

SOS Outreach
(A Colorado Non-Profit Corporation)
Financial Statements
August 31, 2017 and 2016



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BIVINS & BUNYAK CPAS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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, 2017 and 2016, 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, 2017 and 2016, 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

October 27, 2017

SOS Outreach
(A Colorado Non-Profit Corporation)
Statements of Financial Position
August 31, 2017 and 2016

	<u>ASSETS</u>			2016
	2017		Total	
	Unrestricted	Temporarily Restricted		
	Total			Total
Current Assets				
Cash and Cash Equivalents	\$ 443,637	\$ 169,785	\$ 613,422	\$ 479,283
Certificates of Deposit	51,639	-	51,639	51,459
Prepaid Expenses	22,849	-	22,849	29,741
Total Current Assets	518,125	169,785	687,910	560,483
Fixed Assets				
Computer Equipment and Software	3,814	-	3,814	12,403
Program Equipment	-	-	-	91,460
Vehicles	49,000	-	49,000	54,500
	52,814	-	52,814	158,363
Less: Accumulated Depreciation	(51,878)	-	(51,878)	(148,351)
	936	-	936	10,012
Other Assets				
Deposits	1,460	-	1,460	4,360
TOTAL ASSETS	\$ 520,521	\$ 169,785	\$ 690,306	\$ 574,855
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities				
Accounts Payable	\$ 3,023	\$ -	\$ 3,023	\$ -
Credit Cards Payable	2,533	-	2,533	4,258
Accrued Payroll and Benefits	27,982	-	27,982	28,736
Deferred Revenue	176	-	176	-
Total Current Liabilities	33,714	-	33,714	32,994
Net Assets				
Unrestricted Net Assets	486,807	-	486,807	541,861
Temporary Restricted Net Assets	-	169,785	169,785	-
Total Net Assets	486,807	169,785	656,592	541,861
TOTAL LIABILITIES AND NET ASSETS	\$ 520,521	\$ 169,785	\$ 690,306	\$ 574,855

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, 2017 and 2016

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT, REVENUES, AND GAINS				
Event Income	\$ 118,936	\$ -	\$ 118,936	\$ 101,641
Less: Directly Related Event Expenses	(41,100)	-	(41,100)	(42,123)
Net Revenues from Special Events	77,836	-	77,836	59,518
Contributions	377,296	250,000	627,296	260,006
Grants	278,839	-	278,839	415,372
Donated Goods and Services	3,139,014	-	3,139,014	2,502,110
Program Fees	307,870	-	307,870	303,267
Interest Income	691	-	691	698
Gain (Loss) on Sale of Fixed Assets	(1,733)	-	(1,733)	2,200
Other Income	7,034	-	7,034	5,651
Total Support, Revenues and Gains	4,186,847	250,000	4,436,847	3,548,822
EXPENSES				
Program Services				
Youth Curriculum and Outdoor Activities:	4,001,512	80,215	4,081,727	3,261,651
Supporting Services				
Management and General Expenses	133,441	-	133,441	172,809
Fundraising Expenses	106,948	-	106,948	136,639
Total Supporting Services	240,389	-	240,389	309,448
Total Expenses	4,241,901	80,215	4,322,116	3,571,099
CHANGE IN NET ASSETS	(55,054)	169,785	114,731	(22,277)
NET ASSETS - BEGINNING OF YEAR	541,861	-	541,861	564,138
NET ASSETS - END OF YEAR	\$ 486,807	\$ 169,785	\$ 656,592	\$ 541,861

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, 2017 with Comparable 2016 in Total

	Program Services	Management and General	Fundraising	Total 2017	Total 2016
Advertising	\$ 3,659	\$ 878	\$ 609	\$ 5,146	\$ 6,271
Auto Expense	19,498	1,720	1,444	22,662	22,242
Bank Charges	1,935	-	-	1,935	1,938
Depreciation	4,708	1,449	1,086	7,243	10,490
Donated Goods and Services	3,139,014	-	-	3,139,014	2,502,110
Dues and Subscriptions	3,030	411	363	3,804	3,059
Insurance	48,024	19,285	15,798	83,107	79,687
Merchandise	-	360	-	360	1,837
Office Supplies	7,117	5,371	1,141	13,629	10,356
Payroll Taxes	38,699	8,871	6,653	54,223	43,059
Postage	6,037	576	932	7,545	5,857
Printing and Reproduction	5,670	1,741	1,306	8,717	8,102
Professional Fees	9,786	3,011	2,258	15,055	19,152
Program Coordinators	121,606	3,341	1,467	126,414	172,900
Program Supplies and Recognition	65,053	1,505	70	66,628	72,906
Rent and Occupancy	29,423	10,590	8,991	49,004	41,288
Salaries and Benefits	559,288	68,959	60,688	688,935	541,791
Technology	8,751	2,694	2,021	13,466	14,075
Telephone	4,717	1,451	1,088	7,256	6,339
Travel	5,712	1,228	1,033	7,973	7,640
	<u>\$ 4,081,727</u>	<u>\$ 133,441</u>	<u>\$ 106,948</u>	<u>\$ 4,322,116</u>	<u>\$ 3,571,099</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, 2017 and 2016

	2017			2016
	Unrestricted	Temporarily Restricted	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in Net Assets	\$ (55,054)	\$ 169,785	\$ 114,731	\$ 585
Non-Cash Items Included in Change in Net Assets				
Depreciation Expense	7,243	-	7,243	10,490
(Gain) Loss on Sale of Fixed Assets	1,733	-	1,733	(2,200)
Net Assets Released from Restriction	-	-	-	(22,862)
(Increase) Decrease In Assets:				
Accounts Receivable	-	-	-	4,311
Prepaid Expenses	6,892	-	6,892	(10,109)
Deposits	2,900	-	2,900	(2,785)
Increase (Decrease) in Liabilities:				
Accounts Payable and Credit Cards	1,298	-	1,298	(8,871)
Accrued Payroll and Benefits	(754)	-	(754)	9,699
Accrued Severance	-	-	-	(2,783)
Deferred Revenue	176	-	176	-
Net Cash (Used In) Operating Activities	<u>(35,566)</u>	<u>169,785</u>	<u>134,219</u>	<u>(24,525)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Additions to Certificates of Deposit	(180)	-	(180)	(129)
Purchases of Fixed Assets	-	-	-	(516)
Proceeds From Disposal of Fixed Assets	100	-	100	2,200
Net Cash Provided By Investing Activities	<u>(80)</u>	<u>-</u>	<u>(80)</u>	<u>1,555</u>
NET (DECREASE) IN CASH	(35,646)	169,785	134,139	(22,970)
CASH AT BEGINNING OF YEAR	<u>479,283</u>	<u>-</u>	<u>479,283</u>	<u>502,253</u>
CASH AT END OF YEAR	<u>\$ 443,637</u>	<u>\$ 169,785</u>	<u>\$ 613,422</u>	<u>\$ 479,283</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, 2017 and 2016

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, 2017 and 2016

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, 2017 and 2016.

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, 2017 and 2016

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 27, 2017 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, 2017 and 2016, net of accumulated depreciation, is as follows:

	<u>2017</u>	<u>2016</u>
Computer Equipment and Software	\$ 552	\$ 1,135
Vehicles	<u>384</u>	<u>8,877</u>
	<u>\$ 936</u>	<u>\$ 10,012</u>

Depreciation expense for the years ending August 31, 2017 and 2016 was \$7,243 and \$10,490, respectively.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2017 and 2016

3 Donated Goods and Services.

During the years ending August 31, 2017 and 2016, in-kind donations of lift tickets, instructors, and sporting equipment totaled \$3,139,014 and \$2,502,110, 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, 2017 and 2016 was \$45,351 and \$41,228, respectively. The following is a schedule of minimum lease payments due for years ending August 31:

2018	\$ 41,938
2019	42,930
2020	31,382
2021	<u>21,397</u>
	<u>\$ 137,647</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, 2017 and 2016, the Organization contributed \$8,638 and \$5,874, respectively, to the Plan.

6 Related Party Transactions.

During the years ending August 31, 2017 and 2016, members of the Organization's Board of Directors made unrestricted cash contributions totaling \$12,325 and \$21,747, respectively.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2017 and 2016

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, 2017 and 2016, from which the Organization received in-kind contributions of lift tickets, advertising and other services valued at \$1,858,606 and \$1,808,614, respectively. Also during the years ending August 31, 2017 and 2016, the resort company made cash donations of \$70,000 and \$60,000, 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, 2017 and 2016, from which the Organization received in-kind contributions of lift tickets and lessons valued at \$101,243 and \$32,935, 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 \$2,829 during the year ending August 31, 2016. The company also made cash contributions in the amount of \$10,000 for the year ending August 31, 2016.

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 \$20,000 and \$5,270 during the years ending August 31, 2017 and 2016, 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 \$3,400 and \$7,000 during the years ending August 31, 2017 and 2016, respectively.

7 Concentration.

For the years ending August 31, 2017 and 2016, a single donor of in-kind lift tickets and winter sport services predominately in Colorado represented 59.2% and 72.3% of all in-kind donations, respectively.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2017 and 2016

8 Temporarily Restricted Net Assets.

In the current 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, 2017 and 2016 was \$169,785 and \$-0-, respectively.