



Certified Public Accountants

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

Financial Statements and Independent Auditor's Report
Year Ended December 31, 2018
(With Summarized Financial Information for the Year
Ended December 31, 2017)

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 statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses 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; 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 in the first paragraph present fairly, in all material respects, the financial position of the Foundation as of December 31, 2018 and 2017 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 6, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Zuelke, Legaspi & Co.

Los Angeles, California
July 25, 2019

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 261,912	\$ 932,065
Investments	2,102,569	-
Pledges receivable, net	316,401	89,705
TOTAL CURRENT ASSETS	2,680,882	1,021,770
TOTAL ASSETS	\$ 2,680,882	\$ 1,021,770

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES		
Accounts payable	\$ 10,012	\$ 12,283
Research grants payable - current portion	607,465	578,412
Deferred revenue	61,937	27,500
TOTAL CURRENT LIABILITIES	679,414	618,195
 LONG TERM LIABILITIES		
Research grants payable - net of current portion	115,855	144,845
TOTAL LONG TERM LIABILITIES	115,855	144,845
TOTAL LIABILITIES	795,269	763,040
 NET ASSETS		
Without donor restrictions	1,885,613	258,730
With donor restrictions	-	-
TOTAL NET ASSETS	1,885,613	258,730
TOTAL LIABILITIES AND NET ASSETS	\$ 2,680,882	\$ 1,021,770

See accompanying notes and independent auditor's report.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With summarized financial information for the year ended December 31, 2017)

	<u>2018</u>			<u>2017</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>TOTAL</u>	<u>TOTAL</u>
SUPPORT				
Contributions	\$ 2,062,717	\$ -	\$ 2,062,717	\$ 1,372,246
Special events	606,395	-	606,395	70,051
Dividend income	2,569	-	2,569	-
TOTAL SUPPORT	<u>2,671,681</u>	<u>-</u>	<u>2,671,681</u>	<u>1,442,297</u>
EXPENSES				
Program services	939,790	-	939,790	1,154,888
Management and general	26,415	-	26,415	20,551
Fundraising	78,593	-	78,593	8,128
TOTAL EXPENSES	<u>1,044,798</u>	<u>-</u>	<u>1,044,798</u>	<u>1,183,567</u>
CHANGE IN NET ASSETS	1,626,883	-	1,626,883	258,730
NET ASSETS, BEGINNING OF THE YEAR	<u>258,730</u>	<u>-</u>	<u>258,730</u>	<u>-</u>
NET ASSETS, END OF THE YEAR	<u>\$ 1,885,613</u>	<u>\$ -</u>	<u>\$ 1,885,613</u>	<u>\$ 258,730</u>

See accompanying notes and independent auditor's report.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With summarized financial information for the year ended December 31, 2017)

	2018			2017	
	PROGRAM SERVICES (RESEARCH)	SUPPORTING ACTIVITIES		TOTAL	
	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	TOTAL	
Advertising and marketing	\$ -	\$ -	\$ 32,273	\$ 32,273	\$ 7,940
Bank charges	-	15,357	-	15,357	5,889
Insurance	-	-	10,000	10,000	-
Meeting and conference	-	-	3,905	3,905	-
Office supplies	-	-	17,496	17,496	94
Printing	-	-	-	-	188
Professional fees	-	10,427	7,900	18,327	14,533
Research grants	923,640	-	-	923,640	1,154,888
Research grant review fees	16,150	-	-	16,150	-
Taxes and licenses	-	631	-	631	35
Volunteer travel	-	-	7,019	7,019	-
TOTAL EXPENSES	\$ 939,790	\$ 26,415	\$ 78,593	\$ 1,044,798	\$ 1,183,567

See accompanying notes and independent auditor's report.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
OPERATING ACTIVITIES		
Change in net assets	\$ 1,626,883	\$ 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	(226,696)	(89,705)
Increase (Decrease) in:		
Accounts payable	(2,271)	12,283
Research grant payable	63	723,257
Deferred revenue	34,437	27,500
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,432,416	932,065
 CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of investments	(2,102,569)	-
NET CASH USED IN FINANCING ACTIVITIES	(2,102,569)	-
 CHANGE IN CASH AND CASH EQUIVALENTS	(670,153)	932,065
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	932,065	-
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 261,912	\$ 932,065

See accompanying notes and independent auditor's report.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 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 (insulation 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 Presentation

The Foundation prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP). The significant accounting and reporting policies used by the Foundation are described subsequently to enhance the usefulness and understanding of the financial statements.

b. Classification and Reporting of Funds

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958). Under the main provisions of this update, net assets and changes in net assets are presented only for two classes: net assets with donor restrictions and net assets without restrictions, rather than the three classes: unrestricted, temporarily restricted and permanently restricted.

FASB ASC 958-205-45 requires the Foundation to report all of its expenses in the assets without donor restrictions (unrestricted), regardless of the source of the funds for the expenditures. A transfer of expenses from the assets without donor restrictions (unrestricted) to the assets with donor restrictions (restricted) will be reported, if applicable, to match the restricted revenue with the restricted expenses

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.

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.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Donated Services and In-Kind Contributions

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.

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 years ended 2016 and 2017, is subject to examination by federal and state taxing authorities for three years after they were filed.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2018.

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.

j. Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

k. 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. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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.

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, 2018 and 2017, the Foundation's uninsured cash balances amounted to \$11,912 and \$682,065, respectively.

The Foundation received 64% of its total contribution support from one corporate sponsor and its affiliates. Included in this support, was an amount specifically intended to cover all non-program expenses of the Foundation. Management anticipates continued support from the corporate sponsor.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4: INVESTMENTS

Marketable Securities

The Foundation accounts for investments in marketable securities under FASB ASC 958-320. In accordance with FASB ASC 958-320, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with realized and unrealized gains and losses included in the statement of activities.

As of December 31, 2018, this account is presented at market value and consists of money market funds amounting to \$2,102,569. There were no money market funds as of December 31, 2017.

Investment income at December 31, 2018 is comprised of the following:

	Amount
Dividend income	\$ <u>2,569</u>

Fair Value Measurements

The Foundation follows FASB ASC 820-10-50, for its financial instruments measured at fair value on a recurring basis. FASB ASC 820-10-50 provides a framework for measuring fair value under generally accepted accounting principles, expands disclosures about fair value measurements, and establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy can be summarized as follows:

Level 1 Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly such as quoted prices for similar assets or liabilities. In active markets or inactive markets, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 Inputs are unobservable. Valuation for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuation incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of their investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4: INVESTMENTS (continued)

The Foundation's financial instruments measured at fair market value on a recurring basis are summarized below:

Financial Instrument	Total	Level 1	Level 2	Level 3
Money Market Funds	\$ 2,102,569	\$ 2,102,569	\$ -	\$ -
Total	\$ 2,102,569	\$ 2,102,569	\$ -	\$ -

NOTE 5: 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.

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, 2018 and 2017 were \$0.

The pledges receivable, net at December 31, 2018 and 2017 amounted to \$316,401 and \$89,705, respectively. 100% of these donations are from various corporate sponsors and others.

NOTE 6: 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, 2018 and 2017, amounted to \$607,465 and \$578,412, respectively.

Those payable thereafter amounted to \$115,855 as of December 31, 2018 and \$144,845 as of December 31, 2017.

NOTE 7: DEFERRED REVENUE

A fundraising event, Wings for Life World Run, is scheduled for 2019. At December 31, 2018, the total sponsorship amount received for this event amounted to \$61,937. At December 31, 2017, the total deferred revenue amount was \$27,500 for the Scavenger Hunt event which took place in 2018.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 8: COMMITMENTS AND CONTINGENCIES

a. Commitments

The Foundation has committed to various mission-related research projects totaling \$723,320 as of December 31, 2018 and \$723,257 as of December 31, 2017.

	<u>2018</u>	<u>2017</u>
Research grants payable – current portion	\$ 607,465	\$ 578,412
Research grants payable – net of current portion	115,855	144,845
	\$ 723,320	\$ 723,257

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 were 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 9: NET ASSETS

The net assets of the Foundation are typically comprised of net assets without donor restrictions and with donor restrictions. There were no net assets with donor restrictions at December 31, 2018 and 2017.

NOTE 10: SPECIAL EVENTS

The Foundation held several fundraising events in 2018 and 2017. All proceeds from these events went to support the Foundation’s mission – spinal cord research.

NOTE 11: 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 years ended December 31, 2018 and 2017 amounted to \$32,273 and \$7,940, respectively.

NOTE 12: 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 years ended December 31, 2018 and 2017.

WINGS FOR LIFE USA - SPINAL CORD RESEARCH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 13: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the balance sheet date are comprised the following:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 261,912	\$ 932,065
Investments	2,102,569	-
Pledges receivable	316,401	89,705
Total	\$ 2,680,882	\$ 1,021,770

As part of the Foundation's liquidity management plan, cash is retained in excess of daily requirements in short-term instruments such as, CDs, and money market funds. Occasionally, the Board may designate a portion of any operating surplus (if any) to its investments. As of December 31, 2018, the financial assets available for general expenditures totaled \$2,680,882. That amount totaled \$1,021,770 as of December 31, 2017.

NOTE 14: SUBSEQUENT EVENT

In accordance with ASC 855, subsequent events through July 25, 2019, the date of these financial statements were evaluated. There were no material subsequent events that required recognition or additional disclosure in these financial statements.