

**TEAM RUBICON, INC.**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

**TEAM RUBICON, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Green Hasson & Janks LLP*

September 26, 2018  
Los Angeles, California

**TEAM RUBICON, INC.**

STATEMENT OF FINANCIAL POSITION  
December 31, 2017  
With Summarized Totals at December 31, 2016

<b>ASSETS</b>	2017			2016 Total
	Unrestricted	Temporarily Restricted	Total	
Cash and Cash Equivalents	\$ 1,128,116	\$ -	\$ 1,128,116	\$ 1,364,215
Investments	10,551,926	10,567,616	21,119,542	1,300,577
Contributions and Pledges Receivable (Net)	2,190,813	1,275,000	3,465,813	1,672,514
Prepaid Expenses and Other Assets	699,666	-	699,666	779,262
Property and Equipment (Net)	1,242,861	-	1,242,861	656,041
<b>TOTAL ASSETS</b>	<b>\$ 15,813,382</b>	<b>\$ 11,842,616</b>	<b>\$ 27,655,998</b>	<b>\$ 5,772,609</b>
 <b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 516,497	\$ -	\$ 516,497	\$ 132,559
Accrued Liabilities	753,857	-	753,857	528,815
<b>TOTAL LIABILITIES</b>	1,270,354	-	1,270,354	661,374
<b>NET ASSETS:</b>				
Unrestricted	14,543,028	-	14,543,028	3,388,257
Temporarily Restricted	-	11,842,616	11,842,616	1,722,978
<b>TOTAL NET ASSETS</b>	<b>14,543,028</b>	<b>11,842,616</b>	<b>26,385,644</b>	<b>5,111,235</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 15,813,382</b>	<b>\$ 11,842,616</b>	<b>\$ 27,655,998</b>	<b>\$ 5,772,609</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**TEAM RUBICON, INC.**

STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

With Summarized Totals for the Year Ended December 31, 2016

	2017			2016 Total
	Unrestricted	Temporarily Restricted	Total	
<b>REVENUE, PUBLIC SUPPORT AND OTHER INCOME:</b>				
Contributions and Grants	\$ 17,896,839	\$ 18,813,091	\$ 36,709,930	\$ 10,368,685
In-Kind Contributions	4,824,188	-	4,824,188	2,810,391
Special Events (Net of Cost of Direct Donor Benefits of \$291,814)	804,469	-	804,469	421,556
Other Income (Loss)	(113,642)	-	(113,642)	2,484
Investment Income (Loss) (Net)	88,702	-	88,702	(12,813)
Net Assets Released from:				
Purpose Restrictions	8,693,453	(8,693,453)	-	-
<b>TOTAL REVENUE, PUBLIC SUPPORT AND OTHER INCOME</b>	<b>32,194,009</b>	<b>10,119,638</b>	<b>42,313,647</b>	<b>13,590,303</b>
<b>EXPENSES:</b>				
Program Services	17,605,082	-	17,605,082	10,479,565
Management and General	1,621,082	-	1,621,082	1,392,367
Fundraising	1,813,074	-	1,813,074	1,309,119
<b>TOTAL EXPENSES</b>	<b>21,039,238</b>	<b>-</b>	<b>21,039,238</b>	<b>13,181,051</b>
<b>CHANGE IN NET ASSETS</b>	<b>11,154,771</b>	<b>10,119,638</b>	<b>21,274,409</b>	<b>409,252</b>
Net Assets - Beginning of Year	3,388,257	1,722,978	5,111,235	4,701,983
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 14,543,028</b>	<b>\$ 11,842,616</b>	<b>\$ 26,385,644</b>	<b>\$ 5,111,235</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**TEAM RUBICON, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2017

With Summarized Totals for the Year Ended December 31, 2016

	2017				2016 Total
	Program Services	Management and General	Fundraising	Total	
Salaries	\$ 3,858,935	\$ 723,954	\$ 863,038	\$ 5,445,927	\$ 4,379,571
Employee Benefits	603,259	120,276	39,257	762,792	569,152
Payroll Taxes	282,722	52,010	61,004	395,736	359,194
<b>TOTAL PERSONNEL COSTS</b>	<b>4,744,916</b>	<b>896,240</b>	<b>963,299</b>	<b>6,604,455</b>	<b>5,307,917</b>
Field Expenses and Travel	7,270,592	28,795	94,358	7,393,745	5,220,760
Technology, Office Equipment and Supplies	2,431,257	97,688	178,629	2,707,574	649,350
Professional Services	779,137	388,338	106,346	1,273,821	560,025
Marketing	1,088,171	4,866	92,880	1,185,917	358,569
Other Business Expenses	463,344	99,128	304,350	866,822	240,142
Rent, Parking and Utilities	470,949	74,795	68,012	613,756	532,275
Depreciation	115,579	16,674	5,139	137,392	80,873
Insurance	116,137	14,558	61	130,756	119,140
Awards, Fellowships and Grants	125,000	-	-	125,000	112,000
<b>TOTAL 2017 FUNCTIONAL EXPENSES</b>	<b>\$ 17,605,082</b>	<b>\$ 1,621,082</b>	<b>\$ 1,813,074</b>	<b>\$ 21,039,238</b>	
	84%	8%	8%	100%	
<b>TOTAL 2016 FUNCTIONAL EXPENSES</b>	<b>\$ 10,479,565</b>	<b>\$ 1,392,367</b>	<b>\$ 1,309,119</b>		<b>\$ 13,181,051</b>
	80%	10%	10%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

**TEAM RUBICON, INC.**

**STATEMENT OF CASH FLOWS**

Year Ended December 31, 2017

With Summarized Totals for the Year Ended December 31, 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 21,274,409	\$ 409,252
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	137,392	83,148
Net Realized and Unrealized Loss on Investments	2,998	31,063
Present Value Discount on Contributions and Pledges Receivable	-	17,857
Contributed Stock	(106,129)	(5,789)
Contributed Property and Equipment	-	(126,398)
Loss on Disposal of Property and Equipment	105,668	7,296
(Increase) Decrease in:		
Contributions and Pledges Receivable	(1,793,299)	(685,030)
Prepaid Expenses and Other Assets	79,596	(120,313)
Increase in:		
Accounts Payable	383,938	39,052
Accrued Liabilities	225,042	360,383
	<b>20,309,615</b>	<b>10,521</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(829,880)	(319,631)
Purchase of Investments	(33,927,183)	-
Interest and Dividends Reinvested	(78,963)	(18,251)
Proceeds on Sale of Investments	14,290,312	500,000
	<b>(20,545,714)</b>	<b>162,118</b>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
	<b>(20,545,714)</b>	<b>162,118</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(236,099)</b>	<b>172,639</b>
Cash and Cash Equivalents - Beginning of Year	1,364,215	1,191,576
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,128,116</b>	<b>\$ 1,364,215</b>

The Accompanying Notes are an Integral Part of These Financial Statements

# **TEAM RUBICON, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

### **NOTE 1 - ORGANIZATION**

Team Rubicon, Inc. (Team Rubicon) is a nonprofit international disaster response and humanitarian organization founded in 2010. Team Rubicon's primary mission is providing disaster relief and recovery to those affected by natural disasters, across the United States and around the world. By pairing the skills and experiences of military veterans with first responders and technology solutions, Team Rubicon aims to provide the greatest service and impact possible. Through continued service via Team Rubicon, many veterans rediscover three things they feel are missing after leaving the military: a Purpose, gained through disaster relief; Community, built by serving with others; and Identity, from recognizing the impact one individual can make. Coupled with leadership development and other opportunities, Team Rubicon offers a way for veterans to continue their service as they transition from military to civilian life.

Team Rubicon currently has 90,000 registered volunteers (70% military veterans) and has executed nearly 300 operations in the field including large-scale events such as the 2010 Haiti earthquake, Superstorm Sandy (2012), Hurricane Harvey (2017), Hurricane Florence (2018), and others. In the aftermath of a disaster Team Rubicon provides recovery services free of charge to affected homeowners, families, and communities. Services range from debris removal - utilizing manual labor, chainsaws, or heavy equipment - to demolition, home repair, incident management and coordination, damage assessment and mapping. Since 2010, Team Rubicon has returned more than \$19.5m in volunteer labor to communities affected by disaster.

Beginning in 2018, Team Rubicon launched a rebuild capability aimed at providing long-term recovery efforts for communities affected by disasters. Rebuild programs have launched in Houston, South Florida, and Puerto Rico, focusing on homeowners affected by hurricanes Harvey, Irma, and Maria, respectively. As of September 2018, Team Rubicon has rebuilt 13 homes in Houston and provided 278 hurricane-resistant roofs in Puerto Rico, helping hundreds of families in process. Rebuild efforts in Florida will commence in October 2018.

In addition to disaster response and recovery, Team Rubicon invests in its volunteers and communities with disaster training education and courses. Its training department has trained more than 11,000 members in skills such as incident command, chainsaw operations, heavy equipment usage, and expedient home repairs and construction, totaling 54,000 hours dedicated to training in 2018 alone.

Recruitment efforts for Team Rubicon focus on metropolitan centers across the United States, primarily in cities with a population larger than 100,000. With teams located across the US, Team Rubicon is able to quickly project relief no matter the locale or scale of a disaster. This focus on city-level recruitment has the added benefit of increasing the resiliency of local communities, creating a framework for Team Rubicon members and their families and neighbors to prepare and respond to disasters together. The ability to continue to serve alongside like-minded individuals has substantial impact on Team Rubicon's veteran and civilian members alike, with 98% of members reporting a greater sense of purpose due to volunteering and a net promoter score of 83.

Team Rubicon's commitments to financial and operational transparency have earned them high marks from charity watch groups, including a platinum rating from GuideStar and a four-star rating from Charity Navigator. In coordination with several data and visualization partners Team Rubicon also hosts the Open Initiative, an online data transparency dashboard available to the general public that provides real-time insight into key operational metrics and the overall health of the organization.



# TEAM RUBICON, INC.

## NOTES TO FINANCIAL STATEMENTS December 31, 2017

### NOTE 1 - ORGANIZATION (continued)

Team Rubicon'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, Outside, Time Magazine, and others.

### 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.
- **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 \$11,842,616 of temporarily restricted net assets at December 31, 2017.
- **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, 2017.

# TEAM RUBICON, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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, 2017 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.

#### (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, 2017, Team Rubicon had received \$5,743,000 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.

At December 31, 2017, the Team Rubicon evaluated the collectability of pledges receivable and determined that no allowance for uncollectible pledges receivable was necessary.

# TEAM RUBICON, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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, 2017.

#### (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, 2017 Team Rubicon received in-kind contributions of \$4,824,188.

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.

# TEAM RUBICON, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **(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, 2016, from which the summarized information was derived.

#### **(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.

## TEAM RUBICON, INC.

### NOTES TO FINANCIAL STATEMENTS

December 31, 2017

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**(n) RECLASSIFICATION**

For comparability, certain December 31, 2016 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at December 31, 2017.

**(o) SUBSEQUENT EVENTS**

Team Rubicon has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2017 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through September 26, 2018, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

#### 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).

The following table presents information about Team Rubicon's assets that are measured at fair value on a recurring basis at December 31, 2017 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended December 31, 2017	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	\$ 17,640,849	\$ 17,640,849	\$ -	\$ -
Equity Funds	2,494,513	2,494,513	-	-
Hedge Funds	965,180	965,180	-	-
Common Stock	19,000	19,000	-	-
<b>TOTAL</b>	<b>\$ 21,119,542</b>	<b>\$ 21,119,542</b>	<b>\$ -</b>	<b>\$ -</b>

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, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

### NOTE 3 - INVESTMENTS (continued)

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, 2017.

Investment income (net) for the year ended December 31, 2017 is comprised of the following:

Interest and Dividends	\$	91,700
Net Realized and Unrealized Loss		(2,998)
		<hr/>
<b>INVESTMENT INCOME (NET)</b>	<b>\$</b>	<b>88,702</b>

### NOTE 4 - CONTRIBUTIONS AND PLEDGES RECEIVABLE

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

Within One Year	\$	3,240,813
In One to Five Years		225,000
		<hr/>
<b>CONTRIBUTIONS AND PLEDGES RECEIVABLE (NET)</b>	<b>\$</b>	<b>3,465,813</b>

### NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 consist of the following:

Field Equipment	\$	1,163,252
Field Communication Equipment		104,345
Computer Equipment and Software		94,721
Furniture and Office Equipment		57,925
Leasehold Improvements		56,559
Audiovisual and Media Equipment		44,012
		<hr/>
<b>TOTAL</b>		<b>1,520,814</b>
Less: Accumulated Depreciation		(277,953)
		<hr/>
<b>PROPERTY AND EQUIPMENT (NET)</b>	<b>\$</b>	<b>1,242,861</b>

Depreciation expense for the year ended December 31, 2017 was \$137,392.

# TEAM RUBICON, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

### NOTE 6 - COMMITMENTS AND CONTINGENCIES

#### (a) OPERATING UNDER OPERATING LEASES

Team Rubicon leases its space, including its Los Angeles office space, under non-cancelable operating lease agreements which expire through February 2023. As of December 31, 2017, future minimum lease payments under these leases are as follows:

#### Years Ending December 31

2018	\$	422,104
2019		500,081
2020		441,304
2021		353,853
2022		355,487
Thereafter		<u>59,532</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>2,132,361</u></b>

Rent expense for the year ended December 31, 2017 was \$476,175.

#### (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.

### NOTE 7 - LINE OF CREDIT FACILITY

Team Rubicon has a line of credit facility with a bank with available financing of \$1,000,000. The facility, which is secured by Team Rubicon's investments, expires on November 1, 2019 and any draws on the line of credit bear interest at LIBOR (the one-month LIBOR rate was 1.4925 at December 31, 2017) plus 2.70%. At December 31, 2017, there was no outstanding balance on the line of credit.

### NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017 are restricted for the following purposes:

Hurricane Recovery Efforts	\$	7,360,801
Territory Development		1,827,206
Membership Experience		1,735,000
Response Operations		288,969
Clay Hunt Fellowship		284,350
Leadership Conference		246,622
Training		64,956
International Operations		<u>34,712</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>	<b>\$</b>	<b><u>11,842,616</u></b>

**TEAM RUBICON, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 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, 2017 amounted to \$172,252.