

SOS Outreach
(A Colorado Non-Profit Corporation)
Financial Statements
August 31, 2021 and 2020



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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, 2021 and 2020, 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 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.

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

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, 2021 and 2020, 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 15, 2021

SOS Outreach
(A Colorado Non-Profit Corporation)
Statements of Financial Position
August 31, 2021 and 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and Cash Equivalents	\$ 1,060,814	\$ 779,698
Certificates of Deposit	52,299	52,211
Prepaid Expenses	8,057	13,016
Total Current Assets	<u>1,121,170</u>	<u>844,925</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	<u>(44,814)</u>	<u>(44,814)</u>
Total Fixed Assets, Net	<u>-</u>	<u>-</u>
Other Assets		
Deposits	<u>1,358</u>	<u>4,758</u>
TOTAL ASSETS	<u>\$ 1,122,528</u>	<u>\$ 849,683</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts and Credit Cards Payable	\$ 38,453	\$ 15,367
Accrued Payroll and Benefits	110,260	79,034
Total Current Liabilities	<u>148,713</u>	<u>94,401</u>
Net Assets		
Without Donor Restrictions	<u>973,815</u>	<u>755,282</u>
Total Net Assets	<u>973,815</u>	<u>755,282</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,122,528</u>	<u>\$ 849,683</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, 2021 and 2020

	2021	2020
SUPPORT, REVENUES AND GAINS		
Support, revenues and gains without donor restrictions		
Event Income	\$ 20,658	\$ 144,618
Less: Directly Related Event Expenses	(4,324)	(27,101)
Net Revenues from Special Events	16,334	117,517
Contributions	609,609	450,804
Grants	674,750	593,442
Donated Goods and Services	1,184,059	3,149,810
Program Fees	124,721	277,714
PPP Grant Revenue	161,592	162,800
Interest Income	3,341	4,884
Other Income	6,150	7,766
Total support, revenues and gains without donor restrictions	2,780,556	4,764,737
EXPENSES		
Program Services		
Youth Curriculum and Outdoor Activities	2,174,891	4,095,828
Supporting Services		
Management and General Expenses	211,544	250,639
Fundraising Expenses	175,588	192,090
Total Supporting Services	387,132	442,729
Total Expenses	2,562,023	4,538,557
Changes in net assets without donor restrictions	218,533	226,180
CHANGE IN NET ASSETS	218,533	226,180
NET ASSETS - BEGINNING OF YEAR	755,282	529,102
NET ASSETS - END OF YEAR	\$ 973,815	\$ 755,282

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, 2021

	Program Services	Management and General	Fundraising	Total 2021
Advertising	\$ 17,813	\$ 4,427	\$ 4,070	\$ 26,310
Auto Expense	5,557	1,345	734	7,636
Bank & Interest Charges	15	3,289	-	3,304
Donated Goods and Services	1,184,059	-	-	1,184,059
Dues and Subscriptions	3,859	872	474	5,205
Insurance	23,837	5,698	5,501	35,036
Office Expenses	41,881	11,949	8,672	62,502
Payroll Taxes	45,328	14,779	10,398	70,505
Professional Fees	11,069	4,019	3,001	18,089
Program Coordinators	48,505	3,568	2,875	54,948
Program Supplies and Recognition	36,672	4,105	2,960	43,737
Rent and Occupancy	48,548	8,185	5,480	62,213
Salaries and Benefits	686,861	144,718	128,391	959,970
Travel	20,887	4,590	3,032	28,509
	<u>\$ 2,174,891</u>	<u>\$ 211,544</u>	<u>\$ 175,588</u>	<u>\$ 2,562,023</u>

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SOS Outreach
(A Colorado Non-Profit Corporation)
Schedule of Functional Expenses
For the Year Ending August 31, 2020

	Program Services	Management and General	Fundraising	Total 2020
Advertising	\$ 3,861	\$ 488	\$ 2,912	\$ 7,261
Auto Expense	6,453	666	730	7,849
Bank & Interest Charges	1,963	1,382	-	3,345
Donated Goods and Services	3,149,810	-	-	3,149,810
Dues and Subscriptions	3,473	1,257	413	5,143
Insurance	25,772	5,837	5,977	37,586
Office Expenses	29,792	8,281	5,647	43,720
Payroll Taxes	46,453	13,836	10,461	70,750
Professional Fees	20,178	4,371	5,640	30,189
Program Coordinators	65,297	48	29	65,374
Program Supplies and Recognition	31,203	1,409	1,090	33,702
Rent and Occupancy	59,097	13,206	9,405	81,708
Salaries and Benefits	643,542	198,013	148,509	990,064
Travel	8,934	1,845	1,277	12,056
	<u>\$ 4,095,828</u>	<u>\$ 250,639</u>	<u>\$ 192,090</u>	<u>\$ 4,538,557</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, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 218,533	\$ 226,180
Non-Cash Items Included in Change in Net Assets		
(Increase) Decrease In Assets:		
Prepaid Expenses	4,959	10,014
Deposits	3,400	985
Increase (Decrease) in Liabilities:		
Accounts Payable and Credit Cards	23,086	8,799
Accrued Payroll and Benefits	31,226	28,475
Net Cash Provided By Operating Activities	281,204	274,453
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Certificates of Deposit	(88)	(192)
 NET INCREASE IN CASH	281,116	274,261
 CASH AT BEGINNING OF YEAR	779,698	505,437
 CASH AT END OF YEAR	\$ 1,060,814	\$ 779,698
 <u>SUPPLEMENTAL DISCLOSURES:</u>		
Interest Paid	\$ -	\$ 96

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

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements
August 31, 2021 and 2020

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 donor restrictions that are met in the same reporting period are reported as income without donor restrictions and increase unrestricted net assets.

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.

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, 2021 and 2020

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

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, 2021 and 2020.

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 15, 2021, 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.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2021 and 2020

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

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 that are restricted by the donor 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 reporting period in which the revenue is recognized. All other donor-restricted contributions, whether temporary or permanent in nature, are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

2 Fixed Assets.

As of August 31, 2021 and 2020, all fixed assets were fully depreciated. Depreciation expense for the years ending August 31, 2021 and 2020 was \$-0-, for both years.

3 Donated Goods and Services.

During the years ending August 31, 2021 and 2020, in-kind donations of lift tickets, instructors, and sporting equipment totaled \$1,184,059 and \$3,149,810, respectively, and were reflected as offsetting revenue and expenses used in program services.

4 Payroll Protection Program Loan

On February 11, 2021 and April 20, 2020, the Organization received loan proceeds in the amounts of \$161,592 and \$162,800, respectively, 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 applied for full loan forgiveness and received notification from the Small Business Administration that the loans were fully forgiven. The balances are reflected as PPP Grant Revenue in the statement of activities. The amounts forgiven for the years ended August 31, 2021 and 2020 were \$161,592 and \$162,800, respectively.

SOS Outreach
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Notes to Financial Statements (Continued)
August 31, 2021 and 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, 2021 and 2020 was \$50,630 and \$61,809, respectively. The following is a schedule of minimum lease payments due for years ending August 31:

2022	\$	25,121
2023		19,088
2024		18,540
2025		7,725
	\$	<u>70,474</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, 2021 and 2020, the Organization contributed \$16,688 and \$10,986, respectively, to the Plan.

7 Related Party Transactions.

During the years ending August 31, 2021 and 2020, members of the Organization's Board of Directors made unrestricted cash contributions totaling \$86,260 and \$48,875, 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, 2021 and 2020, from which the Organization received in-kind contributions of lift tickets, advertising and other services valued at \$926,764 and \$2,484,757, 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 \$11,286 and \$12,698 during the years ending August 31, 2021 and 2020, 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 \$3,572 and \$6,850 during the years ending August 31, 2021 and 2020, respectively.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2021 and 2020

8 Concentration.

For the years ending August 31, 2021 and 2020, a single donor of in-kind lift tickets and winter sport services predominately in Colorado represented 78.3% and 78.9% of all in-kind donations, respectively.

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 \$964,400 and \$737,508 of available financial assets for the years ended August 31, 2021 and 2020, respectively, is as follows:

	2021	2020
Financial assets, at year end	\$ 964,400	\$ 737,508
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restrictions by donor with time or purpose	-	-
Financial assets available to meet cash needs over general expenditures within one year	\$ 964,400	\$ 737,508

10 Reclassifications.

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

11 Potential Effects of the Covid-19 Virus.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic”. First identified in late 2019 and known now as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak, which have impacted global business operations. As of the date of issuance of the financial statements, the Organization’s operations have not been significantly impacted, however, the Organization continues to monitor the situation. No impairments were recorded as of the balance sheet date as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management’s judgement regarding this could change in the future. While the Organization’s results of operations, cash flows and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.