

BRING EVERYONE IN THE ZONE, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

BRING EVERYONE IN THE ZONE, INC.

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Lott, Vernon & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bring Everyone In The Zone, Inc.

We have audited the accompanying financial statements of Bring Everyone In The Zone, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021 and 2020, 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, and for 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 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bring Everyone In The Zone, Inc., as of September 30, 2021 and 2020, 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 America.

Jett, Veeman & Co., P.C.

Killeen, Texas
February 25, 2022

FINANCIAL STATEMENTS

BRING EVERYONE IN THE ZONE
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 19,073	\$ 24,430
Accounts Receivable	42,972	29,571
Supplies Inventory	33,500	33,500
Bingo Escrow Account	21,003	10,052
Total Current Assets	<u>116,548</u>	<u>97,553</u>
PROPERTY AND EQUIPMENT		
Automobiles	26,975	26,975
Furniture and Equipment	77,771	77,771
Less: Accumulated Depreciation	(104,746)	(104,746)
Total Property and Equipment	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 116,548</u>	<u>\$ 97,553</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 18	\$ -
Total Current Liabilities	<u>18</u>	<u>-</u>
LONG-TERM LIABILITIES		
SBA Loan (Note K)	\$ 36,250	\$ 49,900
Total Current Liabilities	<u>36,250</u>	<u>49,900</u>
Total Liabilities	<u>36,268</u>	<u>49,900</u>
NET ASSETS		
NET ASSETS		
Without Donor Restrictions	<u>80,280</u>	<u>47,653</u>
Total Net Assets	<u>80,280</u>	<u>47,653</u>
Total Liabilities and Net Assets	<u>\$ 116,548</u>	<u>\$ 97,553</u>

The accompanying notes are an integral part of these statements.

BRING EVERYONE IN THE ZONE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS & OTHER INCOME			
Support			
Texas Veterans Commission Grant	\$ -	\$ 160,212	\$ 160,212
Central Counties Services MHMR Grant	-	96,458	96,458
Community Development Block Grant	-	10,860	10,860
United Way Grant	3,925	-	3,925
SBA Grants	42,858	-	42,858
Other Grants	-	-	-
Local Contributions	18,729	-	18,729
Bingo Income	1,142,350	-	1,142,350
Training Income	6,900	-	6,900
In-Kind Contributions	345	-	345
Total Support	<u>1,215,107</u>	<u>267,530</u>	<u>1,482,637</u>
Other Income	473	-	473
Net Assets Released From Restrictions	<u>267,530</u>	<u>(267,530)</u>	<u>-</u>
Total Revenues, Gains & Other Income	<u>1,483,110</u>	<u>-</u>	<u>1,483,110</u>
EXPENSES			
Program Services:			
Advertising, Promotion, & Outreach	800	-	800
Accounting & Auditing Fees	5,000	-	5,000
Background Checks	301	-	301
Bingo Expenses	1,123,899	-	1,123,899
Dues & Subscriptions	2,109	-	2,109
Insurance	11,923	-	11,923
Military Assistance Program	100,979	-	100,979
Office Expenses	6,653	-	6,653
Payroll Taxes	12,821	-	12,821
Rent & Utilities	12,264	-	12,264
Salaries	167,132	-	167,132
Storage	3,699	-	3,699
Training	1,137	-	1,137
Travel	900	-	900
Other	866	-	866
Total Expenses	<u>1,450,483</u>	<u>-</u>	<u>1,450,483</u>
INCREASE (DECREASE) IN NET ASSETS	32,627	-	32,627
NET ASSETS, BEGINNING OF YEAR	<u>47,653</u>	<u>-</u>	<u>47,653</u>
NET ASSETS, END OF YEAR	<u>\$ 80,280</u>	<u>\$ -</u>	<u>\$ 80,280</u>

The accompanying notes are an integral part of these statements.

**BRING EVERYONE IN THE ZONE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS & OTHER INCOME			
Support			
Texas Veterans Commission Grant	\$ -	\$ 155,746	\$ 155,746
Central Counties Services MHMR Grant	-	92,650	92,650
Community Development Block Grant	-	12,863	12,863
United Way Grant	3,810	-	3,810
SBA Grants	4,000	-	4,000
Other Grants	7,000	-	7,000
Local Contributions	14,278	-	14,278
Bingo Income	142,537	-	142,537
Training Income	-	-	-
In-Kind Contributions	7,191	-	7,191
Total Support	<u>178,816</u>	<u>261,259</u>	<u>440,075</u>
Other Income	348	-	348
Net Assets Released From Restrictions	<u>261,259</u>	<u>(261,259)</u>	<u>-</u>
Total Revenues, Gains & Other Income	<u>440,423</u>	<u>-</u>	<u>440,423</u>
EXPENSES			
Program Services:			
Advertising, Promotion, & Outreach	2,558	-	2,558
Accounting & Auditing Fees	5,000	-	5,000
Background Checks	450	-	450
Bingo Expenses	132,485	-	132,485
Dues & Subscriptions	460	-	460
Insurance	5,069	-	5,069
Military Assistance Program	121,120	-	121,120
Office Expenses	1,088	-	1,088
Payroll Taxes	10,413	-	10,413
Rent & Utilities	14,009	-	14,009
Salaries	135,647	-	135,647
Storage	4,800	-	4,800
Training	2,549	-	2,549
Travel	1,949	-	1,949
Other	17,474	-	17,474
Total Expenses	<u>455,071</u>	<u>-</u>	<u>455,071</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(14,648)</u>	<u>-</u>	<u>(14,648)</u>
NET ASSETS, BEGINNING OF YEAR	<u>62,301</u>	<u>-</u>	<u>62,301</u>
NET ASSETS, END OF YEAR	<u>\$ 47,653</u>	<u>\$ -</u>	<u>\$ 47,653</u>

The accompanying notes are an integral part of these statements.

**BRING EVERYONE IN THE ZONE
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
Change in Net Assets	\$ 32,627	\$ (14,648)
Adjustments to Reconcile Change in Net Assets		
To Net Cash Provided by (Used For) Operating Activities:		
(Increase) Decrease in Accounts Receivable	(13,401)	(4,949)
(Increase) Decrease in Supplies Inventory	-	7,916
(Increase) Decrease in Bingo Escrow	(10,951)	(10,052)
Increase (Decrease) in Accounts Payable	(13,632)	38,526
Net Cash Provided By (Used For) Operating Activities	(5,357)	16,793
Cash and Cash Equivalents at Beginning of Fiscal Year	24,430	7,637
Cash and Cash Equivalents at End of Fiscal Year	19,073	24,430

The accompanying notes are an integral part of these statements.

BRING EVERYONE IN THE ZONE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE A - NATURE OF THE ORGANIZATION

Bring Everyone In The Zone, Inc. (hereafter referred to as the “BEITZ”) is a nonprofit corporation incorporated in Texas in 2008 and exempted under Section 501(c)(3) of the Internal Revenue Code. BEITZ was formed to provide education and support to service personnel and their families who are experiencing the devastating effects of post-traumatic stress disorder. BEITZ receives funds primarily from contributions received from local grants, charitable organizations, businesses and individuals.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States.

Basis of Presentation

As required by the Not-for-Profit Entities Classification of Net Assets topic of the Financial Accounting Standards Board Accounting Standards Codification (the “FASB ASC”), BEITZ reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions, depending on the existence or nature of any donor restrictions. In addition, BEITZ is required to present a statement of cash flows. There were no net assets with donor restrictions as of September 30, 2021 and 2020.

Cash and Cash Equivalents

For purposes of the statement of financial position, the statement of activities, and the statement of cash flows, BEITZ considers cash in demand accounts, including short term highly liquid investments with initial maturities of three months or less to be cash equivalents.

Contributions

All contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. None of the contributions received by BEITZ are with donor restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**BRING EVERYONE IN THE ZONE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

BEITZ is a not-for profit organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. BEITZ is also exempt from Texas state franchise tax. However, BEITZ is subject to income tax for pull tab/event bingo, which is considered unrelated business income and accordingly files IRS Form 990T annually. BEITZ has not been examined by a major tax jurisdiction for the open years 2016 to 2020.

Inventories

Inventory consist of supplies used in everyday operations of BEITZ and are recorded at cost when purchased.

Fixed Assets

The Organization's building, land improvements, furniture and equipment is recorded at the date of the gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The entity capitalizes any item costing \$2,500 or more, including donations of the value. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	39 years
Land Improvements	15 years
Furniture, Fixtures, and Equipment	5 to 7 years

The depreciation expense for the years ended September 30, 2021 and 2020 was \$0 in each year.

Contributed Goods and Services

Normal monthly in-kind contributions received from local businesses or individuals were as follows:

	2021	2020
Supplies	\$ 345	\$ 300
Storage	-	3,507
Rent/Utilities	-	1,134
Other	-	2,250
Total In-Kind Contributions	\$ 345	\$ 7,191

Volunteer Services provided to BEITZ are not recorded in the financial statements because they do not require specialized skills that would have to be purchased if the services were not donated.

NOTE C - ADVERTISING

BEITZ uses advertising to promote its programs. Advertising expenses are expensed as incurred. For the years ended September 30, 2021 and 2020, the advertising expense was \$800 and \$2,558, respectively.

**BRING EVERYONE IN THE ZONE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020**

NOTE D - PROPERTY & EQUIPMENT

Property and equipment consist of the following as of September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Automobiles	\$ 26,975	\$ 26,975
Furniture and Equipment	77,771	77,771
Less: Accumulated Depreciation	<u>(104,746)</u>	<u>(104,746)</u>
	<u>\$ -</u>	<u>\$ -</u>

NOTE E - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Texas Veterans Commission Grant	\$ 26,408	\$ 21,250
Central Counties Services MHMR Grant	13,819	6,299
United Way Grant	1,000	925
Community Development Block Grant	<u>1,745</u>	<u>1,097</u>
	<u>\$ 42,972</u>	<u>\$ 29,571</u>

NOTE F - CONCENTRATION OF CREDIT RISK

BEITZ maintains its cash balances in a financial institution in Killeen, Texas. The balances are insured by the Federal Deposit Insurance Corporation. At September 30, 2021 and 2020, BEITZ's bank balances did not exceed FDIC limits.

NOTE G - BINGO ACTIVITIES

BEITZ began participating in bingo as a fund-raising activity through a partnership with Killeen Bingo Unit #248916. Income and expense from this activity are included in the financial statements based on gross receipts and expenses as reported to the organization from the Unit.

NOTE H - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires or the funds are used for capital expenditures, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Financial assets available to meet cash needs for general expenditures within one year consists of cash and cash equivalents of \$19,073 as of September 30, 2021 and \$24,430 as of September 30, 2020.

BRING EVERYONE IN THE ZONE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE I - CONTINGENCIES

Amounts received from grants require the fulfillment of certain conditions as set forth in the grant contracts. BEITZ intends to fulfill the conditions of all grants, recognizing that failure to fulfill the conditions could result in the return of funds to the grantors. Amounts received or receivable are subject to audit and adjustments by the grantor agencies. Any disallowed claims, including amounts already collected, could become a liability to BEITZ. In management's opinion, disallowed claims, if any, would not have a material adverse effect on BEITZ's financial position or result of operations.

NOTE J - SBA GRANT INCOME

On March 23, 2021, BEITZ received loan proceeds in the amount of \$31,858 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness would be reduced if the company terminated employees or reduced salaries during the eight-week period. As of July 23, 2021, the loan was forgiven. Accordingly, the proceeds of the loan are reported as Grant revenue.

BEITZ also received several targeted advances from the SBA that were non-repayable at the time received. Accordingly, these amounts have also been included as grant income. The non-repayable advances from the SBA recorded as grants in years ended September 30, 2021 and 2020 are \$11,000 and \$4,000, respectively.

NOTE K - SBA LOAN

On June 15, 2020, BEITZ received loan proceeds in the amount of \$149,900 under the COVID-19 Economic Injury Disaster Loan (EIDL) program from the SBA. This is a 30-year, 2.75% fixed rate loan per the terms of the program. The remaining balance of the loan as of September 30, 2021 and 2020 is \$36,250 and \$49,900, respectively.

NOTE L - SUBSEQUENT EVENTS

BEITZ has evaluated all events and transactions for potential recognition or disclosure through February 25, 2022, which represents the date the financial statements were available for issue.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

BRING EVERYONE IN THE ZONE, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE L - SUBSEQUENT EVENTS (continued)

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the BEITZ's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operation, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the responses to curb its spread, BEITZ is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial conditions or liquidity for fiscal year 2022.

Financially, the outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of economic slowdown, which may impact the BEITZ's contributions, as donors face financial uncertainty.

Although the BEITZ cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on BEITZ's results of future operation, financial position, and liquidity in fiscal year 2022.