

SOS Outreach
(A Colorado Non-Profit Corporation)
Financial Statement
August 31, 2019 and 2018



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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, 2019 and 2018, 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, 2019 and 2018, 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 12, 2019

SOS Outreach
(A Colorado Non-Profit Corporation)
Statements of Financial Position
August 31, 2019 and 2018

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and Cash Equivalents	\$ 505,437	\$ 488,339
Certificates of Deposit	52,019	51,820
Accounts Receivable	-	26,498
Prepaid Expenses	23,030	17,191
Total Current Assets	<u>580,486</u>	<u>583,848</u>
Fixed Assets		
Computer Equipment and Software	3,814	3,814
Vehicles	41,000	41,000
Total Fixed Assets	<u>44,814</u>	<u>44,814</u>
Less: Accumulated Depreciation	(44,814)	(44,814)
Total Fixed Assets, Net	<u>-</u>	<u>-</u>
Other Assets		
Deposits	5,743	5,793
TOTAL ASSETS	<u>\$ 586,229</u>	<u>\$ 589,641</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities		
Accounts and Credit Cards Payable	\$ 6,568	\$ 6,072
Accrued Payroll and Benefits	50,559	27,070
Deferred Revenue	-	356
Total Current Liabilities	<u>57,127</u>	<u>33,498</u>
Net Assets		
Without donor restrictions	529,102	487,798
With donor restrictions	-	68,345
Total Net Assets	<u>529,102</u>	<u>556,143</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 586,229</u>	<u>\$ 589,641</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
SUPPORT, REVENUES AND GAINS		
Support, revenues and gains without donor restrictions		
Event Income	\$ 70,964	\$ 60,638
Less: Directly Related Event Expenses	(12,266)	(7,613)
Net Revenues from Special Events	58,698	53,025
Contributions	376,680	410,527
Grants	524,906	303,250
Donated Goods and Services	3,889,632	3,632,119
Program Fees	300,924	294,058
Interest Income	3,867	2,053
Gain on Sale of Fixed Assets	-	1,946
Other Income	11,912	14,001
Total support, revenues and gains without donor restrictions	<u>5,166,619</u>	<u>4,710,979</u>
Net assets released from restrictions		
Satisfaction of program restrictions	68,345	-
Total Support, Revenues and Gains	<u>5,234,964</u>	<u>4,710,979</u>
EXPENSES		
Program Services		
Youth Curriculum and Outdoor Activities	4,885,608	4,566,093
Supporting Services		
Management and General Expenses	166,803	128,487
Fundraising Expenses	141,249	116,848
Total Supporting Services	<u>308,052</u>	<u>245,335</u>
Total Expenses	<u>5,193,660</u>	<u>4,811,428</u>
Changes in net assets without donor restrictions	<u>41,304</u>	<u>(100,449)</u>
Changes in net assets with donor restrictions		
Net assets released from restriction	(68,345)	-
Decrease in net assets with donor restriction	<u>(68,345)</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>(27,041)</u>	<u>(100,449)</u>
NET ASSETS - BEGINNING OF YEAR	<u>556,143</u>	<u>656,592</u>
NET ASSETS - END OF YEAR	<u>\$ 529,102</u>	<u>\$ 556,143</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, 2019 with Comparable 2018 in Total

	Program Services	Management and General	Fundraising	Total 2019	Total 2018
Advertising	\$ 9,435	\$ 2,987	\$ 2,879	\$ 15,301	\$ 9,023
Auto Expense	14,246	1,875	2,410	18,531	16,326
Bank & Interest Charges	1,955	623	467	3,045	2,409
Depreciation	-	-	-	-	935
Donated Goods and Services	3,889,632	-	-	3,889,632	3,632,119
Dues and Subscriptions	4,315	955	513	5,783	5,289
Insurance	22,354	6,878	5,159	34,391	45,888
Office Expenses	30,739	11,190	9,359	51,288	36,371
Payroll Taxes	42,581	11,321	8,491	62,393	57,342
Professional Fees	16,663	5,224	3,799	25,686	15,972
Program Coordinators	70,275	4,237	2,644	77,156	112,294
Program Supplies and Recognition	60,028	2,105	1,272	63,405	48,474
Rent and Occupancy	51,048	14,268	13,490	78,806	69,977
Salaries and Benefits	661,556	101,791	87,846	851,193	748,038
Travel	10,781	3,349	2,920	17,050	10,971
	<u>\$ 4,885,608</u>	<u>\$ 166,803</u>	<u>\$ 141,249</u>	<u>\$ 5,193,660</u>	<u>\$ 4,811,428</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, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (27,041)	\$ (100,449)
Non-Cash Items Included in Change in Net Assets		
Depreciation Expense	-	936
(Gain) on Sale of Fixed Assets	-	(1,946)
(Increase) Decrease In Assets:		
Accounts Receivable	26,498	(26,498)
Prepaid Expenses	(5,839)	5,658
Deposits	50	(4,333)
Increase (Decrease) in Liabilities:		
Accounts Payable and Credit Cards	496	516
Accrued Payroll and Benefits	23,489	(912)
Deferred Revenue	(356)	180
Net Cash Provided By (Used In) Operating Activities	<u>17,297</u>	<u>(126,848)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Certificates of Deposit	(199)	(181)
Proceeds From Disposal of Fixed Assets	-	1,946
Net Cash Provided By (Used In) Investing Activities	<u>(199)</u>	<u>1,765</u>
NET INCREASE (DECREASE) IN CASH	17,098	(125,083)
CASH AT BEGINNING OF YEAR	<u>488,339</u>	<u>613,422</u>
CASH AT END OF YEAR	<u>\$ 505,437</u>	<u>\$ 488,339</u>
<u>SUPPLEMENTAL DISCLOSURES:</u>		
Interest Paid	<u>\$ (102)</u>	<u>\$ -</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, 2019 and 2018

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 income with donor restrictions 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, income with donor restrictions are reclassified to income without donor restrictions and reported in the Statement of Activities as income without donor restrictions. Contributions received with temporary restrictions that are met in the same reporting period are reported as income without donor restrictions and increase unrestricted net assets.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2019 and 2018

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, 2019 and 2018.

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, 2019 and 2018

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 November 12, 2019, 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.

As of August 31, 2019 and 2018, all fixed assets were fully depreciated.

Depreciation expense for the years ending August 31, 2019 and 2018 was \$0 and \$936, respectively.

3 Donated Goods and Services.

During the years ending August 31, 2019 and 2018, in-kind donations of lift tickets, instructors, and sporting equipment totaled \$3,889,632 and \$3,632,119, respectively, and were reflected as offsetting revenue and expenses used in program services.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2019 and 2018

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, 2019 and 2018 was \$60,188 and \$47,674, respectively. The following is a schedule of minimum lease payments due for years ending August 31:

2020	\$ 58,669
2021	27,957
2022 and Beyond	<u>548</u>
	<u>\$ 87,174</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, 2019 and 2018, the Organization contributed \$14,781 and \$12,148, respectively, to the Plan.

6 Related Party Transactions.

During the years ending August 31, 2019 and 2018, members of the Organization's Board of Directors made unrestricted cash contributions totaling \$48,935 and \$21,623, 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, 2019 and 2018, from which the Organization received in-kind contributions of lift tickets, advertising and other services valued at \$2,959,366 and \$2,915,405, 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 \$0 and \$10,064 during the years ending August 31, 2019 and 2018, 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 \$0 and \$28,555 during the years ending August 31, 2019 and 2018, respectively.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2019 and 2018

7 Concentration.

For the years ending August 31, 2019 and 2018, a single donor of in-kind lift tickets and winter sport services predominately in Colorado represented 76.1% and 80.3% of all in-kind donations, respectively.

8 Reclassifications.

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

9 Availability of Financial Assets.

The Organization considers its financial assets available at year end to be the total financial assets, less those restricted by contractual or donor-imposed restrictions and board designation.

Included in the \$500,329 and \$465,170 of available financial assets for the years ended August 31, 2019 and 2018, respectively, is as follows:

	2019	2018
Financial assets, at year end	\$ 500,329	\$ 533,515
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restrictions by donor with time or purpose	-	68,345
Financial assets available to meet cash needs over general expenditures within one year	\$ 500,329	\$ 465,170