

SOS Outreach
(A Colorado Non-Profit Corporation)
Financial Statements
August 31, 2018 and 2017



C O N T E N T S

<u>Independent Auditors' Report</u>	1
<u>Financial Statements</u>	
Statements of Financial Position	2
Statements of Activities	3
Schedule of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-10



BIVINS & BUNYAK CPAS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
WWW.BIVINSBUNYAK.COM

3833 Quay Street
Wheat Ridge, CO 80033
303-578-0285

429 Edwards Access Rd, Ste. A206
Edwards, CO 81632
970-456-1040

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of SOS Outreach,

We have audited the accompanying financial statements of SOS Outreach (a Colorado Nonprofit Corporation) which comprise the statements of financial position as of August 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 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.

Opinion

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SOS Outreach as of August 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.

A handwritten signature in cursive script that reads "Bivins & Bunyak CPAs, PLLC".

Bivins & Bunyak, CPAs, PLLC
November 2, 2018

SOS Outreach
(A Colorado Non-Profit Corporation)
Statements of Financial Position
August 31, 2018 and 2017

	<u>ASSETS</u>			<u>2017</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
Current Assets				Total
Cash and Cash Equivalents	\$ 419,994	\$ 68,345	\$ 488,339	\$ 613,422
Certificates of Deposit	51,820	-	51,820	51,639
Accounts Receivable	26,498		26,498	-
Prepaid Expenses	17,191	-	17,191	22,849
Total Current Assets	<u>515,503</u>	<u>68,345</u>	<u>583,848</u>	<u>687,910</u>
Fixed Assets				
Computer Equipment and Software	3,814	-	3,814	3,814
Vehicles	41,000	-	41,000	49,000
	44,814	-	44,814	52,814
Less: Accumulated Depreciation	(44,814)	-	(44,814)	(51,878)
	-	-	-	936
Other Assets				
Deposits	5,793	-	5,793	1,460
TOTAL ASSETS	<u>\$ 521,296</u>	<u>\$ 68,345</u>	<u>\$ 589,641</u>	<u>\$ 690,306</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities				
Accounts and Credit Cards Payable	\$ 6,072	\$ -	\$ 6,072	\$ 5,556
Accrued Payroll and Benefits	27,070	-	27,070	27,982
Deferred Revenue	356	-	356	176
Total Current Liabilities	<u>33,498</u>	<u>-</u>	<u>33,498</u>	<u>33,714</u>
Net Assets				
Unrestricted Net Assets	487,798	-	487,798	486,807
Temporary Restricted Net Assets	-	68,345	68,345	169,785
Total Net Assets	<u>487,798</u>	<u>68,345</u>	<u>556,143</u>	<u>656,592</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 521,296</u>	<u>\$ 68,345</u>	<u>\$ 589,641</u>	<u>\$ 690,306</u>

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

SOS Outreach
(A Colorado Non-Profit Corporation)
Statements of Activities
For the Years Ending August 31, 2018 and 2017

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT, REVENUES, AND GAINS				
Event Income	\$ 60,638	\$ -	\$ 60,638	\$ 118,936
Less: Directly Related Event Expenses	<u>(7,613)</u>	<u>-</u>	<u>(7,613)</u>	<u>(41,100)</u>
Net Revenues from Special Events	53,025	-	53,025	77,836
Contributions	410,527	-	410,527	627,296
Grants	303,250	-	303,250	278,839
Donated Goods and Services	3,632,119	-	3,632,119	3,139,014
Program Fees	294,058	-	294,058	307,870
Interest Income	2,053	-	2,053	691
Gain (Loss) on Sale of Fixed Assets	1,946	-	1,946	(1,733)
Other Income	14,001	-	14,001	7,034
Net Assets Released from Restrictions	<u>101,440</u>	<u>(101,440)</u>	<u>-</u>	<u>-</u>
Total Support, Revenues and Gains	<u>4,812,419</u>	<u>(101,440)</u>	<u>4,710,979</u>	<u>4,436,847</u>
EXPENSES				
Program Services				
Youth Curriculum and Outdoor Activities	<u>4,566,093</u>	<u>-</u>	<u>4,566,093</u>	<u>4,081,727</u>
Supporting Services				
Management and General Expenses	128,487	-	128,487	133,441
Fundraising Expenses	<u>116,848</u>	<u>-</u>	<u>116,848</u>	<u>106,948</u>
Total Supporting Services	<u>245,335</u>	<u>-</u>	<u>245,335</u>	<u>240,389</u>
Total Expenses	<u>4,811,428</u>	<u>-</u>	<u>4,811,428</u>	<u>4,322,116</u>
CHANGE IN NET ASSETS	991	(101,440)	(100,449)	114,731
NET ASSETS - BEGINNING OF YEAR	<u>486,807</u>	<u>169,785</u>	<u>656,592</u>	<u>541,861</u>
NET ASSETS - END OF YEAR	<u>\$ 487,798</u>	<u>\$ 68,345</u>	<u>\$ 556,143</u>	<u>\$ 656,592</u>

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

SOS Outreach
(A Colorado Non-Profit Corporation)
Schedule of Functional Expenses
For the Year Ending August 31, 2018 with Comparable 2017 in Total

	Program Services	Management and General	Fundraising	Total 2018	Total 2017
Advertising	\$ 6,177	\$ 1,640	\$ 1,206	\$ 9,023	\$ 5,146
Auto Expense	13,104	1,806	1,416	16,326	22,662
Depreciation	608	187	140	935	7,243
Donated Goods and Services	3,632,119	-	-	3,632,119	3,139,014
Dues and Subscriptions	3,782	682	825	5,289	3,804
Insurance	26,192	10,802	8,894	45,888	40,575
Office Supplies	26,686	7,586	4,508	38,780	45,652
Payroll Taxes	39,849	9,996	7,497	57,342	54,223
Professional Fees	10,382	3,194	2,396	15,972	15,055
Program Coordinators	94,175	3,169	14,950	112,294	126,414
Program Supplies and Recognition	47,586	888	-	48,474	66,628
Rent and Occupancy	48,819	12,090	9,068	69,977	56,260
Salaries and Benefits	607,967	75,090	64,981	748,038	731,467
Travel	8,646	1,356	969	10,971	7,973
	<u>\$ 4,566,093</u>	<u>\$ 128,487</u>	<u>\$ 116,848</u>	<u>\$ 4,811,428</u>	<u>\$ 4,322,116</u>

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

SOS Outreach
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Years Ending August 31, 2018 and 2017

	2018			2017
	Unrestricted	Temporarily Restricted	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in Net Assets	\$ 991	\$ (101,440)	\$ (100,449)	\$ 114,731
Non-Cash Items Included in Change in Net Assets				
Depreciation Expense	936	-	936	7,243
(Gain) Loss on Sale of Fixed Assets	(1,946)	-	(1,946)	1,733
(Increase) Decrease In Assets:				
Accounts Receivable	(26,498)	-	(26,498)	-
Prepaid Expenses	5,658	-	5,658	6,892
Deposits	(4,333)	-	(4,333)	2,900
Increase (Decrease) in Liabilities:				
Accounts Payable and Credit Cards	516	-	516	1,298
Accrued Payroll and Benefits	(912)	-	(912)	(754)
Deferred Revenue	180	-	180	176
Net Cash (Used In)				
Operating Activities	<u>(25,408)</u>	<u>(101,440)</u>	<u>(126,848)</u>	<u>134,219</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Additions to Certificates of Deposit	(181)	-	(181)	(180)
Proceeds From Disposal of Fixed Assets	1,946	-	1,946	100
Net Cash Provided By				
Investing Activities	<u>1,765</u>	<u>-</u>	<u>1,765</u>	<u>(80)</u>
NET (DECREASE) IN CASH	(23,643)	(101,440)	(125,083)	134,139
CASH AT BEGINNING OF YEAR	<u>443,637</u>	<u>169,785</u>	<u>613,422</u>	<u>479,283</u>
CASH AT END OF YEAR	<u>\$ 419,994</u>	<u>\$ 68,345</u>	<u>\$ 488,339</u>	<u>\$ 613,422</u>

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

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements
August 31, 2018 and 2017

1 Organization and Summary of Significant Accounting Policies.

Nature of Operations. SOS Outreach (the "Organization"), formerly known as Snowboard Outreach Society, was incorporated in the State of Colorado as a non-profit corporation, pursuant to Articles of Incorporation filed March 4, 1996, and most recently amended January 4, 2008. The Organization was established to build character and self-esteem in youth through snow sports and the Organization's curriculum.

The Organization's Mission Statement is as follows: "Inspires youth to make positive decisions for successful life experiences."

The Organization draws the majority of its revenue from contributions, grants, event income, and in-kind contributions. The Organization's primary office is located in Edwards, Colorado, but provides services in the states of Colorado, Washington, California, Nevada and Oregon.

Method of Accounting. The financial statements of the Organization have been prepared using the accrual basis of accounting whereby income is recorded when earned and expenses as incurred. 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.

Support and Revenue. Unconditional promises to give are recorded as received. Unconditional promises to give, which are due in the next year, are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give, which are 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 pledges are to be received to discount these amounts.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit or specify the use of the donated assets, whether by time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or the stated purpose 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. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2018 and 2017

1 Organization and Summary of Significant Accounting Policies. (Cont'd.)

Support and Revenue. (Cont'd.) Non-monetary donations of goods and services are accepted and recorded at their fair value when received. Donated services are recorded at their fair value in the period received, provided that such services either create or enhance non-financial assets or are considered to be professional services which the Organization would otherwise be required to purchase. Donated fixed assets are recorded at fair value when received and reflected in these financial statements as contribution revenue and an addition to fixed assets.

Use of 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 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.

Concentration of Credit Risk. Financial instruments that potentially subject the Organization to credit risk consist primarily of the following:

Cash and Cash Equivalents. The Organization holds its cash with financial institutions where these balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per depositor. The Organization considers all checking, savings and money market accounts, as well as highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents for purposes of the Statement of Cash Flows. From time to time, the Organization may maintain cash balances in a financial institution in excess of the FDIC insured limit.

Fair Value of Financial Instruments. The carrying amounts of cash, cash equivalents, other current assets, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments.

Accounts Receivable. Program fees receivables are recorded when invoices are issued. Receivables are written off when they are determined to be uncollectible. The Organization believes no allowance for doubtful accounts is necessary at August 31, 2018 and 2017.

Income Taxes. The Organization is a non-profit organization as described in section 501(c)(3) of the Internal Revenue Code and is thus exempt from federal and state income taxes on income which is directly related to its organizational purpose.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2018 and 2017

1 Organization and Summary of Significant Accounting Policies. (Cont'd.)

Capital Assets and Depreciation. Capital assets are defined by the Organization as assets with an initial cost exceeding \$500 and an estimated useful life greater than one year. As previously described, donated capital assets are recorded at fair market value when received. Purchased capital assets are recorded at historical cost. All capital assets are depreciated using the straight-line method over estimated useful lives.

Subsequent Events. In preparing its financial statements, the Organization has evaluated subsequent events through October 30, 2018 the date the financial statements were available to be issued. The Board of Directors has not identified any material subsequent events.

Fair Value of Financial Instruments. The Organization's financial instruments include cash and cash equivalents, receivables, certificates of deposits, accounts payable, and short-term borrowings. The fair values of these financial instruments approximate their carrying amounts based on current market indicators, such as prevailing interest rates and their nearness to maturity.

Restricted and Unrestricted Revenue. Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

2 Fixed Assets.

A summary of the investment in property and equipment as of August 31, 2018 and 2017, net of accumulated depreciation, is as follows:

	<u>2018</u>	<u>2017</u>
Computer Equipment and Software	\$ -	\$ 552
Vehicles	-	384
	<u>\$ -</u>	<u>\$ 936</u>

Depreciation expense for the years ending August 31, 2018 and 2017 was \$936 and \$7,243, respectively.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2018 and 2017

3 Donated Goods and Services.

During the years ending August 31, 2018 and 2017, in-kind donations of lift tickets, instructors, and sporting equipment totaled \$3,632,119 and \$3,139,014, respectively, and were reflected as offsetting revenue and expenses used in program services.

4 Lease Agreements.

The Organization is party to two long-term operating lease agreements for the use of office space. Lease expense recorded under these non-cancelable operating leases for the years ending August 31, 2018 and 2017 was \$47,674 and \$45,351, respectively. The following is a schedule of minimum lease payments due for years ending August 31:

2019	\$ 48,518
2020	37,696
2021	27,957
2022	<u>548</u>
	<u>\$ 114,719</u>

5 Retirement Plan.

The Organization has established a SIMPLE IRA retirement plan for employees who make \$5,000 or more in a calendar year, which will make them eligible the following year. The Organization contributes 3% on behalf of participating employees.

Each employee's account is 100% vested immediately and non-forfeitable at any time. Contributions cannot exceed Internal Revenue Service limitations.

For the years ending August 31, 2018 and 2017, the Organization contributed \$11,447 and \$8,638, respectively, to the Plan.

6 Related Party Transactions.

During the years ending August 31, 2018 and 2017, members of the Organization's Board of Directors made unrestricted cash contributions totaling \$51,649 and \$12,325, respectively.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2018 and 2017

6 Related Party Transactions. (Cont'd.)

A member of the Organization's Board of Directors is a senior member of management of a resort company for the years ending August 31, 2018 and 2017, from which the Organization received in-kind contributions of lift tickets, advertising and other services valued at \$2,915,405 and \$1,858,606, respectively. Also during the years ending August 31, 2018 and 2017, the resort company made cash donations of \$70,000 and \$70,000, respectively.

A member of the Organization's Board of Directors is a senior member of management of a resort company for the years ending August 31, 2018 and 2017, from which the Organization received in-kind contributions of lift tickets and lessons valued at \$0- and \$101,243, respectively.

A member of the Organization's Board of Directors is a senior member of management of a sporting goods company from which the Organization received in-kind contributions of sporting goods of \$10,064 and \$20,000 during the years ending August 31, 2018 and 2017, respectively.

A member of the Organization's Board of Directors is a senior member of management of a sporting goods company from which the Organization received in-kind contributions of sporting goods of \$28,555 and \$3,400 during the years ending August 31, 2018 and 2017, respectively.

7 Concentration.

For the years ending August 31, 2018 and 2017, a single donor of in-kind lift tickets and winter sport services predominately in Colorado represented 84.6% and 59.2% of all in-kind donations, respectively.

8 Temporarily Restricted Net Assets.

In the prior fiscal year, the Organization received contributions restricted to development and expansion of programs for underserved youth in metropolitan programs for the current and subsequent fiscal years. The funds are to be held as temporarily restricted net assets until the start of the corresponding fiscal year. Temporarily restricted net assets during the years ending August 31, 2018 and 2017 was \$68,345 and \$169,785, respectively.

9 Reclassifications.

Prior period financial statement amounts have been reclassified to conform to current period presentation.