

**SHINING STARS FOUNDATION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

TOGETHER WITH INDEPENDENT ACCOUNTANTS'  
REVIEW REPORT

**SHINING STARS FOUNDATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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

March 25, 2019

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, 2018, 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.

*Taylor, Roth and Company PLLC*

TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**SHINING STARS FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
DECEMBER 31, 2018

	2018
<u>Assets</u>	
Cash and cash equivalents	\$ 173,829
Prepaid expenses	12,116
Property and equipment (Note 3)	627,614
Total assets	\$ 813,559
 <u>Liabilities and net assets</u>	
Accounts payable	\$ 6,862
Payroll and other liabilities	5,868
Note payable - related party (Note 4)	250,000
Total liabilities	262,730
 Net assets	
Without donor restrictions	
Operating	111,215
Net investment in fixed assets	377,614
With donor restrictions (Note 5)	62,000
Total net assets	550,829
Total liabilities and net assets	\$ 813,559

See accompanying notes and independent accountants' review report

**SHINING STARS FOUNDATION**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue and other support</u>			
Contributions	\$ 385,409	\$ -	\$ 385,409
Special events income	382,908	-	382,908
Less: direct expenses	(116,381)	-	(116,381)
Grants	71,750	62,000	133,750
Interest income	163	-	163
In-kind contributions (Note 6)	633,272	-	633,272
Total revenue and other support	1,357,121	62,000	1,419,121
<u>Expense</u>			
Program services	1,191,370	-	1,191,370
Supporting services			
Management and general	42,154	-	42,154
Fund-raising	62,706	-	62,706
Total expense	1,296,230	-	1,296,230
Change in net assets	60,891	62,000	122,891
Net assets, beginning of year	427,938	-	427,938
Net assets, end of year	\$ 488,829	\$ 62,000	\$ 550,829

See accompanying notes and independent accountants' review report

**SHINING STARS FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018			
		Supporting Services		
	Program Services	Management And General	Fund- raising	Total
Salaries	\$ 190,422	\$ 18,136	\$ 18,136	\$ 226,694
Payroll taxes and benefits	28,273	2,693	2,693	33,659
Program expenses (Note 7)	303,142	-	-	303,142
Lodging	193,615	-	-	193,615
Meals	119,525	-	-	119,525
Medical support (Note 7)	137,184	-	-	137,184
Rent	59,878	5,703	5,703	71,284
Other program expenses (Note 7)	39,883	-	-	39,883
Travel	34,742	-	-	34,742
Medical & event supplies	18,116	-	-	18,116
Advertising	6,241	-	9,361	15,602
Dues and subscriptions	9,092	535	1,070	10,697
Consultants	-	-	9,000	9,000
Technology	4,822	1,608	1,608	8,038
Telephone	2,895	1,086	3,258	7,239
Office expenses	2,847	1,424	2,847	7,118
Utilities	5,005	477	477	5,959
Bank and credit card fees	3,446	1,148	1,148	5,742
Printing	3,010	547	1,915	5,472
Insurance	3,176	1,324	794	5,294
Repairs and maintenance	4,426	421	421	5,268
Postage	3,109	259	1,814	5,182
Accounting fees	-	4,600	-	4,600
Interest	1,969	-	492	2,461
Licenses and permits	1,066	-	33	1,099
Meetings	395	50	50	495
Other	-	257	-	257
	1,176,279	40,268	60,820	1,277,367
Depreciation	15,091	1,886	1,886	18,863
Total expenses	\$ 1,191,370	\$ 42,154	\$ 62,706	\$ 1,296,230

See accompanying notes and independent accountant's review report

**SHINING STARS FOUNDATION**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018
<u>Cash flows from operating activities</u>	
Change in net assets	\$ 122,891
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities	
Depreciation	18,863
<u>Changes in operating assets and liabilities</u>	
Decrease(increase) in prepaid expenses	(8,871)
Increase(decrease) in accounts payable	2,833
Increase(decrease) in payroll and other liabilities	2,978
	138,694
<u>Cash flows from investing activities</u>	
Building purchase	(603,078)
<u>Cash flows from financing activities</u>	
Note payable proceeds	250,000
	(214,384)
Cash and cash equivalents, beginning of year	388,213
Cash and cash equivalents, end of year	\$ 173,829
<u>Supplemental disclosure of information</u>	
Cash paid during the period for interest	\$ 2,461

See accompanying notes and independent accountants' review report

**SHINING STARS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 1 - NATURE OF ACTIVITIES**

Shining Stars Foundation (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 70 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 928 children and families in 23 states through 70 programs and events under the direction of five 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 a retreat 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.



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

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.

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. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

5. 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.

6. 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.

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

7. 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.

8. Functional Reporting of Expenses

For the year ended December 31, 2018, 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. Rent, storage fees and other occupancy expenses are allocated on square footage. Other expenses have been allocated based upon estimates of time and effort or usage.

9. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses net asset classification, information about liquidity and available resources, information provided about expenses, and consistency in reporting investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

10. Subsequent Events

Management has evaluated subsequent events through March 25, 2019 the date the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Building	\$ 603,078
Furniture and equipment	115,992
Vehicle	<u>23,010</u>
Total	742,080
Less: accumulated depreciation	<u>(114,466)</u>
Net property and equipment	<u>\$ 627,614</u>

Depreciation expense for the year was \$18,863.

In 2018, the Organization acquired a two-bedroom condominium in Snowmass Village Colorado. The total capitalized cost associated with the acquisition was \$603,078. The purchase price was primarily funded by Organization funds and the remainder was borrowed as described in Note 4. The condominium will serve as an office and residence when Organization employees are working in the area.

NOTE 4 - NOTE PAYABLE – RELATED PARTY

The Executive Director loaned the Organization \$250,000 in connection with the acquisition of the condominium. 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 5 - 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>
2019 Aspen Winter Games	\$ 60,000
2019 Grand County Family Camp	<u>2,000</u>
Total	<u>\$ 62,000</u>

NOTE 6 - 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. Donated goods and services consist of the following:

<u>Description</u>	<u>Amount</u>
Program expenses (Note 7)	\$ 303,142
Medical support (Note 7)	137,184
Lodging	57,491
Special event expenses	50,808
Food and beverages for programs	47,119
Rent	21,500
Advertising and marketing	11,528
Video and photography services	3,000
Accounting services	<u>1,500</u>
Total	<u>\$ 633,272</u>

Additionally, the Organization received 14,419 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 7 - 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 8 - 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 \$6,404.

NOTE 9 - 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	\$ 29,600
Special event expenses	25,000
Rent	11,600
Program expenses	4,200
Food and beverages	<u>1,246</u>
Total	<u>\$ 71,646</u>

NOTE 10 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general operating expenditures within one year at December 31, 2018:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	<u>\$ 173,829</u>
Financial assets available to meet general operating expenditures within one year	<u>\$ 173,829</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's goal is to obtain financial assets to meet six months of operating expenses (approximately \$300,000).