

SOS Outreach
(A Colorado Non-Profit Corporation)
Financial Statements
August 31, 2015 and 2014



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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, 2015 and 2014, 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 August 31, 2015 and 2014, 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 schedules of functional expenses on pages 13 and 14 are presented for purposes of additional analysis and are 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

November 17, 2015

SOS Outreach
(A Colorado Non-Profit Corporation)
Statements of Financial Position
August 31, 2015 and 2014

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
Current Assets		
Cash and Cash Equivalents	\$ 502,253	\$ 442,972
Certificates of Deposit	51,330	51,227
Accounts Receivable	4,311	3,375
Prepaid Expenses	19,632	12,240
Total Current Assets	<u>577,526</u>	<u>509,814</u>
Fixed Assets		
Computer Equipment and Software	11,887	14,163
Program Equipment	91,460	91,460
Vehicles	56,500	59,635
	<u>159,847</u>	<u>165,258</u>
Less: Accumulated Depreciation	<u>(139,861)</u>	<u>(133,902)</u>
	<u>19,986</u>	<u>31,356</u>
Other Assets		
Deposits	<u>1,575</u>	<u>9,575</u>
TOTAL ASSETS	<u>\$ 599,087</u>	<u>\$ 550,745</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities		
Accounts Payable	\$ 9,580	\$ 8,287
Credit Cards Payable	3,549	2,889
Accrued Payroll and Benefits	19,037	20,082
Accrued Severance	2,783	-
Total Current Liabilities	<u>34,949</u>	<u>31,258</u>
Net Assets		
Temporary Restricted Net Assets	22,862	-
Unrestricted Net Assets	<u>541,276</u>	<u>519,487</u>
Total Net Assets	<u>564,138</u>	<u>519,487</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 599,087</u>	<u>\$ 550,745</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, 2015 and 2014

	2015	2014
SUPPORT, REVENUES, AND GAINS		
Event Income	\$ 140,260	\$ 104,866
Less: Directly Related Event Expenses	<u>(39,727)</u>	<u>(45,830)</u>
Net Revenues from Special Events	100,533	59,036
Contributions	321,743	283,837
Grants	431,000	436,331
Donated Goods and Services	2,049,987	2,412,088
Program Fees	278,706	275,434
Interest Income	648	737
Gain on Sale of Fixed Assets	750	-
Other Revenues	<u>6,885</u>	<u>7,493</u>
 Total Support, Revenues and Gains	 <u>3,190,252</u>	 <u>3,474,956</u>
 EXPENSES		
Program Services		
Youth Curriculum and Outdoor Activities	<u>2,753,529</u>	<u>3,141,814</u>
Supporting Services		
Management and General Expenses	279,602	180,170
Fundraising Expenses	<u>112,470</u>	<u>151,840</u>
Total Supporting Services	<u>392,072</u>	<u>332,010</u>
 Total Expenses	 <u>3,145,601</u>	 <u>3,473,824</u>
 CHANGE IN NET ASSETS	 44,651	 1,132
NET ASSETS - BEGINNING OF YEAR - UNRESTRICTED	519,487	518,355
(LESS: NET ASSETS TEMPORARILY RESTRICTED)	<u>(22,862)</u>	<u>-</u>
 NET ASSETS - END OF YEAR - UNRESTRICTED	 <u>\$ 541,276</u>	 <u>\$ 519,487</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, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 44,651	\$ 1,132
Non-Cash Items Included in Change in Net Assets		
Depreciation Expense	11,485	16,156
(Increase) Decrease In Assets:		
Accounts Receivable	(936)	(3,075)
Prepaid Expenses	(7,392)	16,947
Deposits	8,000	(1,075)
Increase (Decrease) in Liabilities:		
Accounts Payable	1,293	(3,450)
Credit Cards Payable	660	2,889
Accrued Payroll and Benefits	(1,045)	19,856
Accrued Severance	2,783	-
Deferred Revenue	-	(59,821)
Net Cash Provided By (Used In) Operating Activities	59,499	(10,441)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Certificates of Deposit	(103)	(102)
Purchases of Fixed Assets	(500)	-
Disposal of Fixed Assets	385	-
Net Cash (Used In) Investing Activities	(218)	(102)
NET INCREASE (DECREASE) IN CASH	59,281	(10,543)
CASH AT BEGINNING OF YEAR	442,972	453,515
CASH AT END OF YEAR	\$ 502,253	\$ 442,972
<u>SUPPLEMENTAL DISCLOSURES:</u>		
Interest Paid	\$ 19	\$ -

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

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements
August 31, 2015 and 2014

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 Avon, 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, 2015 and 2014

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, 2015 and 2014.

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, 2015 and 2014

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 December 18, 2015, 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, 2015 and 2014, net of accumulated depreciation, is as follows:

	<u>2015</u>	<u>2014</u>
Computer Equipment and Software	\$ 2,183	\$ 3,552
Vehicles	<u>17,803</u>	<u>27,804</u>
	<u>\$ 19,986</u>	<u>\$ 31,356</u>

Depreciation expense for the years ending August 31, 2015 and 2014 was \$11,485 and \$16,156, respectively.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2015 and 2014

3 Donated Goods and Services.

During the years ending August 31, 2015 and 2014, in-kind donations of lift tickets, instructors, and sporting equipment totaled \$2,049,987 and \$2,412,088, 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, 2015 and 2014 was \$42,708 and \$44,948, respectively. The following is a schedule of minimum lease payments due for years ending August 31:

	<u>2015</u>
2016	\$ 40,572
2017	30,605
2018	25,500
2019	25,500
2020	<u>12,750</u>
	<u>\$ 134,927</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, 2015 and 2014, the Organization contributed \$4,988 and \$6,296, respectively, to the Plan.

6 Related Party Transactions.

During the years ending August 31, 2015 and 2014, members of the Organization's Board of Directors made unrestricted cash contributions totaling \$16,450 and \$8,900, respectively.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2015 and 2014

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, 2015 and 2014, from which the Organization received in-kind contributions of lift tickets, advertising and other services valued at \$1,305,582 and \$1,312,112, respectively. Also during the years ending August 31, 2015 and 2014, the resort company made cash donations of \$50,000 and \$58,000, 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, 2015 and 2014, from which the Organization received in-kind contributions of lift tickets and lessons valued at \$57,532 and \$106,372, 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 \$7,448 and \$1,820 during the years ending August 31, 2015 and 2014, respectively. The company also made cash contributions in the amount of \$10,000 for both years ending August 31, 2015 and 2014.

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 \$27,365 and \$3,950 during the years ending August 31, 2015 and 2014, 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 \$11,810 and \$9,985 during the years ending August 31, 2015 and 2014, respectively. The company also made cash contributions in the amount of \$-0- and \$10,000 for the years ending August 31, 2015 and 2014, 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 \$9,800 and \$18,375 during the years ending August 31, 2015 and 2014, 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 \$6,000 and \$13,573 during the years ending August 31, 2015 and 2014, respectively.

A member of the Organization's Board of Directors is the director of a foundation from which the Organization received a grant of \$125,000 and \$110,000 during the years ending August 31, 2015 and 2014, respectively.

7 Concentration.

For the years ending August 31, 2015 and 2014, a single donor of in-kind lift tickets and winter sport services predominately in Colorado represented 63.7% and 68.3% of all in-kind donations, respectively.

SOS Outreach
(A Colorado Non-Profit Corporation)
Notes to Financial Statements (Continued)
August 31, 2015 and 2014

8 Severance Package of Key Employee.

During the fiscal year, a key employee of the organization has separated from employment. Pursuant to this agreement, the former key employee is entitled to two months compensation, twelve months of health benefits and a lump sum payment due January 1, 2015, all totaling \$137,071. Subsequent to the year ended August 31, 2015 the Organization paid the remaining severance balance of \$2,783, to include the remaining two months of health insurance expense.

9 Temporarily Restricted Net Assets.

In the current fiscal year, the Organization received contributions near year-end related to the subsequent fiscal year. The funds are to be held as temporarily restricted net assets until the start of the new fiscal year. Temporarily restricted net assets during the years ending August 31, 2015 and 2014 was \$22,862 and \$-0-, respectively.

	2015	2014
Eagle County Programs	\$ 20,002	\$ -
General Support	2,860	-
Total Temporarily Restricted Net Assets	\$ 22,862	\$ -

SUPPLEMENTARY SCHEDULES

SOS Outreach
(A Colorado Non-Profit Corporation)
Schedule of Functional Expenses
For the Year Ending August 31, 2015

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 2,810	\$ 760	\$ 1,924	\$ 5,494
Auto Expense	15,050	3,411	1,833	20,294
Bank Charges	1,595	-	-	1,595
Depreciation	6,891	2,871	1,723	11,485
Donated Goods and Services	2,049,987	-	-	2,049,987
Dues and Subscriptions	1,718	221	367	2,306
Insurance	40,045	16,821	12,978	69,844
Merchandise	577	1,250	2,150	3,977
Office Supplies	14,238	4,164	2,806	21,208
Payroll Taxes	26,779	3,590	1,819	32,188
Postage	3,756	579	706	5,041
Printing and Reproduction	5,780	1,779	1,374	8,933
Professional Fees	9,175	2,901	2,124	14,200
Program Coordinators	188,327	1,374	1,318	191,019
Program Supplies and Recognition	62,389	243	228	62,860
Rent and Occupancy	30,191	8,313	7,252	45,756
Salaries and Benefits	277,481	87,278	69,898	434,657
Severance Package	-	139,854	-	139,854
Technology	5,289	1,635	1,220	8,144
Telephone	5,498	1,660	1,438	8,596
Travel	5,953	898	1,312	8,163
	<u>\$ 2,753,529</u>	<u>\$ 279,602</u>	<u>\$ 112,470</u>	<u>\$ 3,145,601</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 Ending August 31, 2014

	Program	Management		
	<u>Services</u>	<u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 3,763	\$ 1,052	\$ 2,255	\$ 7,070
Auto Expense	24,248	3,246	2,294	29,788
Bank Charges	2,242	146	6	2,394
Depreciation	10,501	3,231	2,424	16,156
Donated Goods and Services	2,412,088	-	-	2,412,088
Dues and Subscriptions	1,770	164	547	2,481
Insurance	52,890	17,475	15,341	85,706
Merchandise	1,219	285	495	1,999
Office Supplies	7,211	1,744	1,410	10,365
Payroll Taxes	26,335	6,767	5,158	38,260
Postage	4,082	415	976	5,473
Printing and Reproduction	7,321	2,167	1,934	11,422
Professional Fees	10,761	3,311	2,483	16,555
Program Coordinators	193,281	-	-	193,281
Program Supplies and Recognition	49,158	466	280	49,904
Rent and Occupancy	30,946	9,522	7,141	47,609
Salaries and Benefits	269,523	122,149	100,096	491,768
Technology	21,367	4,921	4,844	31,132
Telephone	5,815	1,498	1,817	9,130
Travel	7,293	1,611	2,339	11,243
	<u>\$ 3,141,814</u>	<u>\$ 180,170</u>	<u>\$ 151,840</u>	<u>\$ 3,473,824</u>

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