2011, ACP launched ACP AdvisorNet. ACP AdvisorNet is a free, online "Quick Question Community" connecting veterans and their family members with business leaders across the country. Through an interactive Q&A platform, veterans can ask questions about career development, employment and small business and receive advice from business professionals with expertise in a variety of different fields. ACP AdvisorNet is open to all current and former members of the U.S. Military and their immediate family, as well as business leaders nationwide looking to share their expertise and advice.

On November 13, 2018, ACP launched its active duty spouse mentoring program, to offer career mentorships to spouses of active duty service members nationwide. There are more than 600,000 spouses of active duty service members nationwide and with frequent moves, service member deployments and a lack of portable careers, many active duty spouses struggle to focus on their own career development. ACP expects to mentor approximately 1,500 spouses over the next two years.

As of December 31, 2018, ACP's Corporate Partners included: 21st Century Fox, AECOM, AIG, American Academy of Orthopaedic Surgeons, Amgen, Aon, Arconic, AT&T, Axalta, Bank of America Merrill Lynch, BlackRock, Bloomberg, BP, Bristol-Myers Squibb, Cargill, CBS Veterans Network, China Construction America, CliftonLarsonAllen, The Coca-Cola Company, Colgate-Palmolive Company, Constellium, Credit Suisse, Deere & Company, Deloitte LLP, Disney, Emerson, Fidelity, Entergy, First American Financial Corporation, General Motors, Genesee & Wyoming, Harvard University, Hospital Corporation of America, Hearst Corporation, The Home Depot, IBM, International Paper, Johnson & Johnson, Johnson Controls, Kaiser Permanente, Liberty Mutual Group, Lockheed Martin, Major League Baseball, MasterCard, MetLife, Morgan Stanley, Mosaic, MSC Industrial Supply, News Corporation, Northrop Grumman, Occidental Petroleum Corporation, Partners Healthcare, PepsiCo, PNC, PwC, Raytheon, S&P Global, SKF, Tegna, TIAA, Travelers, The Trump Organization, UBS, UMB Financial Corporation, Unilever, University of Phoenix, University of Texas System, UPS, Unibail-Rodamco-Westfield, USAA, Vanguard, Visa, Wells Fargo, and Whirlpool.

American Corporate Partners, Inc.
Notes to Financial Statements
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Funding for the organization has been obtained through a one-time contribution from ACP's Founder, Sidney E. Goodfriend, and through financial contributions from ACP's Corporate Partners and additional contributors.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation of Financial Statements

The Financial Accounting Standards Board's guidance on, "Financial Statements of Not-for-Profit Organizations," requires that Net Assets be presented as being either net assets without donor restrictions or net assets with donor restrictions. Net assets without donor restrictions result from contributions whose use is not subject to donor-imposed restrictions. Net assets with donor restrictions result from contributions whose use is subject to donor-imposed restrictions. A donor imposed restriction specifies a use of such contributed asset that is more specific than the broad limits which the Company operates.

Accrual Basis

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

Cash and Cash Equivalents

The Company considers highly liquid financial instruments with maturities of three months or less at the time of purchase to be cash equivalents.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The organization's revenue is obtained through sponsorship from corporations and donations from individuals. It is the policy of the organization to record these contributions when the pledges are received.

Contributions and Grants

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as net assets with donor restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions. Otherwise, when a donor imposed restriction expires, net assets with donor restrictions are reclassified to be net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

American Corporate Partners, Inc.
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

Contributed/ Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills that are performed by people with those skills, and would otherwise be purchased by the Organization. They are recorded at their fair values in the period received. Volunteers also provided other services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met.

Consideration of Credit Risk

ACP maintains its cash in bank deposits at high credit quality financial institutions. The balances, at times, may exceed federally insured limits of \$250,000. At December 31, 2018 ACP cash balances exceeded the federal limits by \$4,696,486. At December 31, 2017 ACP cash balances exceeded the federal limits by \$3,226,449.

Depreciation and Amortization

Depreciation and amortization of furniture and equipment and web site costs are calculated over the estimated useful lives of the respective assets, 3-7 years, using the straight-line method.

Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the Statements of Activities and in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on management's estimate of the benefit to the related program and supporting service and certain expenses are allocated to program, general and administrative and fundraising based on a percentage of space utilization. The allocation of expenses at December 31, 2018 were allocated at approximately 90% to program, 3% to support services and 7% to fundraising expenses. The allocation of expenses at December 31, 2017 were allocated at approximately 93% to program, 6% to support services and 1% to fundraising.

Income Taxes

ACP is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, if expenses on certain transportation benefits or income from certain activities not directly related to the Organization's tax-exempt purpose were received, it would be subject to taxation as unrelated business income. Effective January 1, 2018, some new tax regulations became effective for purposes of taxing certain transportation benefits offered to employees, such as the pre-tax transit checks. The 2018 tax levied for these benefits amounts to \$12,447 and has been recorded as a payroll expense. Separately, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organizations' tax returns for the years 2015-2018 remain open to an Internal Revenue Service audit.

American Corporate Partners, Inc.
Notes to Financial Statements
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Fair Value of Financial Instruments

Effective June 1, 2008, the Company adopted the guidance in the Fair Value Measurements and Disclosure Topic of the Accounting Standards Codification for assets and liabilities measured at fair value on a recurring basis. This guidance establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The adoption of this guidance did not have an impact on the Company's financial position or operating results, but did expand certain disclosures. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

between market participants at the measurement date. Additionally, the guidance requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

Level 1: Quoted prices in active markets.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

The fair values of financial assets of the company were determined using the following categories at December 31, 2018:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Value at December 31, 2018
Certificate of Deposit - Restricted	\$ 301,790	-	\$ 301,790
Cash Equivalents	504,944		504,944
	<u>\$ 806,734</u>	<u>\$ -</u>	<u>\$ 806,734</u>

The marketable securities presented above consist of a certificate of deposit which serves as collateral for a letter of credit required and evidenced in the Company's lease agreement. See Footnote G below for further details. This certificate of deposit has a twelve month term and matured on January 28, 2019 and bears interest at .65%. This certificate of deposit has subsequently been renewed with a new maturity date of January 28, 2020.

Cash and cash equivalents of \$4,946,486, include money market securities (cash equivalents), of \$504,944, that are considered to be highly liquid and easily tradeable as of December 31, 2018. These securities are valued using inputs observable in active markets for identical securities and are therefore classified as Level 1 within our fair value hierarchy.

American Corporate Partners, Inc.
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The fair values of financial assets of the company were determined using the following categories at December 31, 2017:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Value at December 31, 2017
Certificate of Deposit -		-	
Restricted	\$ 303,758		\$ 303,758
Cash Equivalents	500,299		500,299
	\$ 804,057	\$ -	\$ 804,057

The marketable securities presented above consist of a certificate of deposit which serves as collateral for a letter of credit required and evidenced in the Company’s lease agreement. See Footnote G below for further details. This certificate of deposit matured on January 28, 2018 and bears interest at .65%, and has subsequently been renewed with a new maturity date of January 28, 2019.

Cash and cash equivalents of \$3,476,449, include money market securities (cash equivalents), of \$500,299, that are considered to be highly liquid and easily tradeable as of December 31, 2017. These securities are valued using inputs observable in active markets for identical securities and are therefore classified as Level 1 within our fair value hierarchy.

Restrictions on Net Assets

The Company has a restricted certificate of deposit which is held as collateral for a letter of Credit required by the leasing company where the Company resides. There are no other restrictions on net assets, revenues or expenses at the end of 2018 and 2017. The Statements of Financial Position and Statement of Activities is presented to reflect all net assets, revenues and expenses as either restricted or non- restricted.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) “ASU 2016 – 02 Leases” intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organization that lease assets such as real estate, and equipment, including office equipment.

The ASU will require organizations that lease assets—referred to as “lessees”—to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP—which requires only capital leases to be recognized on the balance sheet—the new ASU will require both types of leases to be recognized on the balance sheet. The ASU on leases will take effect for non-public companies for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. The Company is currently evaluating the impact of this ASU on its financial statements. Early adoption is permitted. The Company has not adopted this guidance for 2017 and is currently evaluating the impact of adopting this guidance.

American Corporate Partners, Inc.
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The Company does not believe any of the other recently issued but not yet effective accounting pronouncements once effective will have any effect on the Company's reporting needs.

NOTE C: LEASEHOLD IMPROVEMENTS, FURNITURE, EQUIPMENT AND SOFTWARE

Leasehold improvements, furniture, computer equipment and software are carried at cost.

Depreciation on Furniture, equipment and software is provided by the straight-line-method at rates calculated to amortize the cost over the estimated lives of the individual assets (3-7 years).

Leasehold improvements were recorded at cost when incurred. These costs are being amortized over the life of the lease (10 years).

Leasehold improvements, furniture, equipment and software consists of the following:

		December 31,	
		2018	2017
Computer equipment	\$	55,496	\$ 47,715
Office furniture		220,994	220,994
Office equipment		103,677	103,677
Database costs	(1)	142,000	142,000
Leasehold improvements		26,402	26,402
Less: accumulated depreciation		(307,756)	(254,980)
Net computer equipment and software	\$	240,813	\$ 285,808

Depreciation expense for the years ended December 31, 2018 and 2017 was \$52,775 and \$54,617, respectively.

(1) The cost of the database was an in-kind contribution.

NOTE D: COMMITMENTS

The Company moved their office to a new location in November 2016. As a result they entered into a new lease, which commenced on November 1, 2016 and expires on October 31, 2026. The lease contains provisions for future rent increases, as well as certain rent free holiday provisions.

Future minimal lease payments are as follows:

For the years ended December 31,

2019	\$	595,612
2020		595,612
2021		602,912
2022		639,407
2023		639,407
Thereafter		1,811,652
Total	\$	4,884,602

American Corporate Partners, Inc.
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During fiscal years ended December 31, 2018 and 2017, the Company's rent expense was \$607,583 and \$607,583, respectively.

The lease agreement also provides for a security deposit of \$300,000, which at December 31, 2018 was evidenced by a letter of credit collateralized by the Company's funds held in a deposit account. The letter of credit matured in February 2019, and is subject to automatic twelve month renewals through 2027, unless the financial institution renders a 60 day notice of non-renewal prior to the annual expiration date.

NOTE E: RELATED PARTY TRANSACTIONS

The founder of ACP, Sid Goodfriend has contributed services and is taking no compensation for his services rendered.

Since inception, the Founder of ACP, Sid Goodfriend contributed \$275,000 of personal funds to ACP.

NOTE F: SUBSEQUENT EVENTS

The Company has evaluated any other subsequent events through April 1, 2019, the financial statement issuance date.

American Corporate Partners, Inc.
Notes to Financial Statements
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SUPPLEMENTARY FINANCIAL INFORMATION

American Corporate Partners, Inc.
Notes to Financial Statements
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SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018:

	<u>Programs</u>	<u>Fund Raising</u>	<u>Support Services</u>	<u>Total</u>
Payroll and personnel costs	\$ 2,615,988	\$ 85,727	\$ 204,292	\$ 2,906,007
Professional fees	7,266	956	24,178	32,400
Fundraising	-	192,103	-	192,103
Depreciation and amortization	47,508	1,557	3,710	52,775
Marketing and promotional	40,472	27,146	5,113	72,731
Technology and web design	23,021	754	1,798	25,573
Travel related expenses	29,563	969	2,309	32,841
Rent and utilities	558,998	18,319	43,654	620,971
Office and other	75,459	2,473	5,892	83,824
	<u>\$ 3,398,275</u>	<u>\$ 330,004</u>	<u>\$ 290,946</u>	<u>\$ 4,019,225</u>

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017:

	<u>Programs</u>	<u>Fund Raising</u>	<u>Support Services</u>	<u>Total</u>
Payroll and personnel costs	\$ 2,398,880	\$ 21,137	\$ 163,534	\$ 2,583,551
Professional fees	15,319	307	21,874	37,500
Depreciation and amortization	50,714	447	3,456	54,617
Marketing and promotional	35,869	980	82,905	119,754
Technology and web design	27,373	241	1,866	29,480
Travel related expenses	26,287	232	1,792	28,311
Rent and utilities	582,046	5,129	39,679	626,854
Office and other	74,063	653	5,048	79,764
	<u>\$ 3,210,551</u>	<u>\$ 29,126</u>	<u>\$ 320,154</u>	<u>\$ 3,559,831</u>