

**OPERATION UNDERGROUND RAILROAD, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016 and 2015

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CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors Operation Underground Railroad, Inc. and Subsidiaries Anaheim, California

We have audited the accompanying consolidated financial statements of Operation Underground Railroad, Inc. and Subsidiaries which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Operation Underground Railroad, Inc. and Subsidiaries as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of

WSRP, LLC

Salt Lake City, Utah
August 21, 2017

OPERATION UNDERGROUND RAILROAD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,178,524	\$ 2,860,931
Restricted cash	66,066	346,983
Merchandise inventory	99,956	95,583
Prepaid expenses	134,000	-
Other current assets	5,373	3,290
	4,483,919	3,306,787
TOTAL CURRENT ASSETS		
PROPERTY AND EQUIPMENT	757,959	570,569
ACCUMULATED DEPRECIATION	(110,895)	(36,269)
DEPOSITS	5,788	5,788
	5,136,771	3,846,875
TOTAL ASSETS	\$ 5,136,771	\$ 3,846,875
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 89,224	\$ 66,933
Accrued liabilities	21,787	-
	111,011	66,933
TOTAL CURRENT LIABILITIES		
NET ASSETS		
Unrestricted	4,959,694	3,432,959
Temporarily restricted	66,066	346,983
	5,025,760	3,779,942
TOTAL NET ASSETS		
TOTAL LIABILITES AND NET ASSETS	\$ 5,136,771	\$ 3,846,875

The accompanying notes are an integral part of the consolidated financial statements.

OPERATION UNDERGROUND RAILROAD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended December 31, 2016 and 2015

	2016	2015
CHANGE IN UNRESTRICTED NET ASSETS		
REVENUES, SUPPORT AND GAINS		
Donations	\$ 5,430,602	\$ 4,557,248
Contributed services	401,570	374,282
Gym memberships	104,192	27,817
Merchandise sales	11,734	18,484
Interest income	1,148	32,263
Rental income	-	10,643
TOTAL REVENUES, SUPPORT AND GAINS	5,949,246	5,020,737
Satisfaction of program/use restrictions	1,277,717	497,517
TOTAL REVENUES, SUPPORT AND GAINS AND SATISFACTION OF RESTRICTIONS	7,226,963	5,518,254
EXPENSES		
Programs and mission	4,318,833	2,417,077
Management and general	409,668	599,001
Fundraising and development	971,727	1,124,779
TOTAL EXPENSES	5,700,228	4,140,857
CHANGE IN UNRESTRICTED NET ASSETS	1,526,735	1,377,397
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Donations	996,800	770,500
Net assets released from restrictions	(1,277,717)	(497,517)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(280,917)	272,983
CHANGE IN NET ASSETS	1,245,818	1,650,380
NET ASSETS, BEGINNING OF YEAR	3,779,942	2,129,562
NET ASSETS, END OF YEAR	\$ 5,025,760	\$ 3,779,942

The accompanying notes are an integral part of the financial statements.

OPERATION UNDERGROUND RAILROAD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
Year ended December 31, 2016

	<u>Programs and Mission</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries and wages	\$ 938,165	\$ 137,802	\$ 536,835	\$ 1,612,802
Contract labor	993,631	6,142	130,965	1,130,738
Travel	729,489	3,105	33,152	765,746
Charitable contributions	545,576	-	-	545,576
Professional	207,824	98,539	50,954	357,317
Promotion and marketing	250,701	-	88,935	339,636
Employee benefits	154,592	42,472	55,316	252,380
Office expense	110,217	16,082	22,128	148,427
Occupancy	105,037	234	21,099	126,370
Depreciation	68,417	571	13,540	82,528
Bank fees	5,978	59,397	1,282	66,657
Other	28,468	26,333	1,385	56,186
Meals and entertainment	47,571	1,348	4,032	52,951
Intelligence gathering	47,973	-	302	48,275
Fundraising/development	27,023	-	2,398	29,421
Training	30,575	770	70	31,415
Postage and shipping	11,147	8,705	7,179	27,031
Repairs and maintenance	16,449	1,192	2,155	19,796
Loss on disposal of equipment	-	6,976	-	6,976
TOTAL EXPENSES	<u><u>\$ 4,318,833</u></u>	<u><u>\$ 409,668</u></u>	<u><u>\$ 971,727</u></u>	<u><u>\$ 5,700,228</u></u>

The accompanying notes are an integral part of the financial statements.

OPERATION UNDERGROUND RAILROAD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
Year ended December 31, 2015

	<u>Programs and Mission</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries and wages	\$ 702,594	\$ 117,154	\$ 328,309	\$ 1,148,057
Travel	782,662	3,362	34,013	820,037
Contract labor	306,054	16,803	224,537	547,394
Fundraising/development	-	66,423	298,991	365,414
Professional	2,081	283,033	-	285,114
Charitable contributions	247,162	-	-	247,162
Employee benefits	104,408	38,294	34,598	177,300
Office expense	109,228	9,780	57,321	176,329
Occupancy	55,996	11,223	81,140	148,359
Other	8,312	32,428	212	40,952
Meals and entertainment	33,833	597	7,158	41,588
Depreciation	11,850	7,996	11,922	31,768
Training	19,138	3,414	4,814	27,366
Intelligence gathering	25,974	-	-	25,974
Bank fees	-	-	19,388	19,388
Promotion and marketing	-	-	17,562	17,562
Postage and shipping	661	3,931	4,016	8,608
Repairs and maintenance	7,124	527	798	8,449
Loss on disposal of equipment	-	4,036	-	4,036
TOTAL EXPENSES	<u>\$ 2,417,077</u>	<u>\$ 599,001</u>	<u>\$ 1,124,779</u>	<u>\$ 4,140,857</u>

The accompanying notes are an integral part of the financial statements.

OPERATION UNDERGROUND RAILROAD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,245,818	\$ 1,650,380
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	82,528	31,768
Loss on disposal of equipment	6,976	4,036
Changes in operating assets and liabilities:		
Merchandise inventory	(4,373)	(17,939)
Prepaid expenses	(134,000)	-
Other current assets	(2,083)	288,559
Accounts payable	22,291	20,420
Accrued liabilities	21,787	-
Net cash flows from operating activities	1,238,944	1,977,224
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(204,068)	(506,166)
Proceeds received on disposal of fixed assets	1,800	-
Net cash flows from investing activities	(202,268)	(506,166)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,036,676	1,471,058
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,207,914	1,736,856
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,244,590	\$ 3,207,914
SHOWN IN THE STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 4,178,524	\$ 2,860,931
Restricted cash	66,066	346,983
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,244,590	\$ 3,207,914
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ -	\$ 1,490
Cash paid for income taxes	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

OPERATION UNDERGROUND RAILROAD, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Operation Underground Railroad, Inc. (the Organization) was incorporated in the State of Utah as a not-for-profit corporation on September 6, 2013.

The Organization was formed for the purposes of rescuing child sex victims and prevention of child exploitation, which constitute the Organization's major program activities. The Organization holds 100% ownership in Deacon, Inc., a Nevada corporation, and is the sole member of The Underground Xfit, LLC, a Utah limited liability company. Deacon, Inc. is a for-profit corporation that employs independent contractors to perform security and tactical operations. The Underground Xfit, LLC was formed for the sole purpose of establishing and managing an exercise facility.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies are described below.

Financial Statement Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in Accounting Standards Codification (ASC) 958, Not-for-profit Entities. Under those standards, net assets, contributions, service fees, gains, losses, and expenses are classified as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions and based upon the following criteria:

Unrestricted – Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted – Temporarily restricted net assets include contributions of cash and other assets received with donor stipulations that limit the use of the donated assets. When a donor restriction expires or a 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 restrictions.

Permanently Restricted – Permanently restricted net assets include funds that have been restricted by the donor to be held and invested in perpetuity.

Basis of Presentation

The Organization's consolidated financial statements present the consolidated results of Operation Underground Railroad, Inc., and its subsidiaries, Deacon, Inc. and The Underground Xfit, LLC. All significant inter-company balances and transactions have been eliminated from the consolidated financial statements.

OPERATION UNDERGROUND RAILROAD, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with original maturities of three months or less to be cash equivalents. Restricted cash represents funds received from donors to be used for specific purposes decided by the donor.

Advertising

Advertising costs are expensed as incurred. The Organization incurred \$339,636 and \$17,562, respectively, in promotional advertising costs for the years ended December 31, 2016 and 2015.

Property & Equipment

Equipment purchases with a value greater than \$500 are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Depreciation is calculated on the straight-line basis over the assets' estimated useful lives. The estimated useful lives applied to each asset class are as follows:

Leasehold improvements	20 years
Tactical equipment	5-20 years
Fitness equipment	5-20 years
Office equipment	2-10 years
Vehicles	5 years
Software	3 years

Gains and losses from the sale or disposal of equipment are recorded in the Statement of Activities.

Impairment of Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used are measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are presented separately in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. No impairment of long-lived assets occurred during the years ended December 31, 2016 and 2015.

OPERATION UNDERGROUND RAILROAD, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Organization's primary source of revenue is from individual and corporate contributions. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 restrictions. Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from such estimates.

Fair Value of Financial Instruments

The carrying amounts reported in the accompanying financial statements of cash and cash equivalents, accounts receivables, accounts payable, accrued expenses, and other current liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

Merchandise Inventory

Merchandise inventory consists of merchandise sold as part of fundraising activities. Goods are valued at cost based on the first-in first-out method.

Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis in the statements of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

OPERATION UNDERGROUND RAILROAD, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk

The Organization maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes that the Organization is not exposed to any significant credit risk on its cash and cash equivalents. As of December 31, 2016 and 2015, the Organization had \$1,547,803 and \$936,388, respectively, that was not covered under federally insured limits. As of December 31, 2016 and 2015, the Organization had treasury bills included in cash and cash equivalents in the amounts of \$2,699,514 and \$1,800,000 which are not covered by federally insured limits but are backed by the credit of the U.S. Government.

Reclassifications

Certain reclassifications have been made to the previously issued financial statements to conform with the current year presentation. Net assets, assets and liabilities remained unchanged due to these reclassifications.

Subsequent Events

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to disclose subsequent events, which are events or transactions that occur after the balance sheet date but before the financial statements are issued. Management evaluated subsequent events through August 21, 2017, which is the date the financial statements were issued. Other than that described in Note 6, management did not identify any additional material recognizable subsequent events during this period.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment for the years ended December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Cost:		
Leasehold improvements	\$ 255,444	\$ 255,444
Tactical equipment	130,915	130,915
Fitness equipment	77,853	61,009
Office equipment	162,051	57,264
Vehicles	108,330	42,571
Software	23,366	23,366
	<u>757,959</u>	<u>570,569</u>
Less: accumulated depreciation	<u>(110,895)</u>	<u>(36,269)</u>
Property and equipment, net	<u>\$ 647,064</u>	<u>\$ 534,300</u>

OPERATION UNDERGROUND RAILROAD, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 4 - RELATED PARTY TRANSACTIONS

During the early part of 2015, the Organization had not yet received a determination letter from the Internal Revenue Service approving its status as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization contracted individually with Child Rescue of North America and Elizabeth Smart Foundation, both tax-exempt corporations, to solicit and collect tax-exempt funding on its behalf until it was awarded tax-exempt status. As such, these entities served as pass-through entities on behalf of the Organization and remitted funds collected solely for Operation Underground Railroad, Inc. directly to the Organization. The Organization received a total of \$3,107,058 in such transactions from the aforementioned entities during the year ended December 31, 2015. The Organization received approval of its tax-exempt status in a letter from the Internal Revenue Service dated March 3, 2015 with an effective exemption date of September 6, 2013.

Elizabeth Smart Foundation, a related party, entered into a cost-sharing agreement for shared office space in December 2014. Under this agreement the Organization paid \$0 and \$6,250, respectively, as of December 31, 2016 and 2015, in shared costs on behalf of Elizabeth Smart Foundation. The agreement expired during 2016. In addition to the cost-sharing agreement, during 2016, the Organization processed a donation to the Elizabeth Smart Foundation in the amount of \$10,000 for a joint fundraising event.

The Organization also entered into a sublease agreement with a related party during 2015. See Note 6 for more details on this related party transaction.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

The Organization had \$66,066 and \$346,983, respectively, in temporarily restricted net assets as of December 31, 2016 and 2015, which consisted solely of restricted cash and cash equivalents. Temporarily restricted net assets of \$1,277,717 and \$497,517, respectively, were released from restriction during the years ended December 31, 2016 and 2015. The December 31, 2016 and 2015 restricted balances included the following amounts and restrictions:

	<u>2016</u>	<u>2015</u>
Technology implementation	\$ 29,066	\$ 221,868
Sponsorships	17,000	-
Operations specific to Haiti	10,000	-
Utah Anti-trafficking and Victim Support	10,000	-
Child Exploitation Targeting Center	-	108,115
Fundraising support	-	17,000
	<u>\$ 66,066</u>	<u>\$ 346,983</u>

OPERATION UNDERGROUND RAILROAD, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 6 - LEASE OBLIGATIONS AND LONG-TERM DEBT

The Organization entered into a lease agreements for office and meeting space in 2015. For the years ended December 31, 2016 and 2015, the Organization paid \$122,652 and \$118,352, respectively, in rent expense. Of this amount, As of December 31, 2016, future lease obligations based on the continuation of current contracts were as follows:

2017	\$ 78,786
2018	73,590
2019	75,062
2020	<u>6,265</u>
Total operating lease obligations	<u><u>\$ 233,703</u></u>

The Organization also entered into a sublease agreement with an employee beginning in 2015. Lease payments were deducted directly from the employee's monthly payroll. For the years ended December 31, 2016 and 2015, totals of \$12,000 and \$10,643, respectively, were deducted as monthly rent payments. The term of this lease is on a month-to-month basis ending on January 31, 2016.

On March 1, 2017, subsequent to year end, the Organization entered into a lease agreement for office space with an unrelated party. The Organization paid \$5,000 for the security deposit and the lease requires monthly lease payments of \$10,000 through April 1, 2020. The Company also terminated a lease agreement with the University of North Carolina during March 2016. This lease required monthly payments of \$2,213 prior to the termination.

The Organization did not incur any long-term debt during the years ended December 31, 2016 and 2015.

NOTE 7 - CONTRIBUTED SERVICES

Contributed services that 1) create or enhance nonfinancial assets or 2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recognized as revenue in the financial statements. The Organization recognized \$401,570 and \$374,282, respectively, in contributed services and related expenses during the years ended December 31, 2016 and 2015. Of this amount, \$185,275 and \$156,000 was applicable to fundraising and development activities, \$24,000 and \$114,577 was applicable to management and general activities, and \$192,295 and \$103,705 was applicable to programs and missions. The Organization also received 6,772 and 5,860 hours, respectively, in other volunteer services during the years ended December 31, 2016 and 2015 that did not meet the criteria outlined above and therefore were not recognized as revenue.

OPERATION UNDERGROUND RAILROAD, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 8 - ALLOCATION OF JOINT COSTS

Costs incurred by and on behalf of The Underground Xfit, LLC during the years ended December 31, 2016 and 2015 were jointly allocated to different activities. The primary activities to which costs were jointly allocated were fundraising and development and program-type activities. The total amount of costs allocated in 2016 and 2015 were \$254,806 and \$134,316, respectively. Of this amount, as of December 31, 2016 and 2015, approximately 80% and 25%, respectively, was allocated directly to program and missions with the remaining 20% and 75%, respectively, being allocated directly to fundraising and development.

NOTE 9 - INCOME TAXES

The Organization is exempt from federal income taxes in accordance with the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization evaluates the tax positions taken or expected to be taken to determine whether the tax positions will be sustained by the applicable tax authority. The Organization has determined that there is no tax liability and there are no tax returns which are currently under examination. Tax years subject to examination are from 2013 forward.

NOTE 10 - EMPLOYEE BENEFIT PLAN

During 2016, the Organization established a Simple IRA plan, which is available to all full-time employees. The plan allows employees to defer up to the federal maximum limit of their income on a pre-tax basis through contributions to the plan. The Company matches 100% of an employee's contributions up to 3% of total wages. During the years ended December 31, 2016 and 2015 the Company made matching contributions of \$18,151 and \$0, respectively.