

SHINING STARS FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

TOGETHER WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

SHINING STARS FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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Taylor, Roth and Company, PLLC
Certified Public Accountants
working exclusively with nonprofit organizations

March 18, 2020

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Shining Stars Foundation
Tabernash, Colorado

We have reviewed the accompanying financial statements of **Shining Stars Foundation** (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with generally accepted accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously reviewed Shining Stars Foundation's 2018 financial statements, and in our conclusion dated March 25, 2019, stated that based on our review, we were not aware of any material modifications that should be made to the 2018 financial statements in order for them to be in accordance with generally accepted accounting principles in the United States of America. We are unaware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2018, for it to be consistent with the reviewed financial statements from which it has been derived.

Taylor, Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

SHINING STARS FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 223,536	\$ 173,829
Prepaid expenses	33,862	12,116
Investments (Note 3)	17,427	-
Property and equipment (Note 4)	597,169	627,614
Total assets	<u>\$ 871,994</u>	<u>\$ 813,559</u>
 <u>Liabilities and net assets</u>		
Accounts payable	\$ 3,474	\$ 6,862
Payroll and other liabilities	4,647	5,868
Note payable - related party (Note 5)	126,741	250,000
Commitment - related party (Note 11)		
Total liabilities	<u>134,862</u>	<u>262,730</u>
 Net assets		
Without donor restrictions		
Undesignated	198,704	111,215
Net investment in fixed assets	470,428	377,614
	<u>669,132</u>	<u>488,829</u>
With donor restrictions (Note 6)	<u>68,000</u>	<u>62,000</u>
Total net assets	<u>737,132</u>	<u>550,829</u>
Total liabilities and net assets	<u>\$ 871,994</u>	<u>\$ 813,559</u>

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Contributions	\$ 432,908	\$ 2,500	\$ 435,408	\$ 385,409
Special events income	487,421	-	487,421	382,908
Less: direct expenses	(136,144)	-	(136,144)	(116,381)
Grants	98,100	65,500	163,600	133,750
Investment income	8,034	-	8,034	163
In-kind contributions (Note 7)	612,560	-	612,560	633,272
Net assets released from restrictions (Note 8)	62,000	(62,000)	-	-
Total revenue and other support	<u>1,564,879</u>	<u>6,000</u>	<u>1,570,879</u>	<u>1,419,121</u>
<u>Expense</u>				
Program services	1,262,792	-	1,262,792	1,191,370
Supporting services				
Management and general	46,055	-	46,055	42,154
Fund-raising	75,729	-	75,729	62,706
Total expense	<u>1,384,576</u>	<u>-</u>	<u>1,384,576</u>	<u>1,296,230</u>
Change in net assets	180,303	6,000	186,303	122,891
Net assets, beginning of year	<u>488,829</u>	<u>62,000</u>	<u>550,829</u>	<u>427,938</u>
Net assets, end of year	<u>\$ 669,132</u>	<u>\$ 68,000</u>	<u>\$ 737,132</u>	<u>\$ 550,829</u>

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018	
	Program Services	Supporting Services		Total	Total
		Management And General	Fund- raising		
Salaries	\$ 216,356	\$ 20,606	\$ 20,605	\$ 257,567	\$ 226,694
Payroll taxes and benefits	35,023	3,336	3,336	41,695	33,659
Program expenses (Note 9)	299,591	-	-	299,591	303,142
Lodging	199,487	-	-	199,487	193,615
Medical support (Note 9)	137,184	-	-	137,184	137,184
Meals	127,707	-	-	127,707	107,875
Travel	65,245	-	-	65,245	46,392
Rent	40,509	3,859	3,858	48,226	71,284
Other program expenses (Note 9)	33,968	-	-	33,968	39,883
Advertising	13,434	-	20,151	33,585	15,602
Dues and subscriptions	15,873	934	1,867	18,674	10,697
Medical & event supplies	14,768	-	-	14,768	18,116
Interest	9,369	-	2,342	11,711	2,461
Consultants	-	-	9,000	9,000	9,000
Telephone	3,110	1,166	3,499	7,775	7,239
Technology	4,428	1,476	1,476	7,380	8,038
Accounting fees	-	7,300	-	7,300	4,600
Utilities	4,663	444	444	5,551	5,959
Printing	2,910	529	1,852	5,291	5,472
Bank and credit card fees	3,147	1,049	1,049	5,245	5,742
Insurance	2,904	1,211	726	4,841	5,294
Postage	1,911	159	1,114	3,184	5,182
Repairs and maintenance	2,158	205	205	2,568	5,268
Office expenses	776	387	776	1,939	7,118
Licenses and permits	1,119	-	35	1,154	1,099
Meetings	-	-	-	-	495
Other	-	-	-	-	257
	<u>1,235,640</u>	<u>42,661</u>	<u>72,335</u>	<u>1,350,636</u>	<u>1,277,367</u>
Depreciation	27,152	3,394	3,394	33,940	18,863
Total expenses	<u>\$1,262,792</u>	<u>\$ 46,055</u>	<u>\$ 75,729</u>	<u>\$1,384,576</u>	<u>\$1,296,230</u>

See accompanying notes and independent accountant's review report

SHINING STARS FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
 (WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 186,303	\$ 122,891
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
Depreciation	33,940	18,863
Donated stock	(10,599)	-
Unrealized gains on stock	(6,828)	-
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in prepaid expenses	(21,746)	(8,871)
Increase(decrease) in accounts payable	(3,388)	2,833
Increase(decrease) in payroll and other liabilities	(1,221)	2,978
Net cash provided(used) by operating activities	176,461	138,694
<u>Cash flows from investing activities</u>		
Equipment purchase	(3,495)	-
Building purchase	-	(603,078)
Net cash provided(used) by investing activities	(3,495)	(603,078)
<u>Cash flows from financing activities</u>		
Payments on note payable	(123,259)	-
Borrowing on note payable	-	250,000
Net cash provided(used) by financing activities	(123,259)	250,000
Net increase in cash and cash equivalents	49,707	(214,384)
Cash and cash equivalents, beginning of year	173,829	388,213
Cash and cash equivalents, end of year	\$ 223,536	\$ 173,829
<u>Supplemental disclosure of information</u>		
Cash paid during the period for interest	\$ 11,711	\$ 2,461

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - NATURE OF ACTIVITIES

Shining Stars Foundation (the Organization) is a non-profit corporation established in 2001. The Organization's mission is to transform lives through year-round recreational and social programs for children and their families challenged with pediatric cancer or another life-threatening illness. Annually, the Organization provides over 65 outdoor, social, and recreational experiences, including adaptive skiing, hiking, snowmobiling, rafting, biking, cooking, swimming, climbing, sailing, and so much more. All services are provided at no cost to the family.

The programs provide these children, their families, and their siblings with: Life-long friendships with other families facing similar challenges, improved ability to positively cope with cancer treatments and diagnoses, increased hope for the future, stronger will to fight to survive, greater self-confidence and improved emotional health. Ultimately, the Organization aims to improve their quality of life for the long-term.

The Organization has sustainably grown every year since its founding. The Organization has expanded from hosting a single week-long adaptive ski program for ten children from Colorado with two employees and 30 volunteers to serving over 1,000 children and families in 23 states through over 65 programs and events under the direction of six staff members and over 350 annual volunteers. The Organization makes it a priority to keep overhead costs to a minimum, ensuring each dollar donated directly benefits the families served.

The Shining Stars Foundation is currently one of few nonprofits nationally providing long-term, year-round care for children and their families through recreational programming at any stage in their cancer battle, including treatment, relapse, or remission.

The four primary types of services include:

- **Family Services:** Single day events and overnight programs for children battling a life-threatening illness and their entire immediate family.
- **Child Services:** Two separate week-long adventure camps just for the child battling cancer or another life-threatening illness.
- **Awareness and Educational Services:** Educating the public about challenges faced by children battling cancer through regular booths and presentations at community events. This includes presentations at local schools to help students understand the challenges some of their peers are facing and to promote acceptance.
- **Young Adult Services:** Mentor program and retreats for young adults ages 18 and over who are survivors of pediatric cancer and struggling to transition to adulthood.

The Organization receives support primarily from in-kind and cash contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a program. These restrictions expire when the assets are placed in service.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for property and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

5. Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair value in the statements of financial position, and changes in fair value are reported in investment income in the statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

6. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization's investments consisting of shares in a publicly traded security are defined as Level 1 assets as described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities in active markets as of the measurement date.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

9. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

10. Functional Reporting of Expenses

For the year ended December 31, 2019, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain categories of expenses attributable to program services or supporting functions are allocated on a reasonable basis that is consistently applied. The significant expenses that are allocated are salaries and payroll taxes and benefits which are allocated based on estimates of time and effort. Other expenses have been allocated based upon estimates of time and effort or usage.

11. Subsequent Events

Management has evaluated subsequent events through March 18, 2020 the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

Investments are stated at the quoted market price (Level 1 inputs) and consist of donated shares of a publicly traded corporation. The Organization recognized \$6,828 of unrealized gains on the shares during the year. The Organization also earned \$1,206 of interest income on its cash accounts.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Building	\$ 603,078
Furniture and equipment	119,487
Vehicle	<u>23,010</u>
Total	745,575
Less: accumulated depreciation	<u>(148,406)</u>
Net property and equipment	<u>\$ 597,169</u>

Depreciation expense for the year was \$33,940.

NOTE 5 - NOTE PAYABLE – RELATED PARTY

During 2018, the Executive Director loaned the Organization \$250,000 in connection with the acquisition of a two-bedroom condominium in Snowmass Village, Colorado. The condominium serves as an office and residence when Organization employees are working in the area. The note agreement's term is ten years, carries an annual interest rate of 5.375%, and provides for monthly payments of interest only with the principal balance due on September 25, 2028. The Organization may pay the entire principal balance prior to the end of the note's term. The note is secured by a deed of trust on the condominium.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

At year-end, net assets with donor restrictions were available for the following program purposes:

<u>Description</u>	<u>Amount</u>
2020 Aspen Winter Games	\$ 66,000
2020 Grand County Family Camp	<u>2,000</u>
Total	<u>\$ 68,000</u>

NOTE 7 - IN-KIND CONTRIBUTIONS

Donated goods and services reflected in the accompanying financial statements would typically need to be purchased if not provided by donation. They are recognized in the financial statements at their estimated fair value at the date of receipt.

NOTE 7 - IN-KIND CONTRIBUTIONS (Continued)

Donated goods and services consist of the following:

<u>Description</u>	<u>Amount</u>
Program expenses (Note 9)	\$ 299,591
Medical support (Note 9)	137,184
Lodging	50,647
Special event expenses	29,859
Food and beverages for programs	49,394
Rent	15,500
Advertising and marketing	26,253
Video and photography services	2,632
Accounting services	<u>1,500</u>
Total	<u>\$ 612,560</u>

Donated special event expenses include venue, food and beverages, and other related costs

Additionally, the Organization received 15,845 volunteer service hours not requiring professional level skills, primarily consisting of volunteers at program and special events. No amounts have been reflected in the financial statements for donated services not requiring specific expertise.

NOTE 8 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor purpose restrictions by incurring expenses satisfying the following program purposes:

<u>Description</u>	<u>Amount</u>
2019 Aspen Winter Games	\$ 60,000
2019 Grand County Family Camp	<u>2,000</u>
Total	<u>\$ 62,000</u>

NOTE 9 - PROGRAM EXPENSES

The Organization's program and venue expenses classification represents in-kind contributions and is primarily comprised of ski passes, ski and snowboard rentals, ski instructors' services, and other goods and services provided in connection with the Organization's program services. The medical support expenses represents donated services of the medical director and other doctors, nursing staff, and other medical professionals. The other program expenses is comprised of expenses such as activity awards, recreational expenses, and video services.

NOTE 10 - RETIREMENT PLAN

The Organization has a SIMPLE IRA retirement plan. The plan covers all eligible employees. Employees may elect to make contributions to the plan up to the maximum amount permitted. The Organization matches the first 3% of salary contributed by each employee. The Organization's contributions for the year were \$7,592.

NOTE 11 - RELATED PARTY TRANSACTIONS

The Organization rents administrative office space and equipment from the Organization's Executive Director. The lease carries a year-to-year term of one year and the base rent is \$2,500 per month. As described in Note 4, the Executive Director also provided a loan to the Organization.

Members of the Organization's board of directors made in-kind contributions to the Organization estimated to be as follows:

<u>Description</u>	<u>Amount</u>
Medical	\$ 29,960
Rent	11,600
Special event expenses	10,650
Food and beverages	<u>1,000</u>
Total	<u>\$ 53,210</u>

NOTE 12 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general operating expenditures within one year at December 31, 2019:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 223,536
Investments	<u>17,427</u>
Financial assets available to meet general operating expenditures within one year	<u>\$ 240,963</u>

The Organization has certain donor-restricted assets limited to use which are available for general operating expenditures within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets available to meet general operating expenditures within one year.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization's goal is to obtain financial assets to meet three months of operating expenses (approximately \$150,000).