

SOS Outreach
(A Colorado Non-Profit Corporation)
Financial Statements
June 30, 2013 and 2012



CONTENTS

<u>Independent Auditors' Report</u>	1-2
<u>Financial Statements</u>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-11
Schedule of Functional Expenses – June 30, 2013	12
Schedule of Functional Expenses – June 30, 2012	13



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 Organization) which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities 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 June 30, 2013 and 2012, 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.

INDEPENDENT AUDITORS' REPORT (Cont'd.)

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on pages 12 and 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bivins & Bunyak, CPAs, PLLC
October 28, 2013

SOS Outreach
(A Colorado Non-Profit Corporation)
Statements of Financial Position
June 30, 2013 and 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and Cash Equivalents	\$ 643,697	\$ 673,807
Temporarily Restricted Cash	59,812	-
Total Cash and Cash Equivalents	<u>703,509</u>	<u>673,807</u>
Certificates of Deposit	51,108	50,879
Accounts Receivable	358	22
Prepaid Expenses	9,985	41,776
Total Current Assets	<u>764,960</u>	<u>766,484</u>
Fixed Assets		
Computer Equipment and Software	11,387	11,387
Program Equipment	91,460	91,460
Vehicles	54,135	33,870
	156,982	136,717
Less: Accumulated Depreciation	<u>(112,470)</u>	<u>(90,610)</u>
Total Fixed Assets	<u>44,511</u>	<u>46,107</u>
Other Assets		
Deposits	8,500	9,500
TOTAL ASSETS	<u>\$ 817,971</u>	<u>\$ 822,091</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable	\$ 1,944	\$ 11,234
Credit Cards Payable	8,321	8,514
Accrued Payroll and Benefits	29,173	25,136
Deferred Revenue	59,821	-
Total Current Liabilities	<u>99,259</u>	<u>44,884</u>
Net Assets		
Unrestricted Net Assets	<u>718,712</u>	<u>777,207</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 817,971</u>	<u>\$ 822,091</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 Ended June 30, 2013 and 2012

	2013	2012
SUPPORT, REVENUES, AND GAINS		
Event Income	\$ 140,741	\$ 135,723
Less: Directly Related Event Expenses	<u>(34,849)</u>	<u>(45,738)</u>
Net Revenues from Special Events	105,892	89,985
Contributions	261,463	266,944
Grants	329,175	379,123
Donated Goods and Services	2,084,332	2,319,900
Program Fees	290,784	273,919
Interest Income	1,110	1,361
Gain on Disposal of Fixed Assets	11,345	6
Other Revenues	<u>4,966</u>	<u>16,275</u>
 Total Support, Revenues and Gains	 <u>3,089,068</u>	 <u>3,347,513</u>
 EXPENSES		
Program Services		
Youth Curriculum and Outdoor Activities	<u>2,847,184</u>	<u>2,976,637</u>
Supporting Services		
Management and General Expenses	158,866	136,175
Fundraising Expenses	<u>141,513</u>	<u>118,247</u>
Total Supporting Services	<u>300,378</u>	<u>254,422</u>
 Total Expenses	 <u>3,147,563</u>	 <u>3,231,059</u>
 CHANGE IN NET ASSETS	 (58,495)	 116,454
NET ASSETS - BEGINNING OF YEAR	<u>777,207</u>	<u>660,753</u>
NET ASSETS - END OF YEAR	<u><u>\$ 718,712</u></u>	<u><u>\$ 777,207</u></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 Ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (58,495)	\$ 116,454
Non-Cash Items Included in Change in Net Assets		
(Gain) on Disposal of Assets	(11,345)	(6)
Depreciation Expense	31,349	29,382
(Increase) Decrease In Assets:		
Accounts Receivable	(336)	479
Prepaid Expenses	31,792	(27,222)
Deposits	1,000	(8,300)
Increase (Decrease) in Liabilities:		
Accounts Payable	(9,290)	6,377
Credit Cards Payable	(193)	6,883
Accrued Payroll and Benefits	4,037	9,584
Deferred Revenue	59,821	-
Net Cash Provided by Operating Activities	48,340	133,631
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Certificates of Deposit	(229)	(322)
Purchase of Fixed Assets	(33,500)	(3,685)
Proceeds from Sale of Fixed Assets	15,092	150
Net Cash (Used In) Investing Activities	(18,637)	(3,857)
NET INCREASE IN CASH	29,702	129,774
CASH AT BEGINNING OF YEAR	673,807	544,033
CASH AT END OF YEAR	\$ 703,509	\$ 673,807

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

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements
June 30, 2013 and 2012

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 amended February 18, 1997, October 31, 2006, and 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 Avon, Colorado, but provides services in the states of Colorado, New Mexico, Washington, California, Nevada, Utah, Wisconsin, New York, New Hampshire, Oregon, and in the country of New Zealand.

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)
June 30, 2013 and 2012

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

Support and Revenue. 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 June 30, 2013 and 2012.

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)
June 30, 2013 and 2012

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 28, 2013 which is the date the financial statements were available to be issued. The Board of Directors has not identified any material subsequent events that require reporting or disclosure.

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 June 30, 2013 and 2012, net of accumulated depreciation, is as follows:

	<u>2013</u>	<u>2012</u>
Computer Equipment and Software	\$ 5,084	\$ 6,612
Program Equipment	5,659	26,520
Vehicles	<u>33,768</u>	<u>12,975</u>
	<u>\$ 44,511</u>	<u>\$ 46,107</u>

Depreciation expense for the years ended June 30, 2013 and 2012, was \$31,349 and \$29,382, respectively.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
June 30, 2013 and 2012

3 In-Kind Donations.

During the years ended June 30, 2013 and 2012, in-kind donations of goods and services totaled \$2,084,332 and \$2,319,900, 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 ended Jun 30, 2013 and 2012, was \$42,523, and \$19,800, respectively. The following is a schedule of minimum lease payments due for years ending June 30:

2014	\$ 43,561
2015	36,739
2016	14,951
2017	<u>7,658</u>
	<u>\$ 102,909</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 to each employee's plan as follows in a five-year period (depending on the Organization's financial stability):

For two of the five years, the Organization will match employee contributions up to 3% of salary.

For three of the five years, the Organization will match employee contributions from 1% to 2% of salary paid, at the discretion of the Board.

Each employee's account is 100% vested immediately and non-forfeitable at all times, and contributions cannot exceed Internal Revenue Service limitations.

For the years ended June 30, 2013 and 2012, the Organization contributed \$6,533 and \$3,231, respectively, to the Plan.

6 Related Party Transactions.

During the years ended June 30, 2013 and 2012, members of the Organization's Board of Directors made unrestricted cash contributions totaling \$7,800 and \$7,743, respectively.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
June 30, 2013 and 2012

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 ended June 30, 2013 and 2012, from which the Organization received in-kind contributions of lift tickets, advertising and other services valued at \$1,116,299 and \$1,108,715, respectively. Also during the years ended June 30, 2013 and 2012, the resort company made cash donations of \$58,000 and \$59,500, respectively.

A member of the Organization's Board of Directors is a senior member of management of a resort company for the years ended June 30, 2013 and 2012, from which the Organization received in-kind contributions of lift tickets valued at \$74,415 and \$34,512, 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 cash contributions of \$10,000 and \$2,520 for the years ended June 30, 2013 and 2012, respectively, and in-kind contributions of equipment of \$1,945 during the year ended June 30, 2013.

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 \$13,443 during the year ended June 30, 2012.

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 \$1,455 and \$2,496 during the years ended June 30, 2013 and June 30, 2012, respectively. The company also made cash contributions in the amount of \$10,000 and \$25,000 for the years ended June 30, 2013 and 2012, 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 \$1,780 and \$4,688 during the years ended June 30, 2013 and 2012, respectively.

A member of the Organization's Board of Directors is a senior member of management of a company from which the Organization received cash contributions of \$5,000 during both of the years ended June 30, 2013 and 2012.

A member of the Organization's Board of Directors is the director of a foundation from which the Organization received a grant of \$150,000 and \$175,000 during the years ended June 30, 2013 and 2012, respectively. During the year ended June 30, 2013, the Organization purchased a vehicle from the director for \$23,000, which the Organization believes is below fair market value.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
June 30, 2013 and 2012

7 Concentration.

For the years ended June 30, 2013 and 2012, a single donor of in-kind lift tickets and wintersport services predominately in Colorado represented 54% and 48% of all in-kind donations, respectively.

8 Temporarily Restricted Cash.

Temporarily restricted cash is available for the following purposes or periods:

For the year ended June 30, 2013, donors contributed cash for the purpose of raising enough donations to apply for a matching grant. As of June 30, 2013, the Organization had not raised enough donations to apply for the grant. The revenue is being deferred until the outcome of the grant application is known and the restrictions on the donations are released. The Organization believes the restriction will be released within the next operating cycle.

	<u>2013</u>	<u>2012</u>
Temporarily Restricted Cash for Matching Grant	<u>\$ 59,812</u>	<u>\$ -</u>

SOS Outreach
(A Colorado Non-Profit Corporation)
Schedule of Functional Expenses
For the Year Ended June 30, 2013

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 5,746	\$ 1,207	\$ 1,842	\$ 8,796
Auto Expense	24,938	3,586	4,058	32,582
Bank Charges	139	-	-	139
Depreciation	29,822	1,527	-	31,349
Donated Goods and Services	2,084,332	-	-	2,084,332
Dues and Subscriptions	4,592	537	1,389	6,518
Insurance	37,371	8,501	6,376	52,248
Merchandise	2,033	87	66	2,186
Office Supplies	5,850	2,006	1,469	9,325
Payroll Taxes	27,614	6,419	4,814	38,847
Postage	4,253	158	2,804	7,215
Printing and Reproduction	5,978	1,599	1,199	8,777
Professional Fees	5,984	1,759	1,320	9,063
Program Coordinators	184,978	1,693	1,564	188,235
Program Supplies	58,120	622	432	59,173
Rent and Occupancy	36,941	4,583	3,458	44,982
Salaries and Benefits	306,025	118,899	101,399	526,323
Technology	6,158	1,894	1,421	9,473
Telephone	4,256	1,243	1,828	7,326
Travel	12,057	2,544	6,074	20,675
	<u>\$ 2,847,184</u>	<u>\$ 158,866</u>	<u>\$ 141,513</u>	<u>\$ 3,147,563</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 Ended June 30, 2012

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 8,930	\$ 1,460	\$ 3,405	\$ 13,795
Auto Expense	24,820	3,686	4,042	32,548
Depreciation	28,054	1,328	-	29,382
Donated Goods and Services	2,319,900	-	-	2,319,900
Dues and Subscriptions	3,129	522	1,014	4,665
Insurance	13,884	5,684	4,263	23,831
Interest and Bank Charges	265	31	56	352
Merchandise	11,603	-	-	11,603
Office Supplies	10,103	2,775	2,003	14,881
Payroll Taxes	19,182	4,915	3,686	27,783
Postage	4,064	347	909	5,320
Printing and Reproduction	5,335	1,336	1,002	7,673
Professional Fees	7,926	2,369	1,768	12,063
Program Coordinators	227,542	669	469	228,680
Program Supplies	52,478	703	468	53,649
Rent and Occupancy	22,286	6,660	4,995	33,941
Salaries and Benefits	196,461	98,074	85,532	380,067
Technology	6,784	2,088	1,566	10,438
Telephone	3,714	1,634	1,338	6,686
Travel	10,177	1,894	1,731	13,802
	<u>\$ 2,976,637</u>	<u>\$ 136,175</u>	<u>\$ 118,247</u>	<u>\$ 3,231,059</u>

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