

STEAMBOAT ADAPTIVE RECREATIONAL SPORTS

Financial Statements

April 30, 2017

STEAMBOAT ADAPTIVE RECREATIONAL SPORTS

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Independent Auditor's Report

The Board of Directors
Steamboat Adaptive Recreational Sports
Steamboat Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Steamboat Adaptive Recreational Sports, which comprise the statement of financial position as of April 30, 2017, and the related statements of activities, functional expenses, and cash flows for the fiscal year 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.

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 Steamboat Adaptive Recreational Sports as of April 30, 2017, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Financial Information

We have previously audited Steamboat Adaptive Recreational Sports' April 30, 2016 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 22, 2016. In our opinion, the summarized comparative financial information presented herein as of and for the fiscal year ended April 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Catterson + Company, P.C.

Steamboat Springs, Colorado
August 22, 2017

STEAMBOAT ADAPTIVE RECREATIONAL SPORTS
Statement of Financial Position
April 30, 2017
(with summarized financial information as of April 30, 2016)

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets:		
Operating cash	\$ 304,711	\$ 239,013
Accounts receivable	23,862	7,384
Prepaid expenses	11,927	12,130
Other current assets	<u>116</u>	<u>240</u>
Total current assets	<u>340,616</u>	<u>258,767</u>
Noncurrent assets:		
Restricted cash	703,577	86,408
Unconditional promises to give	2,020,419	637,887
Property and equipment, net	766,359	690,611
Security deposit	<u>2,150</u>	<u>2,150</u>
Total noncurrent assets	<u>3,492,505</u>	<u>1,417,056</u>
Total assets	<u><u>\$ 3,833,121</u></u>	<u><u>\$ 1,675,823</u></u>
Liabilities and net assets:		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 36,710</u>	<u>\$ 27,335</u>
Total current liabilities	<u>36,710</u>	<u>27,335</u>
Net assets:		
Temporarily restricted	2,747,542	708,988
Unrestricted	<u>1,048,869</u>	<u>939,500</u>
Total net assets	<u>3,796,411</u>	<u>1,648,488</u>
Total liabilities and net assets	<u><u>\$ 3,833,121</u></u>	<u><u>\$ 1,675,823</u></u>

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

STEAMBOAT ADAPTIVE RECREATIONAL SPORTS
Statement of Activities
For the Fiscal Year Ended April 30, 2017
(with summarized financial information for the fiscal year ended April, 30, 2016)

	2017			2016 Total
	Unrestricted	Temporarily Restricted	Total	
Revenues and support:				
Program services	\$ 308,790	\$ -	\$ 308,790	\$ 380,242
Less scholarships awarded	(47,138)	-	(47,138)	(114,163)
Grants and contributions	348,959	-	348,959	264,010
Fundraising events	278,881	-	278,881	320,981
Less direct event expenses	(49,662)	-	(49,662)	(55,721)
Contributed goods and facilities	309,717	-	309,717	415,253
Other	6,414	-	6,414	12,268
Total revenues and support	<u>1,155,961</u>	<u>-</u>	<u>1,155,961</u>	<u>1,222,870</u>
Operating expenses:				
Program services	942,529	-	942,529	1,117,404
Management and general	128,697	-	128,697	82,132
Fundraising	60,914	-	60,914	53,886
Total operating expenses	<u>1,132,140</u>	<u>-</u>	<u>1,132,140</u>	<u>1,253,422</u>
Change in net assets - operating activities	<u>23,821</u>	<u>-</u>	<u>23,821</u>	<u>(30,552)</u>
Nonoperating activities:				
Capital campaign contributions	-	2,178,723	2,178,723	867,350
Development feasibility expenses	(22,502)	-	(22,502)	(14,961)
Capital campaign fundraising expenses	(32,119)	-	(32,119)	(85,953)
Net assets released from restriction	140,169	(140,169)	-	-
Change in net assets - nonoperating activities	<u>85,548</u>	<u>2,038,554</u>	<u>2,124,102</u>	<u>766,436</u>
Change in net assets	109,369	2,038,554	2,147,923	735,884
Net assets, beginning of year	<u>939,500</u>	<u>708,988</u>	<u>1,648,488</u>	<u>912,604</u>
Net assets, end of year	<u>\$ 1,048,869</u>	<u>\$ 2,747,542</u>	<u>\$ 3,796,411</u>	<u>\$ 1,648,488</u>

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

STEAMBOAT ADAPTIVE RECREATIONAL SPORTS
Statement of Cash Flows
For the Fiscal Year Ended April 30, 2017
(with summarized financial information for the fiscal year ended April 30, 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets - operating activities	\$ 23,821	\$ (30,552)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	38,710	38,107
(Increase) decrease in:		
Accounts receivable	(16,478)	(572)
Prepaid expenses	203	(1,548)
Other current assets	124	153
(Decrease) increase in:		
Accounts payable and accrued expenses	9,374	307
Special event revenues received in advance	-	(16,550)
Net cash provided by operating activities	55,754	(10,655)
Cash flows from investing activities:		
Purchases of property and equipment	(28,909)	(33,093)
Cash paid for development in progress	(140,169)	(158,362)
Net cash provided (used) by investing activities	(169,078)	(191,455)
Cash flows from financing activities:		
Cash collected from capital campaign promises to give	644,843	82,113
Capital campaign contributions received	151,348	147,350
Net cash provided by financing activities	796,191	229,463
Net change in cash and cash equivalents	682,867	27,353
Cash, beginning of year	325,421	298,068
Cash, end of year	\$ 1,008,288	\$ 325,421
Composition of cash, end of year:		
Operating cash	\$ 304,711	239,013
Restricted cash	703,577	86,408
	\$ 1,008,288	\$ 325,421

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

STEAMBOAT ADAPTIVE RECREATIONAL SPORTS
Statement of Functional Expenses
For the Fiscal Year Ended April 30, 2017
(with summarized financial information for the fiscal year ended April 30, 2016)

	2017				2016 Total
	Program Services	Management and General	Fundraising	Total	
Operating expenses:					
Wages and benefits	\$ 374,111	\$ 67,747	\$ 48,163	\$ 490,021	\$ 440,135
Contributed ski passes	287,398	-	-	287,398	392,934
Rent	47,855	4,704	3,360	55,919	55,519
Insurance	18,938	2,696	1,151	22,785	21,887
Camp supplies, food and accommodations	16,245	-	-	16,245	38,484
Equipment and maintenance	22,290	2,676	1,911	26,877	26,712
Program development	51,791	-	-	51,791	89,312
Professional fees	3,528	35,579	464	39,571	34,385
Vehicles and travel	16,137	-	-	16,137	16,127
Office	10,756	1,981	1,415	14,152	15,359
Advertising	19,478	3,588	2,563	25,629	46,540
Depreciation	38,710	-	-	38,710	38,107
Other	35,292	9,726	1,887	46,905	37,921
Total operating expenses	<u>\$ 942,529</u>	<u>\$ 128,697</u>	<u>\$ 60,914</u>	<u>\$ 1,132,140</u>	<u>\$ 1,253,422</u>

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

STEAMBOAT ADAPTIVE RECREATIONAL SPORTS

Notes to Financial Statements

April 30, 2017

(with summarized comparative financial information as of April 30, 2016 and for the fiscal year then ended)

Note 1: Nature of Organization and Significant Accounting Policies

Steamboat Adaptive Recreational Sports (STARS) was incorporated as a Colorado not-for-profit corporation in 2007 to empower and enrich lives through adaptive recreational activities in Steamboat Springs, Colorado. STARS provides private lessons, specialized equipment, camps, and group programming with the help of paid and volunteer instructors. STARS has also expanded its programming into summer by offering programs and camps in biking, kayaking, fishing, and waterskiing.

STARS is funded primarily by program fees, contributions, and grants.

Basis of Presentation

STARS prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (US GAAP).

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported assets and liabilities as of the date of the financial statements. On an ongoing basis, management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. STARS management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Unrestricted net assets are resources available to support operations.

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. STARS' unspent contributions would be classified in this class if the donor limited their use.

Permanently restricted net assets are resources whose use by STARS is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. STARS has no permanently restricted net assets at April 30, 2017.

All revenues are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Accounts Receivable

Receivables are stated at net realizable value and consist primarily of amounts due from program participants. Management believes that all of its receivables are collectible; therefore, no provision for uncollectible accounts has been recorded at April 30, 2017 and 2016.

Promises to Give

Unconditional promises to give are stated at net realizable value.

STEAMBOAT ADAPTIVE RECREATIONAL SPORTS

Notes to Financial Statements

April 30, 2017

(with summarized comparative financial information as of April 30, 2016 and for the fiscal year then ended)

Note 1: Nature of Organization and Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is stated at cost, or if donated, the fair value at the date of the gift, less accumulated depreciation. Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings	20
Equipment, furniture and fixtures	5-7

Development in progress is not depreciated until the development is completed.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized as revenues when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Donor-restricted contributions whose restrictions are met within the same reporting period are reported as unrestricted support.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants.

Expense Recognition and Allocation

The cost of providing STARS' programs and other activities is summarized on a functional basis in the statement functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

Advertising

STARS expenses the cost of advertising as incurred.

Tax Status

STARS is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes. STARS currently has no unrelated business income. Accordingly, no provision has been made for income tax. STARS is not classified as a private foundation.

STAR's tax returns related to the fiscal years ending April 30, 2014 through 2016 remain open for examination by taxing authorities.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the STARS' audited financial statements for the fiscal year ended April 30, 2016, from which the summarized information was derived. Certain prior fiscal year amounts have been reclassified to conform to the current fiscal year presentation.

STEAMBOAT ADAPTIVE RECREATIONAL SPORTS

Notes to Financial Statements

April 30, 2017

(with summarized comparative financial information as of April 30, 2016 and for the fiscal year then ended)

Note 2: Unconditional Promises to Give and Capital Campaign

STARS began a capital campaign in 2015 with a goal to raise \$5.5 million for construction of a 32-40 bed ranch facility and organization hub called STARS Ranch.

Unconditional promises to give to the capital campaign as of April 30, 2017 are as follows:

Amounts due in less than one year	\$ 629,000
Amounts due in one to five years	<u>1,391,419</u>
	<u>\$ 2,020,419</u>

All pledges to the capital campaign are considered noncurrent on the statement of financial position, regardless of when they are expected to be collected because they will be expended for long-term purposes.

Note 3: Property and Equipment

STARS' property and equipment consists of the following at April 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 337,000	\$ 337,000
Buildings	213,000	213,000
Equipment	172,264	153,954
Furniture and fixtures	40,481	29,880
Leasehold improvements	8,300	8,300
Development in progress	<u>142,996</u>	<u>57,448</u>
	914,041	799,582
Less accumulated depreciation	<u>(147,682)</u>	<u>(108,971)</u>
	<u>\$ 766,359</u>	<u>\$ 690,611</u>

Note 4: Restricted Net Assets

Temporarily restricted net assets at April 30, 2017 and 2016 are restricted by donors for the following:

	<u>2017</u>	<u>2016</u>
Capital campaign	<u>\$ 2,747,542</u>	<u>\$ 708,988</u>

Note 5: License Agreement

STARS enters into an annual license agreement with Steamboat Ski & Resort Corporation (SSRC) for STARS to conduct its winter programs at the Steamboat Ski Resort. Terms of the license agreement require SSRC to provide complimentary lift tickets for program participants and volunteers and complimentary season ski passes for certain STARS employees and volunteers. Additionally, STARS is allowed to use a portion of the SSRC ticket office facilities to conduct its programs at no cost.

STEAMBOAT ADAPTIVE RECREATIONAL SPORTS

Notes to Financial Statements

April 30, 2017

(with summarized comparative financial information as of April 30, 2016 and for the fiscal year then ended)

Note 5: License Agreement (continued)

During the fiscal years ended April 30, 2017 and 2016, STARS received contributed facilities and goods at the following estimated fair value:

	<u>2017</u>	<u>2016</u>
<i>Contributed from SSRC:</i>		
Program participant lift tickets and employee ski passes	\$ 287,398	\$ 392,934
Ticket office rent	<u>22,319</u>	<u>22,319</u>
	<u>\$ 309,717</u>	<u>\$ 415,253</u>

During the fiscal year ended April 30, 2017, SSRC changed its method of estimating the STARS' client lift ticket resulting in a significant decrease in estimated fair value of program participant lift tickets.

Note 6: Operating Lease

STARS has an amended lease agreement with Starwood Steamboat LLC (Starwood) for office space near the base of the Steamboat Ski Area. Terms of the amended agreement include monthly rent payment of \$2,800 through April 30, 2018.

The following is a schedule of required future rental payments to Starwood:

Fiscal Year Ended April 30,

2018	<u>\$ 33,600</u>
	<u>\$ 33,600</u>

Note 7: Concentration of Risk

Amounts held in financial institutions occasionally are in excess of Federal Deposit Insurance Corporation (FDIC) limits. STARS deposits its cash with a high quality financial institution and management believes STARS is not exposed to significant credit risk on those amounts.

Note 8: Contributed Services

Many individuals volunteer their time and perform a variety of tasks, including instruction, within STARS' programs. However, these services do not meet the criteria for recognition as contributed services in accordance with US GAAP.

Note 9: Subsequent Events

STARS' management has evaluated subsequent events through August 22, 2017, the date these financial statements were available to be issued.