

SHINING STARS FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

TOGETHER WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

SHINING STARS FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

March 15, 2023

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, 2022, 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.

We are required to be independent of Shining Stars Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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 2021 financial statements, and in our conclusion dated March 5, 2022, stated that based on our review, we were not aware of any material modifications that should be made to the 2021 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, 2021, 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, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 385,378	\$ 620,427
Grant receivable	8,000	5,000
Prepaid expenses	20,193	18,475
Investments (Note 3)	288,215	89,328
Property and equipment (Note 4)	<u>535,339</u>	<u>542,321</u>
Total assets	<u>\$ 1,237,125</u>	<u>\$ 1,275,551</u>
<u>Liabilities and net assets</u>		
Accounts payable	\$ 29,181	\$ 31,042
Payroll and other liabilities	4,084	3,957
Note payable - related party (Note 5)	76,272	76,272
Payroll Protection Program loan (Note 6)	-	54,196
Commitment - related party (Note 11)	<u> </u>	<u> </u>
Total liabilities	<u>109,537</u>	<u>165,467</u>
<u>Net assets</u>		
Without donor restrictions		
Undesignated	658,521	644,035
Net investment in fixed assets	<u>459,067</u>	<u>466,049</u>
	1,117,588	1,110,084
With donor restrictions (Note 7)	<u>10,000</u>	<u>-</u>
Total net assets	<u>1,127,588</u>	<u>1,110,084</u>
Total liabilities and net assets	<u>\$ 1,237,125</u>	<u>\$ 1,275,551</u>

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>		<u>2021</u>	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<u>Revenue and other support</u>				
Contributions	\$ 352,704	\$ -	\$ 352,704	\$ 438,077
Special events income	167,436	-	167,436	299,291
Less: direct expenses	(35,738)	-	(35,738)	(49,068)
Grants	25,000	62,210	87,210	159,500
Paycheck Protection Program loan forgiveness (Note 5)	54,196	-	54,196	53,700
Investment income	(13,488)	-	(13,488)	20,147
In-kind contributions (Note 8)	151,871	-	151,871	148,646
Net assets released from restrictions (Note 9)	52,210	(52,210)	-	-
Total revenue and other support	<u>754,191</u>	<u>10,000</u>	<u>764,191</u>	<u>1,070,293</u>
<u>Expense</u>				
Program services	651,841	-	651,841	580,880
Supporting services				
Management and general	46,776	-	46,776	49,364
Fund-raising	48,070	-	48,070	49,922
Total expense	<u>746,687</u>	<u>-</u>	<u>746,687</u>	<u>680,166</u>
Change in net assets	7,504	10,000	17,504	390,127
Net assets, beginning of year	<u>1,110,084</u>	<u>-</u>	<u>1,110,084</u>	<u>719,957</u>
Net assets, end of year	<u>\$ 1,117,588</u>	<u>\$ 10,000</u>	<u>\$1,127,588</u>	<u>\$1,110,084</u>

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021	
	Supporting Services				
	Program	Management	Fund-	Total	Total
	Services	And	raising		
		General			
Salaries	\$ 225,841	\$ 21,009	\$ 15,756	\$ 262,606	\$ 239,530
Payroll taxes and benefits	41,003	3,814	2,861	47,678	41,281
Medical support (Note 10)	58,700	-	-	58,700	78,800
Lodging	53,508	-	-	53,508	29,703
Rent	48,870	2,629	1,051	52,550	52,885
Special events expense	-	-	35,738	35,738	49,068
Other program expenses (Note 10)	33,325	-	-	33,325	24,600
Meals	32,176	-	-	32,176	20,409
Program expenses (Note 10)	31,899	-	-	31,899	20,999
Dues and subscriptions	19,379	408	612	20,399	16,670
Travel	19,144	-	-	19,144	31,802
Medical and event supplies	18,008	-	-	18,008	15,674
Advertising	15,045	531	2,124	17,700	12,764
Accounting fees	-	9,755	-	9,755	9,438
Bank and credit card fees	-	262	8,472	8,734	6,490
Technology	6,065	1,733	866	8,664	7,609
Consultants	-	-	8,500	8,500	9,500
Printing	5,518	849	2,122	8,489	3,230
Utilities	6,236	594	594	7,424	6,878
Telephone	5,873	734	734	7,341	6,352
Insurance	3,894	1,391	278	5,563	6,295
Interest	3,253	-	362	3,615	4,262
Postage	1,600	114	571	2,285	4,776
Other	3,083	525	739	4,347	6,900
	632,420	44,348	81,380	758,148	705,915
Depreciation	19,421	2,428	2,428	24,277	23,319
Total expenses	<u>\$ 651,841</u>	<u>\$ 46,776</u>	<u>\$ 83,808</u>	<u>\$ 782,425</u>	<u>\$ 729,234</u>
Expenses netted against revenue					
Special events expense	-	-	(35,738)	(35,738)	(49,068)
Net expenses	<u>\$ 651,841</u>	<u>\$ 46,776</u>	<u>\$ 48,070</u>	<u>\$ 746,687</u>	<u>\$ 680,166</u>

See accompanying notes and independent accountant's review report

SHINING STARS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 17,504	\$ 390,127
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
Paycheck Protection Program loan forgiveness	(54,196)	(53,700)
Depreciation	24,277	23,319
Donated stock	(12,523)	(12,822)
Realized and unrealized (gains)losses on investments, net	17,082	(18,822)
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in grant receivable	(3,000)	-
Decrease(increase) in prepaid expenses	(1,718)	2,250
Increase(decrease) in accounts payable	(1,861)	15,299
Increase(decrease) in payroll and other liabilities	127	173
Net cash provided(used) by operating activities	(14,308)	345,824
<u>Cash flows from investing activities</u>		
(Purchases) of fixed assets	(17,295)	(2,412)
(Purchase) of investments	(200,000)	-
Reinvestment of investment income	(3,446)	(1,202)
Net cash provided(used) by investing activities	(220,741)	(3,614)
<u>Cash flows from financing activities</u>		
Proceeds from Paycheck Protection Program loan	-	54,196
Payments on note payable	-	(50,000)
Net cash provided(used) by financing activities	-	4,196
Net increase(decrease) in cash and cash equivalents	(235,049)	346,406
Cash and cash equivalents, beginning of year	620,427	274,021
Cash and cash equivalents, end of year	\$ 385,378	\$ 620,427
<u>Supplemental disclosure of information</u>		
Cash paid during the period for interest	\$ 3,615	\$ 4,262

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 sixty 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 thirty volunteers to serving over 1,000 children and families in twenty-three states through over sixty 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. In a typical year, the organization provides four primary types of services:

- **Family Services:** Single day events, overnight camps, and virtual programs for children battling a life-threatening illness and their entire immediate family. This includes a toy drive to benefit patients and their siblings.
- **Child Services:** Two week-long adventure camps (Aspen Winter Games and Aspen Summer Adventure) just for the child battling cancer or another life-threatening illness.
- **Awareness and Educational Services:** Booths and presentations at community events to educate the public about challenges faced by children battling cancer. This includes workshops provided for local schools to help students make a difference in their communities.
- **Young Adult Services:** Mentor program and retreats for young adults ages eighteen and over who are survivors of pediatric cancer and struggling to transition to adulthood.

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.

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.

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, except for those amounts that are held in investments which are invested for long-term purposes.

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.

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. 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 of publicly traded corporations and a mutual fund 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.

8. 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.

9. 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.

10. Functional Reporting of Expenses

For the year ended December 31, 2022, 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 15, 2023, 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 a cash sweep account, purchased and donated shares of publicly traded corporations, and a mutual fund. The following table lists the Organization's investments:

<u>Description</u>	<u>Amount</u>
Cash sweep account	\$ 6,657
Equity securities	263,598
Mutual funds	<u>17,960</u>
Total	<u>\$ 288,215</u>

NOTE 3 - INVESTMENTS (Continued)

Investment income is summarized as follows:

<u>Description</u>	<u>Amount</u>
Unrealized gains (losses), net	\$ (17,072)
Realized gains (losses), net	<u>(9)</u>
Net losses on securities	(17,081)
Interest and dividend income	3,452
Fees and charges	<u>(7)</u>
Net investment loss	<u>\$ (13,636)</u>

Additionally, the Organization earned interest income of \$148 on its operating 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	139,193
Vehicle	<u>23,010</u>
Total	765,281
Less: accumulated depreciation	<u>(229,942)</u>
Net property and equipment	<u>\$ 535,339</u>

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 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, 2028, 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. During the year, the Organization made only interest payments on the loan. The loan is secured by a deed of trust on the condominium.

NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2021, the Organization received a second draw in the amount of \$54,196 under the U.S Small Business Administration's Paycheck Protection Program authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). During the year, the Organization submitted a loan forgiveness application and received notification in July 2022 of the approval for complete forgiveness of the loan.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor purpose restrictions are available for the following program purposes:

<u>Description</u>	<u>Amount</u>
2023 Winter Games	<u>\$ 10,000</u>

NOTE 8 - IN-KIND CONTRIBUTIONS

The Organization's policy related to in-kind contributions is to utilize the assets given to carry out the mission of the Organization. During the year, in-kind contributions were received and used as follows:

<u>Description</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Revenue Recognized</u>
Medical director's time and support personnel	Programs	Restricted for use in programming	\$ 58,700
Programming activities	Programs	Restricted for use in programming	31,899
Discounted office and storage space	Programs, general & admin., and fundraising	No associated donor restrictions	21,050
Programming food	Programs	Restrictions for use in programming	12,375
Advertising	Programming	Restricted for use in programming	11,419
Special events food and beverages	Fundraising	Restricted for use in fundraising	9,228
Lodging	Programs	Restrictions for use in programming	4,600
Discounted bookkeeping	General & admin.	No associated donor restrictions	2,400
Programming photography	Programming	Restricted for use in programming	200
Total			<u>\$ 151,871</u>

The value of the contributed medical director's time and support personnel was estimated at fair value based upon the time spent in connection with the adventure camps. The value of the goods and services provided to the programming activities reflects an estimate of their retail fair values. The value of the rent was calculated based upon an estimate of comparable office and program space less amount paid.

Additionally, the Organization received 2,587 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 9 - 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>
Family programming	\$ 15,000
Grand county family adventure	11,000
Pitkin county programming	9,350
City of Aspen programming	7,460
Young adult all-stars	3,400
Holiday party & toy drive	3,000
Grand county programming	2,500
Kids helpings kids programming	<u>500</u>
Total	<u>\$ 52,210</u>

NOTE 10 - PROGRAM EXPENSES

The Organization's program and venue expenses classifications includes in-kind contributions and is primarily comprised of program activities, meals, and other goods and services provided in connection with the Organization's program services. The medical support expenses represent donated services of the medical director and other medical professionals. The other program expenses include activity awards, recreational expenses, video services, etc.

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 5, 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	\$ 58,700
Rent	17,150
Food and beverages	3,300
Lodging	<u>2,100</u>
Total	<u>\$ 81,250</u>

NOTE 12 - 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 \$7,152.

NOTE 13 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general operating expenditures within one year of December 31, 2022:

Financial assets at year-end:	<u>Amount</u>
Cash and cash equivalents	\$ 385,378
Grant receivable	8,000
Investments	<u>288,215</u>
Total financial assets	<u>681,593</u>
Less amounts not available to be used within one year:	
Donor restricted net assets	<u>(10,000)</u>
Financial assets available to meet general operating expenditures within one year	<u>\$ 671,593</u>

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 maintain financial assets to meet six months of operating expenses (\$250,000) to help ensure the sustainability of the foundation.