

SHINING STARS FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

TOGETHER WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

SHINING STARS FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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February 16, 2021

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, 2020, 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 2019 financial statements, and in our conclusion dated March 18, 2020, stated that based on our review, we were not aware of any material modifications that should be made to the 2019 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, 2019, for it to be consistent with the reviewed financial statements from which it has been derived.

Taylor R Roth and Company P/C

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

SHINING STARS FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
<u>Assets</u>		
Cash and cash equivalents	\$ 274,021	\$ 223,536
Grant receivable	5,000	-
Prepaid expenses	20,725	33,862
Investments (Note 3)	56,483	17,427
Property and equipment (Note 4)	563,228	597,169
Total assets	\$ 919,457	\$ 871,994
<u>Liabilities and net assets</u>		
Accounts payable	\$ 15,743	\$ 3,474
Payroll and other liabilities	3,785	4,647
Payroll Protection Program loan (Note 5)	53,700	-
Note payable - related party (Note 6)	126,272	126,741
Commitment - related party (Note 11)		
Total liabilities	199,500	134,862
Net assets		
Without donor restrictions		
Undesignated	283,001	198,704
Net investment in fixed assets	436,956	470,428
	719,957	669,132
With donor restrictions		
	-	68,000
Total net assets	719,957	737,132
Total liabilities and net assets	\$ 919,457	\$ 871,994

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Contributions	\$ 402,248	\$ -	\$ 402,248	\$ 435,408
Grants	67,000	83,000	150,000	163,600
Special events income	102,727	-	102,727	487,421
Less: direct expenses	(23,524)	-	(23,524)	(136,144)
Investment income	24,347	-	24,347	8,034
In-kind contributions (Note 7)	548,591	-	548,591	612,560
Net assets released from restrictions (Note 8)	151,000	(151,000)	-	-
Total revenue and other support	1,272,389	(68,000)	1,204,389	1,570,879
<u>Expense</u>				
Program services	1,109,451	-	1,109,451	1,262,792
Supporting services				
Management and general	59,628	-	59,628	46,055
Fund-raising	52,485	-	52,485	75,729
Total expense	1,221,564	-	1,221,564	1,384,576
Change in net assets	50,825	(68,000)	(17,175)	186,303
Net assets, beginning of year	669,132	68,000	737,132	550,829
Net assets, end of year	\$ 719,957	\$ -	\$ 719,957	\$ 737,132

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020				2019
	Program Services	Supporting Services		Total	Total
		Management And General	Fund- raising		
Salaries	\$ 218,273	\$ 20,305	\$ 15,228	\$ 253,806	\$ 257,567
Payroll taxes and benefits	34,921	3,248	2,436	40,605	41,695
Program expenses (Note 9)	204,405	-	-	204,405	299,591
Medical support (Note 9)	198,200	-	-	198,200	137,184
Lodging	136,026	-	-	136,026	199,487
Meals	97,767	-	-	97,767	127,707
Rent	43,846	4,128	3,611	51,585	48,226
Advertising	17,004	12,754	12,754	42,512	33,585
Other program expenses (Note 9)	36,847	-	-	36,847	33,968
Travel	35,938	-	-	35,938	65,245
Special events expense	-	-	23,524	23,524	136,144
Dues and subscriptions	13,269	781	1,561	15,611	18,674
Medical & event supplies	11,785	-	-	11,785	14,768
Accounting fees	-	8,980	-	8,980	7,300
Consultants	-	-	8,000	8,000	9,000
Technology	5,248	1,500	750	7,498	7,379
Telephone	5,070	975	455	6,500	7,775
Utilities	5,301	505	505	6,311	5,551
Insurance	3,447	1,231	246	4,924	4,842
Interest	3,978	-	442	4,420	11,711
Repairs and maintenance	3,187	303	303	3,793	2,568
Printing	2,258	347	869	3,474	5,291
Office expenses	1,735	693	1,041	3,469	1,939
Postage	1,953	139	697	2,789	3,184
Bank and credit card fees	1,207	345	173	1,725	5,245
Licenses and permits	633	-	20	653	1,154
	<u>1,082,298</u>	<u>56,234</u>	<u>72,615</u>	<u>1,211,147</u>	<u>1,486,780</u>
Depreciation	<u>27,153</u>	<u>3,394</u>	<u>3,394</u>	<u>33,941</u>	<u>33,940</u>
Total expenses	<u>\$1,109,451</u>	<u>\$ 59,628</u>	<u>\$ 76,009</u>	<u>\$1,245,088</u>	<u>\$1,520,720</u>
Expenses netted against revenue					
Special events expense	<u>-</u>	<u>-</u>	<u>(23,524)</u>	<u>(23,524)</u>	<u>(136,144)</u>
Net expenses	<u>\$1,109,451</u>	<u>\$ 59,628</u>	<u>\$ 52,485</u>	<u>\$1,221,564</u>	<u>\$1,384,576</u>

See accompanying notes and independent accountant's review report

SHINING STARS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (17,175)	\$ 186,303
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
Depreciation	33,941	33,940
Donated stock	(15,740)	(10,599)
Reinvested investment earnings	(23,316)	(6,828)
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in grant receivable	(5,000)	-
Decrease(increase) in prepaid expenses	13,137	(21,746)
Increase(decrease) in accounts payable	12,269	(3,388)
Increase(decrease) in payroll and other liabilities	(862)	(1,221)
Net cash provided(used) by operating activities	(2,746)	176,461
<u>Cash flows from investing activities</u>		
Equipment purchase	-	(3,495)
<u>Cash flows from financing activities</u>		
Proceeds from Paycheck Protection Program loan	53,700	-
Payments on note payable	(469)	(123,259)
Net cash provided(used) by financing activities	53,231	(123,259)
Net increase in cash and cash equivalents	50,485	49,707
Cash and cash equivalents, beginning of year	223,536	173,829
Cash and cash equivalents, end of year	\$ 274,021	\$ 223,536
<u>Supplemental disclosure of information</u>		
Cash paid during the period for interest	\$ 4,420	\$ 11,711

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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. During a typical year, the Organization provides over 65 outdoor, social, and recreational experiences, including adaptive skiing, hiking, snowmobiling, rafting, biking, cooking, swimming, climbing, sailing, art, games, 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 to reach new families 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 four 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.

This past year, the Organization provides four primary types of services:

- **Family Services:** Single day events and virtual programs for children battling a life-threatening illness and their entire immediate family. This included a toy drive to benefit patients and their siblings.
- **Child Services:** One week-long adventure camp (Aspen Winter Games) just for the child battling cancer or another life-threatening illness.
- **Awareness and Educational Services:** Educated the public about challenges faced by children battling cancer through booths and presentations at community events. This included 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.

Due to the immune-compromised population the Organization serves, the Organization has had to adapt programs and services to safely support families during the COVID-19 pandemic. Many of the programs are being conducted virtually or with new safety measures in place including:

- Offering over 40 virtual programs and events to all of the Organization's clients and young adults (a database of over 1,000 families). These virtual programs have included game nights, movie nights, dance lessons, educational talks, a talent show, a magic show, a honeybee hive tour, group discussions, and more.

NOTE 1 - NATURE OF ACTIVITIES – (Continued)

- Providing direct meal and grocery assistance via gift cards for low-income pediatric cancer families struggling to make ends meet financially.

The Organization's team members have been meeting and working tirelessly to think of new and creative ways to both serve families and keep the Organization's mission moving forward.

The Organization receives support primarily from in-kind and individual 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.

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

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.

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. Functional Reporting of Expenses

For the year ended December 31, 2020, 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.

10. Subsequent Events

Management has evaluated subsequent events through February 16, 2021 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 publicly traded corporations. The Organization recognized \$23,013 and \$304 of unrealized gains and dividends on the shares during the year. The Organization also earned \$1,031 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 - condominium	\$ 603,078
Furniture and equipment	119,487
Vehicle	<u>23,010</u>
Total	745,575
Less: accumulated depreciation	<u>(182,347)</u>
Net property and equipment	<u>\$ 563,228</u>

Depreciation expense for the year was \$33,941.

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received a \$53,700 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Under the program, this loan may be partially or fully forgiven if certain eligibility requirements are met, including that 60% of the loan must be spent on payroll. The loan is being treated as a refundable advance of a conditional contribution until such time the amount of the loan explicitly forgiven by the SBA is determined. At such time, the conditions will be considered met and the Organization will recognize contribution revenue in the amount of the loan forgiveness.

The balance of the PPP loan not forgiven is repayable in equal amounts required to fully amortize the principal amount outstanding on the note by the maturity date of April 10, 2022. The loan is unsecured, and interest is charged at 1% per annum.

NOTE 6 - 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 loan has a ten-year term and is subject to an adjustable interest rate that tracks with the rate charged by Alpine Bank for a HELOC in the same amount which the Director obtained on her home. Monthly installments of interest only are required to be paid until September 25, 2018 when the outstanding principal and any accrued interest are due and payable in full. Principal payments, including the entire outstanding balance may be made at any time without penalty. The loan is secured by a deed of trust on the condominium.

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.

Donated goods and services consist of the following:

<u>Description</u>	<u>Amount</u>
Program expenses (Note 9)	\$ 204,405
Medical support (Note 9)	198,200
Lodging	44,369
Food and beverages for programs	40,182
Advertising and marketing	34,086
Rent	20,085
Special event and fundraising expenses	2,919
Accounting services	2,800
Video and photography services	<u>1,545</u>
Total	<u>\$ 548,591</u>

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

Additionally, the Organization received 14,068 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>
2020 Aspen Winter Games	\$ 110,500
Basic needs gift card assistance	27,500
Support services for siblings	5,000
Young adult programming	2,500
Holiday party	2,500
2020 Grand County Family Camp	2,000
Kids Helping Kids	<u>1,000</u>
Total	<u>\$ 151,000</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 \$6,340.

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 6, 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	\$ 152,760
Rent	16,185
Food and beverages	<u>1,000</u>
Total	<u>\$ 169,945</u>

NOTE 12 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general operating expenditures within one year on December 31, 2020:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 274,021
Grant receivable	5,000
Investments	<u>56,483</u>
Financial assets available to meet general operating expenditures within one year	<u>\$ 335,504</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.

NOTE 12 - AVAILABILITY AND LIQUIDITY (continued)

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 \$125,000).