



Certified Public Accountants

**WINGS FOR LIFE USA - SPINAL CORD RESEARCH
FOUNDATION, INC.**

Financial Statements
Year Ended December 31, 2017
Together with Independent Auditor's Report

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Wings for Life USA - Spinal Cord Research Foundation, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of Wings for Life USA - Spinal Cord Research Foundation, Inc. (the "Foundation"), a Delaware nonprofit corporation, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Foundation'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 Foundation'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 the Foundation as of December 31, 2017 and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Los Angeles, California
September 6, 2018

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	932,065
Pledges receivable, net		89,705

TOTAL CURRENT ASSETS		1,021,770
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TOTAL ASSETS	\$	1,021,770
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LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$	12,283
Research grants payable - current portion		578,412
Deferred revenue		27,500

TOTAL CURRENT LIABILITIES		618,195
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LONG TERM LIABILITIES

Research grants payable - net of current portion		144,845
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TOTAL LONG TERM LIABILITIES		144,845
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TOTAL LIABILITIES		763,040
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NET ASSETS

Unrestricted net assets		258,730
Temporarily restricted net assets		-

TOTAL NET ASSETS		258,730
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TOTAL LIABILITIES AND NET ASSETS	\$	1,021,770
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The accompanying notes are an integral part of these financial statements.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT			
Contributions	\$ 1,372,246	\$ -	\$ 1,372,246
Special events	70,051	-	70,051
	<hr/>	<hr/>	<hr/>
TOTAL SUPPORT	1,442,297	-	1,442,297
	<hr/>	<hr/>	<hr/>
EXPENSES			
Program services	1,154,888	-	1,154,888
Management and general	20,551	-	20,551
Fundraising	8,128	-	8,128
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	1,183,567	-	1,183,567
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	258,730	-	258,730
NET ASSETS AT BEGINNING OF THE YEAR	-	-	-
	<hr/>	<hr/>	<hr/>
NET ASSETS AT END OF YEAR	<u>\$ 258,730</u>	<u>\$ -</u>	<u>\$ 258,730</u>

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

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	PROGRAM SERVICES (RESEARCH)	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Advertising and marketing	\$ -	\$ -	\$ 7,940	\$ 7,940
Bank charges	-	5,889	-	5,889
Office expenses	-	94	-	94
Printing	-	-	188	188
Professional fees	-	14,533	-	14,533
Research grants	1,154,888	-	-	1,154,888
Taxes and licenses	-	35	-	35
TOTAL EXPENSES	\$ 1,154,888	\$ 20,551	\$ 8,128	\$ 1,183,567

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

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

OPERATING ACTIVITIES

Change in net assets	\$	258,730
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Pledges receivable		(89,705)
Increase (Decrease) in:		
Accounts payable		12,283
Research grant payable		723,257
Deferred revenue		27,500
		932,065
NET CASH PROVIDED BY OPERATING ACTIVITIES		932,065
CHANGE IN CASH AND CASH EQUIVALENTS		932,065
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		-
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$	932,065

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

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1: NATURE OF ORGANIZATION

Wings for Life USA - Spinal Cord Research Foundation, Inc. (the "Foundation") is a Delaware nonprofit public charity founded on September 22, 2016. The Foundation's mission is to find a biological cure for spinal cord injuries.

Created by founders Dietrich Mateschitz and Heinz Kinigadner, the Foundation funds the following types of research: (a) Secondary Damage, (b) Remyelination (insultation of nerve fibres), (c) Plasticity, (d) Imaging, (e) Regeneration, (f) Rehabilitation/Compensatory Treatment, and (g) Neural Reconstruction.

The Foundation has funded several projects in the USA beginning in 2017 and is committed to providing funds for spinal cord injury research.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

b. Basis of Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements as set forth in FASB ASC 958-205-45. The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted Net Assets – Net assets not subject to donor imposed stipulations. These are resources over which the Board of Directors has discretionary control and are used to carry out the Foundation's operations in accordance with its bylaws.
- Temporarily Restricted Net Assets – Net assets subject to donor imposed stipulations that will be met by actions of the Foundation and/or the passage of time. When a donor stipulated time restriction ends 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 net assets – Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Foundation. The income from these assets is available for either general operations or specific programs as specified by the donor.

Restricted net assets are created only by donor-imposed restrictions on their use. At December 31, 2017, the Foundation had neither temporarily restricted nor permanently restricted net assets.

c. Cash and Cash Equivalents

The Foundation considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Foundation maintains its cash in bank with national financial institutions of high credit ratings. The balances in these accounts at times may exceed federally insured deposit limits.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Contributions and Revenue Recognition

In accordance with FASB ASC 958-605-50, revenues from contributions are recognized pursuant to the terms specified by the donor. Contributions are recognized at the earlier of the date receipt of funds or the date of a formal, unconditional pledge from known donors.

The financial statements of the Foundation are presented on the accrual method of accounting. Under this method of accounting, revenues are recognized when a donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

e. In-Kind Donations

The Foundation follows standards relating to contributions received and contributions made as consistent with the FASB Codification. These standards require recording the value of donated services that create or enhance non-financial assets or require specialized skills. Volunteers have contributed significant amounts of their time to activities of the Foundation; however, since the above requirements were not met, the values of the contributed services were not recorded in the financial statements.

The Foundation records donated goods at fair value. The fair value of donated goods is measured on a nonrecurring basis using quoted prices for similar financial statement elements in inactive markets (Level 2 inputs). If donors stipulate the length of an asset's use, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of donated goods are recorded as unrestricted support.

f. Functional Allocation of Expenses

The costs of providing the Foundation's programs and other activities have been summarized on a functional basis in both Statement of Activities and Statement of Functional Expenses. Costs have been allocated to program services, management and general, and fundraising. The functional classifications are defined as follows:

- Program service expenses consist of costs incurred in connection with providing services and conducting programs.
- Management and general expenses consist of costs incurred in connection with the overall activities of the Foundation, which are not allocable to another functional expense category.
- Fundraising expenses consist of costs incurred to solicit funds and other fundraising activities.

g. Income Taxes

The Foundation is a nonprofit corporation under section 501(c) (3) of the Internal Revenue Code and related state(s) law. The Foundation's revenues are primarily derived from private and public contributions and are not subject to federal or state income taxes.

The Foundation does not earn any unrelated business income and does not pay any material excise taxes. Therefore, no provision for taxes was recorded.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Foundation adopted the provisions of the relevant accounting standards regarding the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a threshold of more likely than not for recognition of tax benefits of uncertain tax positions taken or expected to be taken in a tax return. The accounting standards also provides related guidance on measurement, de-recognition, classification, interest and penalties and disclosure. The adoption of the accounting standards did not have a material impact on The Foundation's financial position, results of operations or cash flows.

The Foundation's policy is to record interest and penalties related to tax matters as a component of income tax expenses, if any. Under the general three-year statute of limitations, the Foundation's returns for year ended 2016, is subject to examination by federal and state taxing authorities for three years after they were filed.

h. Pledges Receivable

The pledges receivable consist of donor promises to give. It is the Foundation's policy to charge off uncollectible pledges receivable when management determines the pledge will not be collected. All pledges receivable are considered collectible as of December 31, 2017.

i. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist of cash and cash equivalents. The Foundation maintains its cash balances at a single financial institution. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At December 31, 2017, the Foundation's uninsured cash balance amounted to \$682,065.

The Foundation received 63% of its total contribution support from one corporate sponsor and its affiliates. Included in this support amount was an amount specifically intended to cover all non-program service expenses of the Foundation. Management anticipates continued support from the corporate sponsor.

NOTE 4: PLEDGES RECEIVABLE, NET

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written-off through a charge to the valuation allowance and eliminated as an uncollectible receivable.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4: PLEDGES RECEIVABLE, NET (continued)

Management estimates that all pledges receivable amounts are fully collectible based on their familiarity with the donors/sponsors. Accordingly, the allowance for doubtful accounts at December 31, 2017 was \$0.

The pledges receivable, net at December 31, 2017 amounted to \$89,705. Donations from various corporate sponsors and others accounted for 82% of the pledges receivable. For the year ended December 31, 2017, such donations were managed and administered by an unrelated 3rd party company called Charities Aid Foundation of America.

NOTE 5: RESEARCH GRANTS PAYABLE

Research grants payable consist of promises to pay for related research activities within 24 months from the date the agreements were signed. Research grants payable within 12 months from the date of these financial statements, December 31, 2017, amounted to \$578,412. Those payable thereafter amounted to \$144,845.

NOTE 6: DEFERRED REVENUE

A fundraising event, Wings for Life Scavenger Hunt, was originally scheduled for November 2017. The event was postponed to November 2018. At December 31, 2017, the total sponsorship amounts received for this event amounted to \$27,500.

NOTE 7: COMMITMENTS AND CONTINGENCIES

a. Commitments

The Foundation has committed to various charitable-related research projects totaling \$723,257 as of December 31, 2017.

b. Contingencies

The Foundation might occasionally be the subject of a legal or other claim in the normal course of its activities. As of the date of this report, there are no known legal or other matters that might have a material adverse effect on the financial position or changes in net assets of the Foundation.

NOTE 8: NET ASSETS

The net assets of the Foundation are typically composed of unrestricted and temporarily restricted net assets. The Foundation has no permanently restricted assets. At December 31, 2017, the temporarily restricted net assets was \$0.

NOTE 9: SPECIAL EVENTS

The Foundation held fundraising events in 2017. All proceeds from these events went to support the Foundation's mission – spinal cord research. The proceeds from these events amounted to \$70,051. All expenses were paid by a corporate sponsor.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 10: ADVERTISING AND MARKETING

Advertising and marketing costs are expensed as incurred and included in the statement of functional expenses. Advertising and marketing expense for the year ended December 31, 2017 amounted to \$7,940.

NOTE 11: RELATED PARTY TRANSACTIONS

FASB ASC 850-10 requires disclosure of related party transactions and certain common control relationships. The Foundation had no related party transactions for the year ended December 31, 2017.

NOTE 12: SUBSEQUENT EVENT

In accordance with ASC 855, subsequent events through September 6, 2018, the date of these financial statements were evaluated. There were no material subsequent events that required recognition or additional disclosure in these financial statements.