Financial Statements and
Independent Auditors' Report

The Ability Experience

As of September 30, 2014 and 2013

The Ability Experience

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VANCE FLOUHOUSE & GARGES, PLLC
Certified Public Accountants and Consultants

Independent Auditors' Report

To the Board of Directors of
The Ability Experience:

We have audited the accompanying financial statements of The Ability Experience, formerly Push America (a nonprofit organization), which comprise the statements of financial position as of September 30, 2014 and 2013, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ability Experience as of September 30, 2014 and 2013, 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.

Vance Flouhouse & Gerges PLLC

Charlotte, North Carolina
February 16, 2015

Statements of Financial Position

September 30, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 65,139	$ 59,067
Prepaid expenses	23,084	19,566
Promises to give temporiarily restricted, net of discount	134,598	168,385
Investments:		
Unrestricted	343,764	374,032
Temporarily restricted	1,461,495	1,368,691
Property and equipment - net	84,036	105,118
Other assets	16,500	11,000
Total assets	$ 2,128,616	$ 2,105,859
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 28,363	$ 5,932
Accrued expenses	142,927	169,311
Deferred revenue	96,211	76,256
Total liabilities	267,501	251,499
Net assets:		
Unrestricted	265,022	317,284
Temporarily restricted	1,596,093	1,537,076
Total net assets	1,861,115	1,854,360
Total liabilities and net assets	$ 2,128,616	$ 2,105,859

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

The Ability Experience

Statements of Activities

Years ended September 30, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	**Total**	Unrestricted	Temporarily Restricted	Total
Revenues, gains, and other support:						
Chapter fundraising	$ 477,454	$ -	**$ 477,454**	$ 462,770	$ -	$ 462,770
Event fundraising	860,040	-	**860,040**	874,943	-	874,943
Private contributions	624,265	26,161	**650,426**	679,517	59,253	738,770
Registration fees	27,635	-	**27,635**	22,245	-	22,245
Sales	12,848	-	**12,848**	13,994	-	13,994
Dividend and interest income, net of fees	10,110	47,101	**57,211**	8,476	24,687	33,163
Realized gains (losses) on investments, net of fees	689	(375)	**314**	4,723	2,888	7,611
Unrealized gains on investments	10,985	46,078	**57,063**	27,745	91,113	118,858
	2,024,026	118,965	**2,142,991**	2,094,413	177,941	2,272,354
Net assets released from restrictions	59,948	(59,948)	**-**	50,049	(50,049)	-
Total revenues, gains, and other support	2,083,974	59,017	**2,142,991**	2,144,462	127,892	2,272,354
Expenses						
Program services:						
Chapter services	179,367	-	**179,367**	165,675	-	165,675
Grants and placements	315,548	-	**315,548**	442,787	-	442,787
Journey of Hope	824,868	-	**824,868**	916,639	-	916,639
Build America	166,924	-	**166,924**	192,145	-	192,145
Gear Up Florida	165,191	-	**165,191**	178,682	-	178,682
Push America Challenge	110,062	-	**110,062**	-	-	-
Supporting services:						
Administrative	161,671	-	**161,671**	170,443	-	170,443
Financial development and public relations	212,605	-	**212,605**	328,600	-	328,600
Total expenses	2,136,236	-	**2,136,236**	2,394,971	-	2,394,971
Change in net assets	(52,262)	59,017	**6,755**	(250,509)	127,892	(122,617)
Net assets at beginning of year	317,284	1,537,076	**1,854,360**	567,793	1,409,184	1,976,977
Net assets at end of year	$ 265,022	$ 1,596,093	**$ 1,861,115**	$ 317,284	$ 1,537,076	$ 1,854,360

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

The Ability Experience

Statement of Functional Expenses

Year ended September 30, 2014

	Program Services							Support Services			
	Chapter Services	Grants and Placements	Journey of Hope	Build America	Gear Up Florida	Push America Challenge	Total	Administrative	Financial Development	Total	Total All Expenses
Salaries and wages	$ 93,884	$ 38,214	$ 194,500	$ 54,659	$ 57,668	$ 51,470	$ 490,395	$ 93,335	$ 111,651	$204,986	$ 695,381
Employee benefits	12,633	5,227	21,945	7,528	7,681	5,810	60,824	9,248	11,799	21,047	81,871
Payroll taxes	7,159	2,770	12,513	3,704	4,198	4,152	34,496	3,098	8,151	11,249	45,745
Professional fees	23,396	3,854	29,318	15,248	7,401	18,662	97,879	30,862	15,592	46,454	144,333
Supplies	4,029	408	33,115	2,356	11,734	3,409	55,051	552	1,080	1,632	56,683
Telephone	954	317	7,563	816	1,403	340	11,393	2,404	659	3,063	14,456
Postage and shipping	324	138	4,857	90	262	307	5,978	105	9,866	9,971	15,949
Occupancy	9,854	4,310	28,045	8,041	8,009	5,093	63,352	1,761	9,213	10,974	74,326
Non-capitalized equipment	8,021	3,587	21,212	6,092	7,265	3,812	49,989	2,001	8,023	10,024	60,013
Printing and publications	1,569	829	4,739	1,012	1,112	1,418	10,679	1,070	18,258	19,328	30,007
Travel	9,024	3,273	94,904	10,757	14,837	3,402	136,197	1,376	3,122	4,498	140,695
Lodging and meals	1,076	33,645	323,018	47,435	31,604	1,575	438,353	2,629	12,604	15,233	453,586
Conferences and conventions	1,185	878	19,762	1,894	3,870	7,104	34,693	6,568	(2,629)	3,939	38,632
Assistance to facilities and organizations	-	215,945	-	-	-	-	215,945	-	-	-	215,945
Membership dues	133	62	5,632	145	747	77	6,796	942	650	1,592	8,388
Awards	1,348	-	7,884	768	1,021	743	11,764	533	86	619	12,383
Depreciation	4,778	2,091	8,661	2,986	2,986	2,688	24,190	1,195	4,480	5,675	29,865
Insurance	-	-	7,200	3,393	3,393	-	13,986	3,992	-	3,992	17,978
	$ 179,367	$ 315,548	$ 824,868	$166,924	$165,191	$ 110,062	$ 1,761,960	$ 161,671	$ 212,605	$374,276	$ 2,136,236

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

The Ability Experience

Statement of Functional Expenses

Year ended September 30, 2013

	Program Services						Support Services			
	Chapter Services	Grants and Placements	Journey of Hope	Build America	Gear Up Florida	Total	Administrative	Financial Development	Total	Total All Expenses
Salaries and wages	$ 85,407	$ 44,958	$ 209,219	$ 65,450	$ 70,241	$ 475,275	$ 86,280	$ 108,009	$ 194,289	$ 669,564
Employee benefits	13,460	5,979	23,921	8,168	9,037	60,565	16,177	12,181	28,358	88,923
Payroll taxes	6,695	3,664	14,476	5,317	5,695	35,847	2,993	8,845	11,838	47,685
Professional fees	21,043	2,958	24,958	7,552	7,457	63,968	37,656	101,356	139,012	202,980
Supplies	2,665	3,736	39,725	3,987	9,784	59,897	732	6,566	7,298	67,195
Telephone	690	327	6,055	1,092	1,323	9,487	1,396	1,039	2,435	11,922
Postage and shipping	413	330	5,161	289	325	6,518	114	5,105	5,219	11,737
Occupancy	11,807	4,081	27,580	8,810	10,237	62,515	2,223	9,266	11,489	74,004
Non-capitalized equipment	7,528	3,572	21,171	5,873	5,913	44,057	1,398	7,067	8,465	52,522
Printing and publications	1,738	507	5,713	1,109	1,736	10,803	461	16,285	16,746	27,549
Travel	4,970	4,506	122,419	24,572	12,581	169,048	2,737	6,558	9,295	178,343
Lodging and meals	765	58,194	367,626	50,303	32,283	509,171	5,334	28,860	34,194	543,365
Conferences and conventions	785	737	19,515	2,608	3,563	27,208	5,162	9,062	14,224	41,432
Assistance to facilities and organizations	-	306,827	-	-	-	306,827	-	-	-	306,827
Membership dues	306	94	5,789	294	846	7,329	1,167	2,106	3,273	10,602
Awards	2,770	-	8,151	614	1,265	12,800	1,463	214	1,677	14,477
Depreciation	4,633	2,317	8,687	2,896	3,185	21,718	1,158	6,081	7,239	28,957
Insurance	-	-	6,473	3,211	3,211	12,895	3,992	-	3,992	16,887
	$ 165,675	$ 442,787	$ 916,639	$ 192,145	$ 178,682	$ 1,895,928	$ 170,443	$ 328,600	$ 499,043	$ 2,394,971

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

Statements of Cash Flows

Years ended September 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 6,755	$ (122,617)
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation	29,865	28,957
Dividends and interest reinvested	(57,211)	(33,163)
Net realized and unrealized gains on investments	(57,377)	(126,469)
Changes in operating assets and liabilities:		
Promises to give, net of discount	33,787	(17,253)
Prepaid expenses	(3,518)	(16,613)
Other assets	(5,500)	(11,000)
Accounts payable and accrued expenses	(3,953)	136,033
Deferred revenue	19,954	(1,995)
Net cash used in operating activities	(37,198)	(164,120)
Cash flows from investing activities:		
Purchase of property and equipment	(8,782)	(11,507)
Purchase of investments	(47,948)	(83,848)
Proceeds from sale of investments	100,000	195,049
Net cash provided by investing activities	43,270	99,694
Net increase (decrease) in cash and cash equivalents	6,072	(64,426)
Cash and cash equivalents at beginning of year	59,067	123,493
Cash and cash equivalents at end of year	$ 65,139	$ 59,067

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

Notes to Financial Statements

September 30, 2014 and 2013

1. Organization

The Ability Experience, Inc. ("the Organization"), formerly known as Push America, is a 501(c)(3) nonprofit organization that serves people with disabilities. The Ability Experience was founded in 1977 as the national philanthropy of Pi Kappa Phi Fraternity with the purpose of instilling lifelong service in its members and enhancing the quality of life for people with disabilities. The Ability Experience has grown into a national nonprofit with numerous programs educating undergraduates, alumni and communities about the abilities of people with disabilities while forging friendships between Pi Kappa Phi members and people with disabilities.

2. Summary of Significant Accounting Policies

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

Basis of Presentation
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board *Accounting Standards Codification (ASC) 958-205 Not-for-Profit Entities: Presentation of Financial Statements.* Under *ASC 958-205*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed restrictions that expire when a stipulated time restriction ends or purpose restriction is accomplished.

Permanently restricted net assets: Net assets subject to donor-imposed restrictions that must be maintained permanently by the organization. Generally the donors of these assets permit the organization to use all or part of the income earned on the related investment for general or specific purposes.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Cash Equivalents
The Organization considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Promises to Give
All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at their face value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value. The discounts on those amounts are computed using an interest rate applicable to the year in which the promise is received. The discount rates range from 0.84% to 1.66% for pledges receivable as of September 30, 2014 and 2013. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

For the years ended September 30, 2014 and 2013, management has determined that an allowance for doubtful accounts was not necessary.

Investments
The Organization accounts for investments under *FASB ASC 958 Not-for-Profit Entities*. Under *ASC 958*, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values. Investment returns that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the investment returns are recognized.

Property and Equipment
Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization capitalizes office equipment, furnishings, and other fixed assets with a value in excess of $500. Depreciation is computed using primarily the straight-line method over the estimated lives of the assets, ranging from three to ten years. Improvements to property and equipment that do not extend the useful life of the asset are expensed in the year incurred.

Long-Lived Assets
Cash or other assets whose use is restricted to acquire long-lived assets are recorded as temporarily restricted until the long-lived assets are acquired. Once acquired, long-lived assets are recorded as unrestricted net assets unless otherwise disclosed.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles 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.

Donated Materials, Services, and Use of Property
Under *FASB ASC 958 Not-for-Profit Entities*, the Organization recognizes services requiring specialized skills such as those provided by accountants, attorneys, marketing consultants, and other professionals if the services would need to be purchased if not donated. The Journey of Hope and other team and special events receive donations of lodging, meals, vehicles and services. These donations are valued at estimated fair market value. The amount of donated services recognized as revenues and expenses for the years ended September 30, 2014 and 2013, are $390,251 and $459,603, respectively.

<u>Expense Allocation</u>
The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

<u>Financial Development</u>
Financial development expenses represent amounts incurred in raising additional funds for the Organization.

<u>Contributions</u>
Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Certain restricted contributions received in the same year in which the restrictions are met are recorded as an increase in unrestricted support.

<u>Fair Value of Financial Instruments</u>
The Organization has estimated the fair value of its financial instruments using available market information and other valuation methodologies in accordance with *ASC 820 Fair Value Measurements and Disclosures.* The FASB Fair Value Measurement standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and expands disclosures about fair value measurements in an effort to make the measurement of fair value more consistent and comparable. Financial instruments, as defined in *ASC Topic No. 825-10-50 Fair Value of Financial Instruments*, consist of cash, accounts receivable, investments, accounts payable, and accrued expenses.

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The fair value of each class of financial instruments for which it is practicable to estimate the fair value were determined as follows:

Investments in mutual funds-- Valued at the quoted net asset value of shares held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, 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.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Organization is not a private foundation pursuant to Internal Revenue Code Section 509(a)(1). The Organization does not believe that there are any material uncertain tax positions and accordingly, it will not recognize any asset or liability for unrecognized tax benefits or obligations.

The tax returns of the Organization are subject to examination by federal and state authorities. As of September 30, 2014, the Organization believes it is no longer subject to income tax examinations for years prior to 2011.

Subsequent Events

The Organization has analyzed its operations subsequent to September 30, 2014, through February 16, 2015, the date the financial statements were available to be issued, for potential recognition or disclosure in the financial statements.

3. Concentrations

The Ability Experience, Inc. is subject to some credit risk through cash investments which are placed in a high credit quality financial institution. The Organization did not exceed maximum insured deposit limitations at September 30, 2014 and 2013.

4. Promises to Give

Unconditional promises to give are included in the financial statements as promises to give and revenue of the appropriate net asset classification. Unconditional promises to give at September 30, 2014 and 2013 consisted of the following:

	2014	2013
Unconditional promises to give	$ 138,000	$ 173,000
Less: unamortized discount	(3,402)	(4,615)
Unconditional promises to give - net	$ 134,598	$ 168,385

Unconditional promises to give at face value at September 30, 2014 and 2013 are as follows:

	2014	2013
Receivable in less than one year	$ 54,000	$ 42,000
Receivable in one to five years	82,000	127,000
Receivable in more than five years	2,000	4,000
	$ 138,000	$ 173,000

5. Investments

The Organization maintains investments in mutual funds that invest in equity and debt securities. Investment income, realized gains and losses, and unrealized gains and losses from these securities are allocated to the unrestricted and temporarily restricted funds based on each fund's percentage of ownership of total investment assets.

Investments were comprised of the following at September 30:

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Mutual funds				
Unrestricted	$ 330,695	$ 343,764	$ 365,947	$ 374,032
Temporarily restricted	1,354,240	1,461,495	1,298,454	1,368,691
	$ 1,684,935	$ 1,805,259	$ 1,664,401	$ 1,742,723

Investment advisory fees paid for the management of the investment accounts totaled $14,135 and $14,261 for the years ended September 30, 2014 and 2013, respectively.

6. Fair Value Measurements

The following tables set forth the level, within the fair value hierarchy, of the Organization's financial investments at fair value as of September 30, 2014 and 2013:

	Fair Value	Level 1	Level 2	Level 3
September 30, 2014				
Mutual funds	$ 1,805,259	$ 1,805,259	$ -	$ -
September 30, 2013				
Mutual funds	$ 1,742,723	$ 1,742,723	$ -	$ -

7. Property and Equipment

Property and equipment consisted of the following at September 30:

	Useful Lives	2014	2013
Computer equipment and software	3 - 5 years	$ 117,822	$ 109,039
Office furniture and equipment	5 - 10 years	163,117	163,117
		280,939	272,156
Less accumulated depreciation		(196,903)	(167,038)
		$ 84,036	$ 105,118

Depreciation expense for the years ended September 30, 2014 and 2013 was $29,865 and $28,957, respectively.

8. Restrictions on Net Assets

The restricted net assets include donor restricted funds to provide fellowships to be used as an incentive for camp counselors serving at summer programs for people with disabilities and the Journey of Hope program. The Organization also began a "Commitment Campaign" during the year ended September 30, 2012, designed to raise a board designated endowment fund that will be used to support 25% of the Organization's budget.

9. Retirement Plans

The Organization maintains a tax-qualified annuity plan administered by a national insurance company. The Organization makes a discretionary matching contribution determined on an annual basis equal to the employee's contribution. This amount is not to exceed 3% of employee compensation. Retirement plan expense was $14,681 and $12,793 for the years ended September 30, 2014 and 2013 respectively.

In 2013, the Organization established a deferred compensation plan for eligible management as determined by the Board of Directors. The Organization accrued $16,500 and $11,000 in expenses for one participant in the Plan as of September 30, 2014 and 2013.

10. Related Party Transactions

The Organization has a verbal agreement with Pi Kappa Phi Fraternity, an affiliated organization, on a month to month basis for shared resources, such as office equipment, telephone lines, personnel salaries, software charges, insurance costs, and publication fees. The amounts charged to the entity during the years ending September 30, 2014 and 2013 were approximately $217,300 and $145,500, respectively.

Included in the shared resources amounts were rental payments in connection with a sub-lease agreement for office space. The sub-lease terms state the base rent of the office space will be recalculated annually, based on the usage of the office space by the Organization. The lease payment amount escalates 3% annually, beginning on April 1 of each year. The lease began on March 13, 2007, and ends on June 30, 2017. Based on the initial calculation of the base rent, the future minimum payments for the five succeeding years is as follows:

September 30, 2015	$ 56,025
September 30, 2016	57,706
September 30, 2017	44,578

Rent expense for office space was $57,584 and $53,307 for the years ended September 30, 2014 and 2013 respectively.

Amounts due to Pi Kappa Phi Fraternity as of September 30, 2014 and 2013 were $28,363 and $493, respectively.