THRIIVE, INC.

Financial Statements
For the Year Ended
December 31, 2018
(With Independent Accountant's Compilation Report)

3rd Creek Accounting
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To the Board of Trustees
Thriive, Inc.
Ketchum, Idaho

Managements is responsible for the accompanying financial statements of Thriive, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Dave B. Straley

3rd Creek Accounting
Dave B Straley, CPA
Incline Village, NV
August 23, 2019

THRIIVE, INC.
Statement of Financial Position
Year Ended December 31, 2018

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	525,959
Accrued Interest		433
Grants Receivable - Short Term		875,828
Total Current Assets		1,402,219
OTHER ASSETS		
Grants Receivable - Long Term		370,919
Other Long Term Assets		65,036
Total Other Assets		435,955
TOTAL ASSETS	$	1,838,174

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable	$	1,663
Accrued Liabilities		22,805
Total Current Liabilities		24,469
Total Liabilities		24,469
NET ASSETS		
Without donor restriction		393,816
With donor restriction		1,419,889
Total Net Assets		1,813,705
TOTAL LIABILITIES & NET ASSETS	$	1,838,174

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

THRIIVE, INC.
Statement of Activities
Year Ended December 31, 2018

	Without Donor Restriction	With Donor Restriction	Total
Public Support, Revenues, and Reclassifications			
Individual donations	$ 84,199	$ 716,302	$ 800,501
Foundation donations	$ 54,620	872,547	927,167
Investment income		4,675	4,675
	$ 138,819	$ 1,593,524	$ 1,732,343
Net assets releasted from restrictions	1,353,548	(1,353,548)	
Total public support and revenues	$ 1,492,367	$ 239,976	$ 1,732,343
Expenses			
Program Services			
Small business support	$ 894,349		$ 894,349
Supporting Services			
Salaries and payroll tax	294,752		294,752
Employee benefits	45,599		45,599
Bank service charges	834		834
Professional services	8,200		8,200
Website	235		235
Office expense	5,278		5,278
Promotional	703		703
Travel and meetings	1,968		1,968
Total expenses	$ 1,251,919	$ -	$ 1,251,919
Changes in net assets	$ 240,448	$ 239,976	$ 480,425
Net assets as of beginning of year	$ 153,367	$ 1,179,913	$ 1,333,280
Net assets as of end of year	$ 393,815	$ 1,419,889	$ 1,813,705

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

THRIIVE, INC.
Statement of Functional Expenses
Year Ended December 31, 2018

	Program	General and Administration	Fundraising	2018 Total
Small Business Services	$ 880,168	$ 9,719	$ 4,461	$ 894,349
Salaries, Wages, Payroll Tax	140,964	62,405	91,384	294,752
Bank Service Charge	437	397	-	834
Professional Services	-	8,200	-	8,200
Website	-	235	-	235
Employee benefits	11,579	27,774	6,246	45,599
Office Expense	222	5,056	-	5,278
Insurance	-	-	-	-
Promotional	-	-	703	703
Travel and Meetings	276	1,233	459	1,968
Total Expenses	$ 1,033,646	$ 115,019	$ 103,254	$ 1,251,919

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

THRIIVE, INC
Statement of Cash Flows
Year Ended December 31, 2018

OPERATING ACTIVITIES		
Increase (decrease) in Net Assets	$	480,425
Adjustments to reconcile decrease in net assets to cash provided		
Decrease (increase) in Accrued Interest		(433)
Decrease (increase) in Grants Receivable		(213,547)
Increase (decrease) in Employee Withholding		(755)
Increase (decrease) in Employee Benefit Payable		(792)
Increase (decrease) in Payroll Tax Liability		(407)
Increase (decrease) in Credit Card Balance		(1,311)
Net cash provided by Operating Activities		263,180
INVESTING ACTIVITIES		
Amounts loaned on Notes Receivable		(50,000)
Amounts collected on Notes Receivable		8,021
Net cash provided by Investing Activities		(41,979)
FINANCING ACTIVITIES		
There were no financing activities		
Net cash provided by Financing Activities		-
Net cash increase (decrease) for period		221,201
Cash at beginning of period		304,758
Cash at end of period	$	525,959

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

Note A – Summary of Significant Accounting Policies

Nature of Organization

Thriive, Inc., a nonprofit organization, is a tax-exempt, private operating foundation that makes pay-it-forward loans to entrepreneurs who repay the loans by donating an equivalent value of job training and in-kind goods to other community members in need.

The concept for Thriive, 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 with a covenant that 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 Thriive, Inc. as an independent operating foundation. Thriive has maintained the original pay-it-forward concept with financing (known as "ThriiveCapital") and technical support to fledgling small business entrepreneurs in developing countries. This approach to small enterprise development is unique in that ThriiveCapital (direct loans by Thriive to entrepreneurs) not only promotes small business expansion and creates new permanent jobs, but also helps develop a sense of philanthropy among the majority of Thriive 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.

Thriive maximizes a donation's impact by maintaining strong partnerships with established organizations on the ground in the targeted communities. As of December 31, 2018, Thriive has been responsible for ThriiveCapital financing reaching entrepreneurs in six programs and five countries including Vietnam, Kenya, Palestine, Nicaragua, Guatemala and Cambodia.

Thriive, 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.

Note A – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the Statements of Financial Position and that the amounts of change in each of those classes of net assets be displayed in the Statements of Activities.

In accordance with U.S. generally accepted accounting principles (U.S. GAAP), Thriive reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction – net assets available for general use to support operations. The only limits on the use of net assets without donor restriction are broad limits resulting from the nature of Thriive, the environment in which it operates, and the purposes specified in its corporate documents.

Net assets with donor restriction – net assets 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 programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity.

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

Note A – Summary of Significant Accounting Policies (Continued)

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, including unconditional promises to give, if any, are reported at their net realizable values. Gifts of cash and other assets are reported as with donor restriction if they are received with donor stipulations that limit their use or if they are intended to support activities in future periods.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the same reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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, 2018, 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 $703 for the year ended December 31, 2018.

Note A – Summary of Significant Accounting Policies (Continued)

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 and the Securities Investor Protection Corporation for up to $500,000. There were no uninsured balances at December 31, 2018.

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. For the years ended December 31, 2018, the Organization incurred $1,426 in excise taxes.

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 year 2018.

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 2015.

Reclassifications

Certain amounts at December 31, 2017 have been reclassified to conform to the current year presentation. These reclassifications did not have any effect on net assets for the year ended December 31, 2018.

Subsequent Events

Subsequent to December 31, 2018, the Organization discovered that the managing partner of the firm responsible for the Kenya operations had misappropriated Thriive funds. The Board of Thriive contracted with Hibis, an international fraud and corruption investigation firm based in Oslo, Norway, to determine the extent of the fraud and recommend remedies. Based on Hibis' findings, the company estimates that the misappropriated funds came to $145,000 ($93,000 in diverted beneficiary loan capital and $52,000 in management and

Note A – Summary of Significant Accounting Policies (Continued)

consulting funds). Because of this subsequent finding and impact on donors, the financial statements have been adjusted to reflect a reduction in grants receivable. The Organization is attempting to recover the misappropriated funds. The ultimate resolution of the incident is incomplete.

Note B – Concentrations

During the years ended December 31, 2018 Thriive received $1,559,657 from Arthur B. Schultz and Peter Kwok, in contribution revenue. The funding represented 90% of Thriive's total 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, 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.

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

Note D – 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, 2018, the Organization received $726,714 in pledges and contributions. At December 31, 2018 $700,000 is included in unconditional promises to give.

Note E – Unconditional Promises To Give

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

	2018
Receivable in less than one year	$ 900,000
Receivable in one to five years	400,000
Total unconditional promises to give	1,300,000
Less discount to net present value	(53,253)
Net unconditional promises to give	1,246,747
Less current unconditional promises to give	875,828
Long-term unconditional promises to give	$ 370,919

At December 31, 2018, discounts on the anticipated cash flows on long-term unconditional promises to give were recorded at the Applicable Federal Short-Term Rate, 2.76% and the Applicable Federal Long-Term Rate, 3.07%. The pledges are restricted for use in future periods.

For the years ended December 31, 2018, the Organization recognized $53,254 less in income related to the amortization of the discount.

Note F – Note Receivable

The Organization makes program-related investments (PRIs) to small businesses. PRIs are strategic investments made by the Organization for the specific objective of furthering the Organization's charitable purpose. These investments are comprised of primarily loans outstanding bearing a below-market foreign interest rate. The production of income is not the primary driver of a PRI. For the fiscal year ended December 31, 2018, the Organization entered into one new PRI with the continuation of PRI made in 2017. Program related investments at December 31, 2018 include $50,000 and $25,000 respectively, previously made to small business organizations at an annual interest rate of 3.5% and 5%, due 2025 and 2020 respectively. The notes are unsecured. The balance receivable for each loan at December 31, 2018 was $50,000 and $15,036 respectively.

Note F – Note Receivable (Continued)

Future expected collection for the new PRI is as follows as of December 31, 2018:

2019	$ 8,056
2020	6,703
2021	6,941
2022	7,188
2023	7,444
2024	7,708
2025	5,961
Total	$ 50,000

Future expected collection for the earlier PRI is as follows as of December 31, 2018:

2019	$ 8,431
2020	6,605
Total	$ 15,036

Note G – Net Assets With Donor Restrictions

At December 31, net assets with donor restrictions consisted of the following:

Description	2018
Restricted to TiiF	$ 173,143
Time restrictions on pledges receivable	1,246,746
Total	$ 1,419,889

Note H – Retirement Plan

During 2018, the Organization continued sponsoring a SEP IRA plan that covers all eligible employees. Eligibility is based on attaining the age of 21 years and completing at least one year of employment. The Organization makes contributions on behalf of the employee of 5% of eligible compensation. The Organization's contributions during 2018 were $16,085.