

**THRIIVE, INC.**  
**(a nonprofit organization)**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2015 and 2014**

**TABLE OF CONTENTS**

	<b>Page</b>
Independent Auditors' Report .....	3
Statements of Financial Position .....	5
Statements of Activities .....	6
Statement of Functional Expenses.....	8
Statements of Cash Flows .....	10
Notes to Financial Statements .....	11



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Thrive Inc.  
Boise, Idaho

We have audited the accompanying financial statements of Thrive Inc., (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, 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 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 audits 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 auditor's judgment, including the assessment of the risk 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.

Harris & Co. PLLC

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thrive Inc. as of December 31, 2015 and 2014, 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.

*Harris & Co. PLLC*

Meridian, Idaho  
July 27, 2016

## THRIIVE, INC.

## STATEMENTS OF FINANCIAL POSITION

December 31

	<b>ASSETS</b>	
	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 245,716	\$ 47,069
Unconditional promises to give, net	<u>1,010,000</u>	<u>885,800</u>
Total Current Assets	1,255,716	932,869
<b>OTHER ASSETS</b>		
Unconditional promises to give, net of current portion	<u>198,094</u>	<u>99,323</u>
Total Assets	<u>\$ 1,453,810</u>	<u>\$ 1,032,192</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Direct program operations payable	\$ 196,716	\$ 0
Accounts payable	1,750	3,004
Accrued and withheld payroll costs	<u>5,625</u>	<u>6,305</u>
Total Current Liabilities	204,091	9,309
<b>NET ASSETS</b>		
Unrestricted	39,719	37,760
Temporary restricted	<u>1,210,000</u>	<u>985,123</u>
Total Net Assets	<u>1,249,719</u>	<u>1,022,883</u>
Total Liabilities and Net Assets	<u>\$ 1,453,810</u>	<u>\$ 1,032,192</u>

See notes to financial statements.

## THRIIVE, INC.

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Individual contributions	\$ 335,327	\$ 1,143,957	\$ 1,479,284
Foundation contributions	26,726	83,105	109,831
Interest income	<u>345</u>	<u>          </u>	<u>345</u>
	362,398	1,227,062	1,589,460
Net assets released from restrictions	<u>1,002,185</u>	<u>(1,002,185)</u>	<u>0</u>
Total Revenue	1,364,583	224,877	1,589,460
EXPENSES			
Program services			
Small business support	1,189,243	0	1,189,243
Supporting services			
Administrative	54,572		54,572
Fundraising	<u>118,809</u>	<u>          </u>	<u>118,809</u>
Total Supporting Services	<u>173,381</u>	<u>0</u>	<u>173,381</u>
Total Expenses	<u>1,362,624</u>	<u>0</u>	<u>1,362,624</u>
Increase in Net Assets	1,959	224,877	226,836
NET ASSETS, Beginning of Year	<u>37,760</u>	<u>985,123</u>	<u>1,022,883</u>
NET ASSETS, End of Year	<u>\$ 39,719</u>	<u>\$ 1,210,000</u>	<u>\$ 1,249,719</u>

See notes to financial statements.

## THRIIVE, INC.

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Individual contributions	\$ 298,577	\$ 826,602	\$ 1,125,179
Foundation contributions	38,000	407,699	445,699
Interest income	<u>184</u>	<u>          </u>	<u>184</u>
	336,761	1,234,301	1,571,062
Net assets released from restrictions	<u>413,642</u>	<u>(413,642)</u>	<u>0</u>
Total Revenue	750,403	820,659	1,571,062
EXPENSES			
Program services			
Small business support	1,074,414	0	1,074,414
Supporting services			
Administrative	58,533		58,533
Fundraising	<u>84,409</u>	<u>          </u>	<u>84,409</u>
Total Supporting Services	<u>142,942</u>	<u>0</u>	<u>142,942</u>
Total Expenses	<u>1,217,356</u>	<u>0</u>	<u>1,217,356</u>
Increase (Decrease) in Net Assets	(466,953)	820,659	353,706
NET ASSETS, Beginning of Year	<u>504,713</u>	<u>164,464</u>	<u>669,177</u>
NET ASSETS, End of Year	<u>\$ 37,760</u>	<u>\$ 985,123</u>	<u>\$ 1,022,883</u>

See notes to financial statements.

**THRIIVE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2015**

	<u>Program</u>	<u>General &amp; Admin</u>	<u>Fundraising</u>	<u>Total</u>
Small business services	\$ 968,814	\$ 0	\$ 0	\$ 968,814
Salaries, benefits and payroll taxes	143,504	23,990	91,349	258,843
Travel and meetings	66,140	7,929	16,390	90,459
Professional services	10,062	7,120	0	17,182
Office expense	723	11,638	1,298	13,659
Dues and subscriptions	0	1,950	9,772	11,722
Promotional	<u>0</u>	<u>1,945</u>	<u>0</u>	<u>1,945</u>
Total Expenses	<u>\$ 1,189,243</u>	<u>\$ 54,572</u>	<u>\$ 118,809</u>	<u>\$ 1,362,624</u>

See notes to financial statements.



**THRIIVE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2014**

	<u>Program</u>	<u>General &amp; Admin</u>	<u>Fundraising</u>	<u>Total</u>
Small business services	\$ 904,797	\$ 0	\$ 0	\$ 904,797
Salaries, benefits and payroll taxes	96,691	30,531	75,714	202,936
Travel and meetings	57,566	9,499	6,113	73,178
Professional services	15,360	6,478	0	21,838
Office expense	0	50	530	580
Dues and subscriptions	0	11,725	2,052	13,777
Promotional	<u>0</u>	<u>250</u>	<u>0</u>	<u>250</u>
Total Expenses	<u>\$ 1,074,414</u>	<u>\$ 58,533</u>	<u>\$ 84,409</u>	<u>\$ 1,217,356</u>

See notes to financial statements.

## THRIIVE, INC.

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 226,836	\$ 353,706
Adjustments to increase in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Unconditional promises to give	(222,971)	(327,018)
Direct program operations payable	196,716	0
Accounts payable	(1,254)	(3,726)
Accrued and withheld payroll costs	<u>(680)</u>	<u>3,105</u>
Net Cash Provided by Operating Activities	<u>198,647</u>	<u>26,067</u>
Net Increase in Cash and Cash Equivalents	198,647	26,067
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>47,069</u>	<u>21,002</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 245,716</u>	<u>\$ 47,069</u>

See notes to financial statements.

**THRIIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Organization*

Thrive, Inc., a nonprofit organization, is a tax-exempt, private operating foundation that makes loans to entrepreneurs, who are then repaid with donations of job training and in-kind goods to other community members in need.

The concept for Thrive, Inc. originated in the 1990s in Russia, when Art Schultz, founder of the Arthur B. Schultz Foundation, sought ways to help small businesses grow after the fall of the Soviet Union. To empower and encourage entrepreneurial ventures while meeting the social needs of Russians in their struggling new democracy, he came up with an innovative idea whereby he would provide interest-free financing for modern production equipment needed by a small business, but the financing had to be repaid by the business donating an equivalent value of in-kind products, services, or job training to beneficiaries of local charities in their communities. The concept turned out to be “pay-it-forward” financing, rather than traditional loan repayment in cash to the original lender, the Arthur B. Schultz Foundation.

The Arthur B. Schultz Foundation operated this program as the Small Microenterprise Initiative (SMI) until 2010, when it launched Thrive, Inc. as an independent operating foundation. Thrive has maintained the original pay-it-forward concept with financing (known as “ThriveCapital”) and technical support to fledgling small business entrepreneurs in developing countries. This approach to small enterprise development is unique in that ThriveCapital (direct loans by Thrive to entrepreneurs) not only promotes small business expansion and creates new permanent jobs, but helps develop a sense of philanthropy among the majority of Thrive businesses, with most extending their giving well beyond the original loan repayment, transforming themselves from individuals in need to entrepreneurs whose gifts fortify their communities from within.

Thrive maximizes a donation’s impact by maintaining strong partnerships with established organizations on the ground in the targeted communities. As of December 31, 2015 and 2014, Thrive has been responsible for ThriveCapital financing reaching entrepreneurs in six programs and five countries including Vietnam (2 programs), Kenya, Palestine, Nicaragua and Guatemala (new in 2015).

Thrive, Inc. is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state taxes.

*Basis of Accounting*

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

**THRIIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2015 and 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Basis of Presentation*

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2015 and 2014, the Organization had no permanently restricted net assets.

*Use of Estimates*

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

*Cash and Cash Equivalents*

The Organization considers its short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

*Fair Value*

The Organization uses fair value for reporting financial assets and liabilities. A hierarchy for reporting the reliability of input measurements is used to assess fair value for all assets and liabilities. Fair Value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the statements of financial position, which approximates fair value due to their short term, highly liquid nature.

*Contributions*

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

THRIIVE, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2015 and 2014

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Promises to Give*

Unconditional promises to give are recorded when pledged. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. At December 31, 2015 and 2014, management has determined that no allowance was necessary.

*Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

*Advertising*

The Organization expenses advertising as costs are incurred. Total advertising expense was \$1,945 and \$250 for the years ended December 31, 2015 and 2014, respectively.

*Concentration of Credit Risk*

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At December 31, 2015 and 2014, there were no uninsured balances.

*Income Taxes*

The Organization is a private foundation that is exempt from income taxes under Internal Revenue Code Section 501(c)(3), and comparable state law. It is subject to a 2 percent (1 percent if certain requirements are met) on net investment income, including realized gains, as defined by IRC. There was no excise tax imposed for the years ended December 31, 2015 or 2014.

**THRIIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2015 and 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Uncertain Tax Positions*

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2015 or 2014.

The Organization files Form 990 PF in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2012.

*Subsequent Events*

The Organization has evaluated subsequent events through July 27, 2016, which is the date the financial statements were available to be issued.

**NOTE B - CONCENTRATIONS**

During the years ended December 31, 2015 and 2014, Thriive received \$1,310,402 and \$1,007,402, respectively from Arthur B. Schultz and Peter Kwok in contribution revenue. The funding represented 82% and 64%, respectively of Thriive's total contribution revenue. Loss of funding from these sources could significantly impact the Organization's operations.

**NOTE C - FOREIGN OPERATIONS**

Thriive Inc. operates its programs in Kenya, Nicaragua, Guatemala, Palestine (West Bank), and Vietnam. It manages its foreign programs with fixed price contracts with local entities in each of the program countries. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange. The functional currency for its foreign operations is the US dollar. Costs related to these contracts are also settled in US dollars.

## THRIIVE, INC.

## NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2015 and 2014

**NOTE C - FOREIGN OPERATIONS (Continued)**

Because the contracts are fixed price, Thrive foreign currency translation in accordance with GAAP is not deemed necessary.

**NOTE D - UNCONDITIONAL PROMISES TO GIVE**

At December 31, unconditional promises to give are as follows:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 1,010,000	\$ 885,800
Receivable in one to five years	<u>200,000</u>	<u>100,000</u>
Total unconditional promises to give	1,210,000	985,800
Less discount to net present value	<u>(1,906)</u>	<u>(677)</u>
Net unconditional promises to give	1,208,094	985,123
Less current unconditional promises to give	<u>1,010,000</u>	<u>885,800</u>
Long-term unconditional promises to give	<u>\$ 198,094</u>	<u>\$ 99,323</u>

At December 31, 2015 and 2014, discounts on the anticipated cash flows on long-term unconditional promises to give were recorded at the Applicable Federal Short-Term Rates, 0.48% and 0.34%, respectively. The pledges are restricted for use in future periods.

For the years ended December 31, 2015 and 2014, the Organization recognized \$1,229 and \$1,218, respectively, in income related to the amortization of the discount.

**NOTE E - RELATED PARTY TRANSACTIONS**

The Organization regularly receives contributions and pledges from Arthur B. Schultz who is related to one of the key employees. For the years ended December 31, 2015 and 2014, the Organization received \$710,062 and \$1,007,402, respectively in pledges and contributions. At December 31, 2015 and 2014, \$700,000 are included in unconditional promises to give for each year.

**THRIIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**December 31, 2015 and 2014**

**NOTE F - TEMPORARILY RESTRICTED NET ASSETS**

At December 31, temporarily restricted net assets consisted of the following:

	<u><b>2015</b></u>	<u><b>2014</b></u>
Small Enterprise Center (Palestine)	\$ 0	\$ 50,000
Nicaragua	100,000	199,323
Time restrictions on pledges receivable	<u>1,110,000</u>	<u>735,800</u>
	<u>\$ 1,210,000</u>	<u>\$ 985,123</u>