

MAJESTY OUTDOORS  
FINANCIAL STATEMENTS  
AS OF, AND FOR THE YEAR ENDED,  
DECEMBER 31, 2018

Dove, Thompson & Co., P.C.  
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## INDEPENDENT AUDITORS' REPORT

Executive Board of Directors  
Majesty Outdoors  
555 N. Carancahua Suite #130  
Corpus Christi, Texas 78401

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

We have audited the accompanying financial statements of Majesty Outdoors (a non-profit, 501(c)(3) organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, 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 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Majesty Outdoors as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

  
Dove, Thompson & Co., P.C.  
Corpus Christi, Texas

July 29, 2019

MAJESTY OUTDOORS  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2018

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$ 86,784.57
Program Fees Receivable	6,000.00
Prepaid Expenses	<u>28,194.50</u>

**TOTAL CURRENT ASSETS** **\$ 120,979.07**

**Fixed Assets**

Vehicle and Equipment	\$ 117,296.28
Less Accumulated Depreciation (Note 1)	<u>(85,225.23)</u>

**NET FIXED ASSETS** **\$ 32,071.05**

**TOTAL ASSETS** **\$ 153,050.12**

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts Payable	\$ 3,940.65
Short Term Loan (Note 7)	<u>50,000.00</u>

**TOTAL LIABILITIES** **\$ 53,940.65**

**Net Assets:**

Without Donor Restrictions	\$ 99,109.47
With Donor Restrictions (Note 1)	<u>0.00</u>

**TOTAL NET ASSETS** **\$ 99,109.47**

**TOTAL LIABILITES AND NET ASSETS** **\$ 153,050.12**

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

MAJESTY OUTDOORS  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b><u>SUPPORT AND REVENUE</u></b>			
Support:			
Contributions - Public Support	\$ 296,121.81	\$ 0.00	\$ 296,121.81
Special Event(s) - Contributions and Sponsorships	389,321.67	0.00	389,321.67
Less Direct Costs	<u>(79,435.00)</u>	<u>0.00</u>	<u>(79,435.00)</u>
TOTAL SUPPORT	<u>\$ 606,008.48</u>	<u>\$ 0.00</u>	<u>\$ 606,008.48</u>
Revenue:			
Program Service Fees	\$ 26,500.00	\$ 0.00	\$ 26,500.00
Misc. Income	49.40	0.00	49.40
TOTAL REVENUE	<u>\$ 26,549.40</u>	<u>\$ 0.00</u>	<u>\$ 26,549.40</u>
TOTAL SUPPORT AND REVENUE	<u>\$ 632,557.88</u>	<u>\$ 0.00</u>	<u>\$ 632,557.88</u>
Net Assets Released from Restrictions (Note 6)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL SUPPORT AND REVENUES AND RECLASSIFICATIONS	<u>\$ 632,557.88</u>	<u>\$ 0.00</u>	<u>\$ 632,557.88</u>
Schedule of Functional Expenses	<u>560,421.66</u>	<u>0.00</u>	<u>560,421.66</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 72,136.22</u>	<u>\$ 0.00</u>	<u>\$ 72,136.22</u>
NET ASSETS-BEGINNING OF YEAR	<u>\$ 26,973.25</u>	<u>\$ 0.00</u>	<u>\$ 26,973.25</u>
NET ASSETS-END OF YEAR	<u>\$ 99,109.47</u>	<u>\$ 0.00</u>	<u>\$ 99,109.47</u>

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



**MAJESTY OUTDOORS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	PROGRAMS				SUPPORT SERVICES				TOTAL
	TELEVISION PRODUCTION	TIDE CHANGERS	TOTAL PROGRAM	MANAGEMENT AND GENERAL	FUND RAISING	DIRECT COST OF DONOR BENEFITS	TOTAL		
<b>SPECIFIC ALLOCATIONS:</b>									
Editing Costs	\$ 63,400.00	\$ 0.00	\$ 63,400.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 63,400.00		\$ 63,400.00
Filming Cost	28,968.16	0.00	28,968.16	0.00	0.00	0.00	28,968.16		28,968.16
Network Expenses	82,500.00	0.00	82,500.00	0.00	0.00	0.00	82,500.00		82,500.00
<b>Total</b>	<b>\$ 174,868.16</b>	<b>\$ 0.00</b>	<b>\$ 174,868.16</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 174,868.16</b>		<b>\$ 174,868.16</b>
<b>GENERAL EXPENSES ALLOCATIONS</b>									
Accounting Fees	6,250.00	6,250.00	12,500.00	0.00	0.00	0.00	12,500.00		12,500.00
Advertising Fees	30,116.16	30,116.16	60,232.31	0.00	0.00	0.00	60,232.31		60,232.31
Bank Fees and Costs	358.18	358.18	716.36	45.72	0.00	0.00	762.08		762.08
Conference, Conventions & Meetings	2,100.73	2,016.70	4,117.43	84.03	0.00	0.00	4,201.46		4,201.46
Depreciation Expense	6,578.15	6,578.15	13,156.30	1,461.81	0.00	0.00	14,618.11		14,618.11
Donations to Other Charities	2,900.00	2,900.00	5,800.00	0.00	0.00	0.00	5,800.00		5,800.00
Insurance-General Liability	3,170.70	3,170.70	6,341.39	0.00	0.00	0.00	6,341.39		6,341.39
Licenses and Renewals	2,238.45	2,238.45	4,476.90	0.00	0.00	0.00	4,476.90		4,476.90
Salary & Wages	8,726.01	71,747.18	80,473.19	11,634.68	4,847.78	0.00	96,955.65		96,955.65
Payroll Taxes	96.54	1,834.24	1,930.78	362.02	120.67	0.00	2,413.47		2,413.47
Payroll Benefits	469.70	8,337.23	8,806.94	2,935.65	0.00	0.00	11,742.58		11,742.58
Repairs and Maintenance Other	1,449.30	0.00	1,449.30	0.00	0.00	0.00	1,449.30		1,449.30
Scholarships	39,430.22	0.00	39,430.22	0.00	0.00	0.00	39,430.22		39,430.22
Specific Assist to Others	160.00	160.00	320.00	0.00	0.00	0.00	320.00		320.00
Office Expenses	5,122.48	5,122.48	10,244.96	0.00	0.00	0.00	10,244.96		10,244.96
Printing and Publications	0.00	3,500.38	3,500.38	0.00	0.00	0.00	3,500.38		3,500.38
Postage and Shipping	0.00	203.22	203.22	812.88	0.00	0.00	1,016.10		1,016.10
Professional Fees	0.00	712.20	712.20	0.00	0.00	0.00	712.20		712.20
Program Supplies	0.00	1,878.36	1,878.36	0.00	0.00	0.00	1,878.36		1,878.36
Telephone and Internet	2,013.40	2,013.40	4,026.79	0.00	0.00	0.00	4,026.79		4,026.79
Travel and Mileage	6,868.03	8,062.48	14,930.51	0.00	0.00	0.00	14,930.51		14,930.51
Web Design	109.94	109.94	219.87	219.87	0.00	0.00	439.74		439.74
Supplies and Other/Joint Costs	13,134.15	13,134.15	26,268.30	0.00	61,292.69	0.00	87,560.99		87,560.99
Cost of Direct Benefits to Donors	0.00	0.00	0.00	0.00	0.00	79,435.00	79,435.00		79,435.00
<b>Total General Expense Allocations</b>	<b>\$ 131,292.12</b>	<b>\$ 170,443.57</b>	<b>\$ 301,735.69</b>	<b>\$ 17,556.66</b>	<b>\$ 66,261.15</b>	<b>\$ 79,435.00</b>	<b>\$ 464,988.50</b>		<b>\$ 464,988.50</b>
Functional Expenses Before Depreciation Less Expenses Included with Revenues on the Statement of Activities:	\$ 306,160.28	\$ 170,443.57	\$ 476,603.85	\$ 17,556.66	\$ 66,261.15	\$ 79,435.00	\$ 639,856.66		\$ 639,856.66
Cost of Direct Benefits to Donors	0.00	0.00	0.00	0.00	0.00	(79,435.00)	(79,435.00)		(79,435.00)
<b>Total Functional Expenses</b>	<b>\$ 306,160.28</b>	<b>\$ 170,443.57</b>	<b>\$ 476,603.85</b>	<b>\$ 17,556.66</b>	<b>\$ 66,261.15</b>	<b>\$ 0.00</b>	<b>\$ 560,421.66</b>		<b>\$ 560,421.66</b>

85.04%	3.13%	14.96%	11.82%	100.00%
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The accompanying notes are an integral part of these financial statements.

MAJESTY OUTDOORS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets		\$ 72,136.22
Adjustments to reconcile change in net assets to net assets used in operating activities:		
Depreciation	\$ 14,618.11	
(Increase) Decrease in program fees receivable	(6,000.00)	
(Increase) Decrease in other assets	(11,997.50)	
Increase (Decrease) in accounts payable and other liabilities	(8,757.21)	
Net adjustments		(12,136.60)
Net Cash Provided (Used) by Operating Activities		\$ 59,999.62

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of fixed assets	\$ 0.00	
Other	0.00	
Net cash provided (used) by investing activities		0.00

**CASH FLOWS FROM FINANCING ACTIVITIES**

Net cash provided (used) by financing activities (None)		0.00
NET DECREASE IN CASH AND CASH EQUIVALENTS		\$ 59,999.62
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		26,784.95
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 86,784.57

Non-Cash Transactions: None

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



MAJESTY OUTDOORS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Mission of Majesty Outdoors**

The mission of Majesty Outdoors is to bring fatherless children on their maiden outdoors adventure bringing them a message of hope, faith and the beauty of God's great outdoors outside their normal environment. Our mission statement is rooted in the words of Psalm 68:5, "*A father to the fatherless, a defender of widows, is God in his holy dwelling*". Majesty Outdoors' staff, board of directors and volunteers are all guided by this inspiration in all we work towards in achieving our mission.

**Note 1- Nature of Activities and Significant Accounting Policies**

**Nature of Activities:**

Majesty Outdoors (the Organization), a non-profit voluntary, health and welfare corporation, is a 501(c)(3) non-profit organization, whose work is focused on raising awareness to the fatherless epidemic in our society, and enacting real change in our communities through mentorship programs for this fatherless generation. Utilizing the unique learning environment of the outdoors, the programs positively impact the lives of these youths by offering education, encouragement, and life skills and spiritual development. Teens nominated through the mentorship program have the opportunity to apply for scholarships for higher learning in college or trade-schools. Upon meeting requirements of the scholarship program, teens have the opportunity to receive up to four years of scholarship funding, up to \$5,000 each year.

Through Tide Changers (formerly Generation Outdoors), a mentor training and equipping program launched in 2013, the Organization is partnering with local churches to train men and women of faith in mentoring fatherless children in their communities. Group activities are rooted in anything and everything outdoors and are accompanied by faith-based lesson plans, which are tailored to the group activities. The mentees receive spiritual development and the realization that there is a strong support network to increase self-esteem through the mentors of Tide Changers.

The Organization leverages the outdoors as our canvas for many reasons, not the least of which are the bonds that are typically forged between father and son/daughter. The teens who participate in our programs often are not able to have these experiences due to the absence of a father figure in their homes.

Outdoors experiences & adventures often involve massive amounts of planning and time to accomplish the goal of the experience - this amount of effort instills in Majesty Outdoors' teens a sense of appreciation in seeing the dedication it takes from all of our staff and volunteers. Majesty Outdoors is proud to be a faith-based organization.



MAJESTY OUTDOORS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Significant accounting policies are as follows:**

**Basis of Accounting:**

The Organization reports using the accrual method of accounting. Under this method, revenues are recognized when they become both measurable and available to finance expenses for the current period. Unconditional pledges that have been promised to the Organization, or "Promises to Give" receivable, are recognized when received because of a lack of legal commitment for the donor. Expenses are recognized when the related liability is incurred. All revenue sources have been treated as susceptible to accrual.

**Financial Statement Presentation:**

The Organization presents its financial statements in accordance with generally accepted accounting principles for non-profit agencies. During 2018, Accounting Standard Update (ASU) 2016-14, (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* became effective. Net assets revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions or law. The governing board has designated, from net assets without donor restrictions.

**With Donor Restrictions**

Net assets that are subject to donor-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.

When a restriction expires, that is, when a stipulated time restriction ends or when a purpose restriction is accomplished, donor restricted net assets are reclassified to unrestricted net assets in the Statement of Financial Activities (See Note 6).

When a restriction expires, that is, when a stipulated time restriction ends or when a purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without restrictions (See Note 5). Net assets classified as board-designated (appropriated) are legally unrestricted. Board-designated funds consist of \$9,334 which is held in a separate bank account at December 31, 2018 for scholarships. At December 31, 2018, the Organization has no funds on deposit that are considered restricted by donors for use in 2019; no assets at this time are considered permanently restricted.

MAJESTY OUTDOORS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Support and Revenue:**

Majesty Outdoors receives its program support and revenues primarily from contributions from individuals, corporate sponsors, and foundation grants, and a minor amount from program fees. Management periodically reviews the collectability of any accounts receivable based on past due status of the underlying invoices and past payment history.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents:**

Majesty Outdoors considers cash and cash equivalents for the purposes of cash flows to be financial instruments with maturities of three months or less. The Organization's cash consists of general operating demand deposit accounts. The carrying amounts for all current assets approximate fair market value and is available in full to expend in the next fiscal year.

**Property and Equipment:**

Purchases of equipment having a unit cost of \$500 or more and an estimated useful life of more than three years are capitalized at cost. Donated assets are capitalized at the estimated fair market value at time of receipt. Depreciation is generally computed using the double-declining method due to environmental conditions over the estimated useful lives of the assets. Depreciation expense for 2017 is \$14,618. The following assets and lives are included:

Boat	\$ 59,979	7 years
Camera & Lighting Equipment	38,018	5-10 years
Office Equipment & Furniture	<u>19,299</u>	3-10 years
Total	\$117,296	
Accumulated Depreciation	<u>(85,225)</u>	
Net	<u>\$ 32,071</u>	

**Advertising:**

Advertising costs are charged to operations in the period the advertisement is placed.

**Income Taxes:**

Majesty Outdoors is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code and is treated as a publicly supported organization. The Organization files an annual Form 990. Generally, tax years remain open for inspection by the Internal Revenue Service for three years after the filing of the tax return.



MAJESTY OUTDOORS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Functional Expenses and Expense Allocation:**

Expenses are presented on the Statement of Activities; generally, costs that can be identified with a specific program or supporting service are charged directly to that related program or supporting service. Expenses that benefit, or are associated with, a supporting service other than for the literacy program are allocated based on percentages estimated by management. The Organization, have classified all expenditures as either program, administration, or fund-raising expense on the statement of functional expenses. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, interest, maintenance and repairs, utilities which are allocated on reasonable use basis, i.e., facilities used by the program. Items such as payroll taxes, meetings, education and training, office supplies, technology and telephone, are allocated based on full-time equivalents; and salaries and wages and employee benefits, which are allocated on the basis of estimates of time and effort.

Special fund-raising events are held throughout the year. Direct costs of \$79,435 are the special event cost of facilities, food & entertainment that are presented in the statement of activities as well as the statement of functional expense as "costs of direct benefits to donors". The costs of all other events have been presented as functional expenses in the fund-raising category because the services to participants and complementary items considered benefits to donors ("quid pro quo") associated with attendance at the fund-raising events are considered "de minimus" or have an insignificant value to the donor. Joint costs of approximately \$87,560 for printing, supplies and etc. has been allocated from fund raising costs to programs marketing and promotion.

**Note 2 - Compensated Absences**

Majesty Outdoors in an effort to simplify the financial statements, has elected not to accrue and record an obligation for compensated absences. At the end of the fiscal year, all granted compensated absences and paid time off, etc., are carried over only on a limited basis. Any accrued obligation, while able to be reasonably estimated at the end of the year, would not be material to the financial statements.

**Note 3 - Concentration of Credit Risk**

Majesty Outdoors has adopted SOP 94-6, which requires disclosure of vulnerable concentrations of exposed risk. The Organization receives revenues from various diverse sources; of which, none are considered to be concentrations of exposed risk.

**Note 4 - Subsequent Events and Financial Statement Issuance**

The management of the Majesty Outdoors has evaluated the subsequent year activity through July 31, 2019 which is the date of the auditors' report and the date the financial statements were considered available for issue. No subsequent events, material to the financial statements are required to be disclosed.

MAJESTY OUTDOORS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Note 5 - Grants**

Assets with donor restrictions are contributions with donor-imposed, or time, restrictions. At December 31, 2018 any restricted revenues received in prior periods are considered fully spent or utilized by the Organization and therefore have fulfilled the donor stipulations for a particular purpose, program, or time period.

**Note 6 - Significant Obligations Under Lease Agreements**

Majesty Outdoors' has no significant non-cancelable leasing obligations at December 31, 2018.

**Note 7 - Loans**

The Organization borrowed \$50,000 from a related party for operating costs and is to be reimbursed with no interest accrued. The balance at December 31, 2017 has been renewed to the subsequent year and is presented as a short-term loan. Generally, loans are paid back over a set period of time using market value interest. However, due to the loan current interest rates, any accrued interest expense is not considered material to the financial statements.

**Note 7 – Change in Accounting Principle**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU 2016-2014, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*). The Organization has applied the changes to the current periods as present. The new standard changes the following aspects of the financial statements:

- Unrestricted net asset class has been renamed Net Assets Without Donor Restrictions.
- The temporarily and permanently restricted net asset classes have been combined into a single net asset class called Net Assets With Donor Restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note 1).
- Investment expenses are included in net investment return.
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- Additional disclosures related to “underwater endowments” resulting from the reclassifications of underwater endowment funds as required under ASU 2016-2014. The Organization has no funds considered to be an endowment fund, but plans to establish this in the near future.
- Special guidance is provided in presenting and allocating functional expenses between program costs and administrative costs.