

SOS Outreach
(A Colorado Non-Profit Corporation)
Financial Statements
August 31, 2020 and 2019



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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, 2020 and 2019, 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, 2020 and 2019, 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.

Bivins & Bunyak, CPAs, PLLC
November 4, 2020

SOS Outreach
(A Colorado Non-Profit Corporation)
Statements of Financial Position
August 31, 2020 and 2019

| <u>ASSETS</u> | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Current Assets | | |
| Cash and Cash Equivalents | \$ 779,698 | \$ 505,437 |
| Certificates of Deposit | 52,211 | 52,019 |
| Prepaid Expenses | <u>13,016</u> | <u>23,030</u> |
| Total Current Assets | <u>844,925</u> | <u>580,486</u> |
| Fixed Assets | | |
| Computer Equipment and Software | 3,814 | 3,814 |
| Vehicles | <u>41,000</u> | <u>41,000</u> |
| Total Fixed Assets | 44,814 | 44,814 |
| Less: Accumulated Depreciation | <u>(44,814)</u> | <u>(44,814)</u> |
| Total Fixed Assets, Net | <u>-</u> | <u>-</u> |
| Other Assets | | |
| Deposits | <u>4,758</u> | <u>5,743</u> |
| TOTAL ASSETS | <u>\$ 849,683</u> | <u>\$ 586,229</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities | | |
| Accounts and Credit Cards Payable | \$ 15,367 | \$ 6,568 |
| Accrued Payroll and Benefits | <u>79,034</u> | <u>50,559</u> |
| Total Current Liabilities | <u>94,401</u> | <u>57,127</u> |
| Net Assets | | |
| Without Donor Restrictions | 755,282 | 460,757 |
| With Donor Restrictions | <u>-</u> | <u>68,345</u> |
| Total Net Assets | <u>755,282</u> | <u>529,102</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 849,683</u> | <u>\$ 586,229</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, 2020 and 2019

| | 2020 | 2019 |
|---|-------------------|-------------------|
| SUPPORT, REVENUES AND GAINS | | |
| Support, revenues and gains without donor restrictions | | |
| Event Income | \$ 144,618 | \$ 70,964 |
| Less: Directly Related Event Expenses | (27,101) | (12,266) |
| Net Revenues from Special Events | 117,517 | 58,698 |
| Contributions | 450,804 | 376,680 |
| Grants | 593,442 | 524,906 |
| Donated Goods and Services | 3,149,810 | 3,889,632 |
| Program Fees | 277,714 | 300,924 |
| PPP Grant Revenue | 162,800 | - |
| Interest Income | 4,884 | 3,867 |
| Other Income | 7,766 | 11,912 |
| Total support, revenues and gains without donor restrictions | 4,764,737 | 5,166,619 |
| Net assets released from restrictions | | |
| Satisfaction of Program Restrictions | - | 68,345 |
| Total Support, Revenues and Gains | 4,764,737 | 5,234,964 |
| EXPENSES | | |
| Program Services | | |
| Youth Curriculum and Outdoor Activities | 4,095,828 | 4,885,609 |
| Supporting Services | | |
| Management and General Expenses | 250,639 | 166,804 |
| Fundraising Expenses | 192,090 | 141,247 |
| Total Supporting Services | 442,729 | 308,051 |
| Total Expenses | 4,538,557 | 5,193,660 |
| Changes in net assets without donor restrictions | 226,180 | 41,304 |
| Changes in net assets with donor restrictions | | |
| Net Assets Released from Restriction | - | (68,345) |
| Decrease in net assets with donor restriction | - | (68,345) |
| CHANGE IN NET ASSETS | 226,180 | (27,041) |
| NET ASSETS - BEGINNING OF YEAR | 529,102 | 556,143 |
| NET ASSETS - END OF YEAR | \$ 755,282 | \$ 529,102 |

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, 2020 with Comparable 2019 in Total

| | Program Services | Management and General | Fundraising | Total 2020 | Total 2019 |
|----------------------------------|-----------------------------|-----------------------------------|--------------------|-----------------------|-----------------------|
| Advertising | \$ 3,861 | \$ 488 | \$ 2,912 | \$ 7,261 | \$ 15,301 |
| Auto Expense | 6,453 | 666 | 730 | 7,849 | 18,531 |
| Bank & Interest Charges | 1,963 | 1,382 | - | 3,345 | 3,045 |
| Donated Goods and Services | 3,149,810 | - | - | 3,149,810 | 3,889,632 |
| Dues and Subscriptions | 3,473 | 1,257 | 413 | 5,143 | 5,783 |
| Insurance | 25,772 | 5,837 | 5,977 | 37,586 | 34,391 |
| Office Expenses | 29,792 | 8,281 | 5,647 | 43,720 | 51,288 |
| Payroll Taxes | 46,453 | 13,836 | 10,461 | 70,750 | 62,393 |
| Professional Fees | 20,178 | 4,371 | 5,640 | 30,189 | 25,686 |
| Program Coordinators | 65,297 | 48 | 29 | 65,374 | 77,156 |
| Program Supplies and Recognition | 31,203 | 1,409 | 1,090 | 33,702 | 63,405 |
| Rent and Occupancy | 59,097 | 13,206 | 9,405 | 81,708 | 78,806 |
| Salaries and Benefits | 643,542 | 198,013 | 148,509 | 990,064 | 851,193 |
| Travel | 8,934 | 1,845 | 1,277 | 12,056 | 17,050 |
| | <u>\$ 4,095,828</u> | <u>\$ 250,639</u> | <u>\$ 192,090</u> | <u>\$ 4,538,557</u> | <u>\$ 5,193,660</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, 2020 and 2019

| | 2020 | 2019 |
|--|----------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in Net Assets | \$ 226,180 | \$ (27,041) |
| (Increase) Decrease In Assets: | | |
| Accounts Receivable | - | 26,498 |
| Prepaid Expenses | 10,014 | (5,839) |
| Deposits | 985 | 50 |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable and Credit Cards | 8,799 | 496 |
| Accrued Payroll and Benefits | 28,475 | 23,489 |
| Deferred Revenue | - | (356) |
| Net Cash Provided By Operating Activities | 274,453 | 17,297 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Additions to Certificates of Deposit | (192) | (199) |
| Net Cash Used In Investing Activities | (192) | (199) |
| NET INCREASE IN CASH | 274,261 | 17,098 |
| CASH AT BEGINNING OF YEAR | 505,437 | 488,339 |
| CASH AT END OF YEAR | \$ 779,698 | \$ 505,437 |
| <u>SUPPLEMENTAL DISCLOSURES:</u> | | |
| Interest Paid | \$ 96 | \$ 102 |

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

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements
August 31, 2020 and 2019

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, 2020 and 2019

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.

Revenue Recognition. The Organization has analyzed and adopted the provision of FASB's ASC Topic 606, *Revenue from Contracts with Customers*. It has concluded that no changes are necessary to conform to the new standard. Revenue consists primarily of donated goods and services, contributions, and grants. Donated goods and services, contributions, and grants are recognized evenly throughout the fiscal year. Donated goods and services, contributions, and grants received for future fiscal years or subject to restrictions are recorded as restricted assets (contract liabilities) and recognized as revenue in the applicable period.

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, 2020 and 2019.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2020 and 2019

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

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.

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 04, 2020, the date the financial statements were available to be issued. It was determined no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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, 2020 and 2019, all fixed assets were fully depreciated.

Depreciation expense for the years ending August 31, 2020 and 2019 was \$-0-.

3 Donated Goods and Services.

During the years ending August 31, 2020 and 2019, in-kind donations of lift tickets, instructors, and sporting equipment totaled \$3,149,810 and \$3,889,632, 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, 2020 and 2019

4 Notes Payable.

On April 20, 2020, the Organization received loan proceeds in the amount of \$162,800 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 8 or 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the borrower] terminates employees or reduces salaries during the period.

The Organization has as of August 31, 2020 substantially met the requirements for use of the PPP funds. The Organization has recognized the forgiveness of the loan in its entirety as PPP Grant Revenue for the year ended August 31, 2020.

5 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, 2020 and 2019 was \$61,809 and \$60,188, respectively. The following is a schedule of minimum lease payments due for years ending August 31:

| | |
|-----------------|------------------|
| 2021 | \$ 25,500 |
| 2022 | 28,088 |
| 2023 | 18,540 |
| 2024 | 18,540 |
| 2025 and beyond | <u>7,725</u> |
| | <u>\$ 98,393</u> |

6 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, 2020 and 2019, the Organization contributed \$10,986 and \$14,781, respectively, to the Plan.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2020 and 2019

7 Related Party Transactions.

During the years ending August 31, 2020 and 2019, members of the Organization's Board of Directors made unrestricted cash contributions totaling \$48,875 and \$48,935, 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, 2020 and 2019, from which the Organization received in-kind contributions of lift tickets, advertising and other services valued at \$2,484,757 and \$2,959,366, 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 \$12,698 and \$-0- during the years ending August 31, 2020 and 2019, 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 \$6,850 and \$-0- during the years ending August 31, 2020 and 2019, respectively.

8 Concentration.

For the years ending August 31, 2020 and 2019, a single donor of in-kind lift tickets and winter sport services predominately in Colorado represented 78.9% and 78.1% of all in-kind donations, respectively.

11 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 \$737,508 and \$500,329 of available financial assets for the years ended August 31, 2020 and 2019, respectively, is as follows:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Financial assets, at year end | \$ 737,508 | \$ 500,329 |
| Less those unavailable for general expenditures within one year due to: | | |
| Contractual or donor-imposed restrictions: | | |
| Restrictions by donor with time or purpose | <u>-</u> | <u>-</u> |
| Financial assets available to meet cash needs over general expenditures within one year | <u>\$ 737,508</u> | <u>\$ 500,329</u> |

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2020 and 2019

10 Reclassifications.

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

11 Potential Effects of the Covid-19 Virus.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China, and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including Colorado, where the Organization is headquartered, have declared a state of emergency.

Potential impacts to the Company include disruptions or restrictions on the Organization's employees' ability to work. COVID-19 could adversely affect local economies and financial markets, resulting in an economic downturn that could affect demand for the Organization's services, and its operating results.

Any of the foregoing could harm the Organization, and it cannot anticipate all the ways in which health epidemics such as COVID-19 could adversely impact its activities. Although the Organization is continuing to monitor and assess the effects of the COVID-19 pandemic on its business, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.