

**BUNKER LABS NFP, INC.**

**Financial Statements**

**June 30, 2020 and 2019**

**BUNKER LABS NFP, INC.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Bunker Labs NFP, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Bunker Labs NFP, Inc. (the "Organization"), which comprise of the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows and functional expenses 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 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 audit opinion.

Bunker Labs NFP, Inc.  
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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bunker Labs NFP, Inc. as of June 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Barnes, Givens & Barnes, Ltd.*

Mount Prospect, Illinois  
November 6, 2020

**BUNKER LABS NFP, INC.**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	2020	2019
<b><u>ASSETS</u></b>		
Assets		
Cash and cash equivalents	\$ 2,245,176	\$ 2,148,420
Contributions receivable	2,195,867	4,310,768
Other assets	18,450	18,450
Total Assets	\$ 4,459,493	\$ 6,477,638
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities		
Accounts payable	\$ 14,830	\$ 217,410
Notes payable - PPP loan	502,832	-
Total Liabilities	517,662	217,410
Net Assets		
Net assets with donor restrictions	680,292	688,059
Net assets without donor restrictions	3,261,539	5,572,169
Total Net Assets	3,941,831	6,260,228
Total Liabilities and Net Assets	\$ 4,459,493	\$ 6,477,638

See Accompanying Notes to Financial Statements and  
Independent Auditors' Report

**BUNKER LABS NFP, INC.**  
Statement of Activities  
For the Year Ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Revenues and Support</b>			
Corporate and foundation grants	\$ 1,663,884	\$ 1,289,309	\$ 2,953,193
Donations	602,964	-	602,964
In-kind contributions	803,142	-	803,142
Special events income	118,484	-	118,484
Special events expense	(60,401)	-	(60,401)
Interest income	1,546	-	1,546
Total Revenues	<u>3,129,619</u>	<u>1,289,309</u>	<u>4,418,928</u>
Net assets released from restriction	<u>3,599,939</u>	<u>(3,599,939)</u>	<u>-</u>
<b>Total Revenues and Support</b>	<u>6,729,558</u>	<u>(2,310,630)</u>	<u>4,418,928</u>
<b>Expenses</b>			
Program expense	5,492,733	-	5,492,733
General and administrative expenses	585,989	-	585,989
Fundraising expenses	658,603	-	658,603
<b>Total Expenses</b>	<u>6,737,325</u>	<u>-</u>	<u>6,737,325</u>
<b>Change in Net Assets</b>	<b>(7,767)</b>	<b>(2,310,630)</b>	<b>(2,318,397)</b>
Net Assets - Beginning of Year	<u>688,059</u>	<u>5,572,169</u>	<u>6,260,228</u>
Net Assets - End of Year	<u>\$ 680,292</u>	<u>\$ 3,261,539</u>	<u>\$ 3,941,831</u>

See Accompanying Notes to Financial Statements and  
Independent Auditors' Report

**BUNKER LABS NFP, INC.**  
Statement of Activities  
For the Year Ended June 30, 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Revenues and Support</b>			
Corporate and foundation grants	\$ 1,632,415	\$ 7,765,494	\$ 9,397,909
Donations	140,400	-	140,400
In-kind contributions	596,250	-	596,250
Special events income	55,191	-	55,191
Special events expense	(6,790)	-	(6,790)
Interest income	1,145	-	1,145
Total Revenues	<u>2,418,611</u>	<u>7,765,494</u>	<u>10,184,105</u>
Net assets released from restriction	<u>2,706,801</u>	<u>(2,706,801)</u>	<u>-</u>
<b>Total Revenues and Support</b>	<u>5,125,412</u>	<u>5,058,693</u>	<u>10,184,105</u>
<b>Expenses</b>			
Program expense	4,787,799	-	4,787,799
General and administrative expenses	497,429	-	497,429
Fundraising expenses	626,337	-	626,337
<b>Total Expenses</b>	<u>5,911,565</u>	<u>-</u>	<u>5,911,565</u>
<b>Change in Net Assets</b>	<b>(786,153)</b>	<b>5,058,693</b>	<b>4,272,540</b>
Net Assets - Beginning of Year	<u>1,474,212</u>	<u>513,476</u>	<u>1,987,688</u>
Net Assets - End of Year	<u>\$ 688,059</u>	<u>\$ 5,572,169</u>	<u>\$ 6,260,228</u>

See Accompanying Notes to Financial Statements and  
Independent Auditors' Report

**BUNKER LABS NFP, INC.**  
**Statements of Cash Flows**  
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ (2,318,397)	\$ 4,272,540
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-		
(Increase) decrease in assets-		
Contributions receivable	2,114,901	(4,030,768)
Other assets	-	(4,450)
Increase (decrease) in liabilities-		
Accounts payable	(202,580)	139,005
Net Cash Provided by (Used in) Operating Activities	(406,076)	376,327
Cash Flows from Financing Activities		
Notes payable - PPP loan	502,832	-
Net Cash Provided by (Used in) Financing Activities	502,832	-
Net Increase (Decrease) in Cash and Cash Equivalents	96,756	376,327
Cash and Cash Equivalents - Beginning of Year	2,148,420	1,772,093
Cash and Cash Equivalents - End of Year	\$ 2,245,176	\$ 2,148,420
	* * * *	* *
Supplemental Disclosure of Cash Flow Information -		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest expense	\$ -	\$ -

See Accompanying Notes to Financial Statements and  
Independent Auditors' Report



**BUNKER LABS NFP, INC.**  
Statement of Functional Expenses  
For the Year Ended June 30, 2020

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 2,136,826	\$ 217,748	\$ 416,352	\$ 2,770,926
Payroll taxes	164,006	16,713	31,956	212,675
Employee benefits	307,500	31,335	59,915	398,750
Professional fees	791,858	126,360	-	918,218
Occupancy	758,702	159,338	-	918,040
Travel and meals	344,898	-	-	344,898
Marketing and promotions	33,128	-	-	33,128
Program expense	685,971	-	150,380	836,351
Dues and subscriptions	-	26,832	-	26,832
Miscellaneous	824	-	-	824
Supplies	125,109	1,596	-	126,705
Insurance	-	6,067	-	6,067
Professional development	36,618	-	-	36,618
Muster	107,293	-	-	107,293
Total Expenses	<u>\$ 5,492,733</u>	<u>\$ 585,989</u>	<u>\$ 658,603</u>	<u>\$ 6,737,325</u>

See Accompanying Notes to Financial Statements and  
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**BUNKER LABS NFP, INC.**  
Statement of Functional Expenses  
For the Year Ended June 30, 2019

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 1,608,273	\$ 178,840	\$ 357,251	\$ 2,144,364
Payroll taxes	124,042	13,793	27,554	165,389
Employee benefits	322,847	35,901	71,715	430,463
Professional fees	363,584	96,960	-	460,544
Occupancy	606,717	99,734	124,668	831,119
Travel and meals	669,983	12,409	-	682,392
Marketing and promotions	519,214	-	45,149	564,363
Program expense	231,598	-	-	231,598
Dues and subscriptions	-	53,316	-	53,316
Miscellaneous	5,776	-	-	5,776
Supplies	126,612	-	-	126,612
Insurance	-	6,476	-	6,476
Professional development	173,040	-	-	173,040
Muster	36,113	-	-	36,113
Total Expenses	<u>\$ 4,787,799</u>	<u>\$ 497,429</u>	<u>\$ 626,337</u>	<u>\$ 5,911,565</u>

See Accompanying Notes to Financial Statements and  
Independent Auditors' Report

**BUNKER LABS NFP, INC.**  
Notes to Financial Statements  
June 30, 2020 and 2019

**Note A – Organization and Nature of Activities**

Bunker Labs NFP, Inc. (the “Organization”) is an Illinois not-for-profit corporation that was established in 2014 and was organized to aid entrepreneurs who are veterans of the United States military. The Organization provides business training, mentoring, professional development, and office space to veteran owned businesses in Chicago and through affiliates in other cities around the United States. As of June 30, 2020, the Organization has thirty-four chapters.

**Note B—Summary of Significant Accounting Policies**

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

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 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, gains and expenses during the reporting period. Actual results may differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are considered to be highly liquid depository accounts with a maturity of less than one year. Deposits held in all non-interest bearing transactional bank accounts and interest-bearing accounts are aggregated by entity and are fully insured up to \$250,000.

Receivables and Allowance for Doubtful Accounts

Accounts receivable are uncollateralized customer obligations. Payments of accounts receivable are allocated to the specific invoices identified on the customer’s remittance or, if unspecified, investigated to identify the appropriate invoice to which to apply the payment.

Management reviews all individual customer accounts receivable balances that exceed ninety (90) days from invoice date and based on the assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Based upon these reviews management believed all accounts receivable to be fully collectible and, accordingly, no allowance for uncollectible accounts receivable is reflected in the accompanying financial statements.

**BUNKER LABS NFP, INC.**  
Notes to Financial Statements  
June 30, 2020 and 2019

**Note B—Summary of Significant Accounting Policies (continued)**

Deferred Revenues

Deferred revenues represent certification and recertification fees that are recognized after the candidate completes the exam as well as other revenues received in advance.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. If the governing board were to designate from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, those funds would also fall under this category.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses which are easily and directly associated with a particular program or supporting service are charged directly to that functional area. Certain other costs have been allocated among the program and supporting services benefited based on time devoted to the functional areas by the management team.

**BUNKER LABS NFP, INC.**  
Notes to Financial Statements  
June 30, 2020 and 2019

**Note C—Income Tax Status (continued)**

The Organization qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code as a nonprofit organization. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization files Form 990, Return of Organization Exempt from Income Tax with the Federal government. Management has determined that the Organization has no income tax liability as of June 30, 2020. The Organization has evaluated its tax positions and determined it has no uncertain tax positions at June 30, 2020.

The Organization's 2017-2019 tax years are open for examination by the IRS. Should the Organization's tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS.

**Note D – Net Assets with Donor Restrictions**

There were Net Assets of Donor Restrictions of \$3,261,539 and \$5,572,169 as of June 30, 2020 and 2019, were available to open and provide seed funding to new Bunker locations throughout the country and support various specific initiatives of the Organization.

During the year ended June 30, 2020, there were \$1,289,309 in restricted contributions and \$3,599,939 paid out to open new locations during the year and support specific programs/initiatives. Activity in net assets with donor restrictions was as follows:

	<u>June 30, 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2020</u>
JP Morgan Chase	\$ 2,000,000	\$ 5,000	\$ 893,889	\$ 1,111,111
Kaufman Foundation	119,212	-	99,343	19,869
McCormick Foundation	150,000	-	87,500	62,500
Newman's Own Foundation	16,667	-	16,667	-
PriceWaterhouseCoopers	1,040,755	-	416,302	624,453
USAA	1,731,820	-	692,728	1,039,092
NCIDEA	46,875	-	35,156	11,719
Brian Hamilton Foundation	29,167	12,500	29,167	12,500
MetLife Foundation	16,667	250,000	225,000	41,667
Ford Motor Company Fund	35,000	-	35,000	-
Boeing	15,000	-	15,000	-
Gianforte Family Fdn.	11,667	-	11,667	-
Lincoln Financial	5,000	-	5,000	-

**BUNKER LABS NFP, INC.**  
Notes to Financial Statements  
June 30, 2020 and 2019

**Note D – Net Assets with Donor Restrictions (continued)**

	<u>June 30, 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2020</u>
Business Impact Northwest	35,750	-	35,750	-
Comcast	7,000	-	7,000	-
Bank of America	8,333	-	8,333	-
Prudential	78,256	-	78,256	-
WBChicago2	225,000	-	225,000	-
Schultz Family Foundation	-	617,638	501,831	115,807
Flying J	-	25,000	16,667	8,333
Lakin Foundation	-	5,000	2,500	2,500
RK Foundation	-	5,011	5,011	-
Deloitte	-	10,000	10,000	-
Wells Fargo	-	75,000	50,000	25,000
Level One Bank	-	6,500	6,500	-
Bob Woodruff Foundation	-	150,483	-	150,483
Randal Boyd	-	50,000	50,000	-
New Economy Initiative	-	52,177	26,089	26,088
Kenneth King Foundation	-	25,000	14,583	10,417
<b>Total</b>	<b><u>\$ 5,572,169</u></b>	<b><u>\$1,289,309</u></b>	<b><u>\$ 3,599,939</u></b>	<b><u>\$ 3,261,539</u></b>

During the year ended June 30, 2019, there were \$7,765,494 in restricted contributions and \$2,706,801 paid out to open new locations during the year and support specific programs/initiatives. Activity in net assets with donor restrictions was as follows:

	<u>June 30, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2019</u>
Boeing	\$ 100,000	\$ -	\$ 100,000	\$ -
JP Morgan Chase	34,750	3,000,000	1,034,750	2,000,000
Got Your 6	17,000	-	17,000	-
Kaufman Foundation	238,425	-	119,213	119,212
McCormick Foundation	18,301	300,000	168,301	150,000
New Economy Initiative	5,000	-	5,000	-
Newman's Own Foundation	100,000	-	83,333	16,667
PriceWaterhouseCoopers	-	1,111,152	70,397	1,040,755
USAA	-	2,000,000	268,180	1,731,820
NCIDEA	-	75,000	28,125	46,875
Launch Tennessee	-	25,000	25,000	-
Brian Hamilton Foundation	-	50,000	20,833	29,167
Bob Woodruff Foundation	-	145,000	145,000	-
MetLife Foundation	-	200,000	183,333	16,667

**BUNKER LABS NFP, INC.**  
Notes to Financial Statements  
June 30, 2020 and 2019

**Note D – Net Assets with Donor Restrictions (continued)**

	<u>June 30, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2019</u>
Ford Motor Company Fund	-	130,000	95,000	35,000
Boeing	-	60,000	45,000	15,000
Gianforte Family Foundation	-	35,000	23,333	11,667
Lincoln Financial	-	10,000	5,000	5,000
Business Impact Northwest	-	39,000	3,250	35,750
Comcast	-	21,000	14,000	7,000
Bank of America	-	10,000	1,667	8,333
Prudential	-	104,342	26,086	78,256
WBChicago2	-	450,000	225,000	225,000
Total	<u>\$ 513,476</u>	<u>\$7,765,494</u>	<u>\$2,706,801</u>	<u>\$ 5,572,169</u>

**Note E - Donated Materials and Services**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial 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. Contributed legal services of \$47,190 and contributed office space from WeWork of \$755,952 were recognized as revenue for the year ended June 30, 2020. Contributed legal services of \$16,800 and contributed office space from WeWork of \$579,450 were recognized as revenue for the year ended June 30, 2019. Numerous volunteers have donated significant amounts of time to the Organization. However, no amounts have been reflected in the financial statements for those services.

**Note F – Notes Payable**

On April 7, 2020, the Organization was granted a loan from Wintrust Bank, N.A in the aggregate amount of \$502,832, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan, which was in the form of a Note dated April 15, 2020 issued by the Wintrust Bank, N.A, matures on April 15, 2022 and bears interest at a rate of 1.0% per annum, payable monthly commencing on November 17, 2020. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

**BUNKER LABS NFP, INC.**  
Notes to Financial Statements  
June 30, 2020 and 2019

**Note G– Leases**

The Organization has entered into a license agreement for its office and meeting space at the Chicago WeWork location. The Organization also have various “hot desks” at WeWork locations that are on a month to month rent agreements. Rent expense, which includes office, meeting space, and related expenses, for the years ended June 30, 2020 and 2019, was \$133,778 and \$191,756, respectively.

The estimated future minimum rental and lease obligation for the succeeding years in effect as of June 30, 2020 are as follows:

<u>Year Ended June 30,</u>	
2021	72,480

**Note H – Administrative Company Agreement**

The Organization has an agreement with National Able Network to provide services commonly performed by the accounting department of a non-profit organization. The agreement may be terminated at any time without cause by either party upon not less than 45 days prior written notice. The annual management fee is agreed upon in the annual budgeting process.

**Note I—Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year. Amounts not available include amounts with donor-imposed purpose and time restrictions.

	2020	2019
Financial assets, at year-end:		
Cash and cash equivalents	\$ 2,245,176	\$ 2,148,420
Contributions receivable	2,195,867	4,310,768
Less contractual or donor-imposed restrictions:		
Donor restrictions for specific purposes	(3,261,539)	(5,572,169)
Financial assets available to meet cash needs for general expenditure within one year	\$ 1,179,504	\$ 887,019



**BUNKER LABS NFP, INC.**  
Notes to Financial Statements  
June 30, 2020 and 2019

**Note J – Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At June 30, 2020, the Organization had \$1,753,020 in excess of FDIC insured limit. At June 30, 2019, the Organization had \$1,657,225 in excess of FDIC insured limit.

**Note K—Subsequent Events**

The Organization’s operations may be affected by the recent and ongoing outbreak of the coronavirus disease (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in disruption to the Organization’s members and revenue streams (including attendance of future conferences and events), and a decline in value of the Organization’s marketable securities.

The Organization has decided to change the format of the 2020 annual summit to a virtual meeting and was able to negotiate a reasonable settlement with the scheduled meeting venue.

Other than the matters noted above, the Organization has determined that no material events or transactions occurred subsequent to June 30, 2020 and through the date of the independent auditor’s report, the date the financial statements were available for issuance, that would require adjustments to and/or additional disclosure to the financial statements.