

SHINING STARS FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

TOGETHER WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

SHINING STARS FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

March 13, 2024

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, 2023, 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 2022 financial statements, and in our conclusion dated March 15, 2023, stated that based on our review, we were not aware of any material modifications that should be made to the 2022 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, 2022, 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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 465,178	\$ 385,378
Employee retention credits receivable (Note 3)	79,415	-
Prepaid expenses	28,624	20,193
Grants receivable (Note 4)	224,032	8,000
Investments (Note 5)	354,290	288,215
Property and equipment (Note 6)	<u>514,271</u>	<u>535,339</u>
Total assets	<u>\$ 1,665,810</u>	<u>\$ 1,237,125</u>
<u>Liabilities and net assets</u>		
Accounts payable	\$ 16,046	\$ 29,181
Payroll and other liabilities	4,590	4,084
Note payable - related party (Note 7)	<u>-</u>	<u>76,272</u>
Total liabilities	<u>20,636</u>	<u>109,537</u>
Net assets		
Without donor restrictions		
Undesignated	860,271	658,521
Net investment in fixed assets	<u>514,271</u>	<u>459,067</u>
	1,374,542	1,117,588
With donor restrictions (Note 8)	<u>270,632</u>	<u>10,000</u>
Total net assets	<u>1,645,174</u>	<u>1,127,588</u>
Total liabilities and net assets	<u>\$ 1,665,810</u>	<u>\$ 1,237,125</u>

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>		<u>2022</u>	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<u>Revenue and other support</u>				
Contributions	\$ 462,338	\$ -	\$ 462,338	\$ 352,704
Grants	13,549	388,482	402,031	87,210
Special events income	311,792	-	311,792	167,436
Less: direct expenses	(58,770)	-	(58,770)	(35,738)
CARES Act government funding (Note 3)	79,415	-	79,415	54,196
Investment income (loss)	53,985	-	53,985	(13,488)
In-kind contributions (Note 9)	27,800	549,670	577,470	151,871
Net assets released from restrictions (Note 8)	<u>677,520</u>	<u>(677,520)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>1,567,629</u>	<u>260,632</u>	<u>1,828,261</u>	<u>764,191</u>
<u>Expense</u>				
Program services	1,200,569	-	1,200,569	651,841
Supporting services				
Management and general	55,214	-	55,214	46,776
Fund-raising	<u>54,892</u>	<u>-</u>	<u>54,892</u>	<u>48,070</u>
Total expense	<u>1,310,675</u>	<u>-</u>	<u>1,310,675</u>	<u>746,687</u>
Change in net assets	256,954	260,632	517,586	17,504
Net assets, beginning of year	<u>1,117,588</u>	<u>10,000</u>	<u>1,127,588</u>	<u>1,110,084</u>
Net assets, end of year	<u>\$ 1,374,542</u>	<u>\$ 270,632</u>	<u>\$1,645,174</u>	<u>\$1,127,588</u>

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023			2022	
	Supporting Services				
	Program	Management	Fund-	Total	Total
	Services	And	raising		
		General			
Salaries	\$ 236,121	\$ 21,966	\$ 16,474	\$ 274,561	\$ 262,606
Payroll taxes and benefits	43,096	4,009	3,007	50,112	47,678
Medical support (Note 10)	198,200	-	-	198,200	58,700
Program expenses (Note 10)	190,056	-	-	190,056	31,899
Lodging	180,505	-	-	180,505	53,508
Rent	65,275	3,511	1,404	70,190	52,550
Meals	68,605	-	-	68,605	32,176
Travel	64,450	-	-	64,450	19,144
Special events expense	-	-	58,770	58,770	35,738
Other program expenses (Note 10)	35,121	-	-	35,121	33,325
Medical and event supplies	25,187	-	-	25,187	18,008
Advertising	19,022	671	2,685	22,378	17,700
Dues and subscriptions	18,981	400	599	19,980	20,399
Accounting fees	-	14,213	-	14,213	9,755
Consultants	-	-	11,500	11,500	8,500
Insurance	7,866	2,809	562	11,237	5,563
Bank and credit card fees	-	325	10,506	10,831	8,734
Printing	5,111	786	1,966	7,863	8,489
Technology	4,985	1,424	712	7,121	8,664
Utilities	5,649	538	538	6,725	7,424
Telephone	4,404	551	551	5,506	7,341
Interest	2,909	-	323	3,232	3,615
Postage	1,085	77	387	1,549	2,285
Other	3,487	1,377	1,121	5,985	4,347
	1,180,115	52,657	111,105	1,343,877	758,148
Depreciation	20,454	2,557	2,557	25,568	24,277
Total expenses	<u>\$1,200,569</u>	<u>\$ 55,214</u>	<u>\$ 113,662</u>	<u>\$1,369,445</u>	<u>\$ 782,425</u>
Expenses netted against revenue					
Special events expense	-	-	(58,770)	(58,770)	(35,738)
Net expenses	<u>\$1,200,569</u>	<u>\$ 55,214</u>	<u>\$ 54,892</u>	<u>\$1,310,675</u>	<u>\$ 746,687</u>

See accompanying notes and independent accountant's review report

SHINING STARS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2023</u>	<u>2022</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 517,586	\$ 17,504
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
Paycheck Protection Program loan forgiveness	-	(54,196)
Depreciation	25,568	24,277
Contributed stock	(12,891)	(12,523)
Contributed equipment	(3,000)	-
Realized and unrealized (gains)losses on investments, net	(44,531)	17,082
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in employee retention credits receivables	(79,415)	-
Decrease(increase) in prepaid expenses	(8,431)	(1,718)
Decrease(increase) in grants receivable	(216,032)	(3,000)
Increase(decrease) in accounts payable	(13,135)	(1,861)
Increase(decrease) in payroll and other liabilities	506	127
Net cash provided(used) by operating activities	<u>166,225</u>	<u>(14,308)</u>
<u>Cash flows from investing activities</u>		
(Purchases) of fixed assets	(1,500)	(17,295)
(Purchase) of investments	-	(200,000)
Reinvestment of investment income	(8,653)	(3,446)
Net cash provided(used) by investing activities	<u>(10,153)</u>	<u>(220,741)</u>
<u>Cash flows from financing activities</u>		
Payments on note payable	<u>(76,272)</u>	<u>-</u>
Net increase(decrease) in cash and cash equivalents	79,800	(235,049)
Cash and cash equivalents, beginning of year	<u>385,378</u>	<u>620,427</u>
Cash and cash equivalents, end of year	<u>\$ 465,178</u>	<u>\$ 385,378</u>
<u>Supplemental disclosure of information</u>		
Cash paid during the period for interest	<u>\$ 3,232</u>	<u>\$ 3,615</u>

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, swimming, fishing, climbing, 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 expanded from hosting a single week-long adaptive ski program for ten children from Colorado with two employees and thirty volunteers to serving over 1,100 children and families in twenty-three states through over fifty programs and events under the direction of four staff members and over 400 annual volunteers. The Organization makes it a priority to keep overhead costs to a minimum, ensuring each dollar donated 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 and overnight 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. 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, 2023, 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 March 13, 2024, the date the financial statements were available to be issued.

NOTE 3 - EMPLOYEE RETENTION CREDITS RECEIVABLE AND CARES ACT FUNDING

During the current year, the Organization submitted an application for refundable employee retention credits under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Organization anticipates receiving payment on the receivable balance of \$79,415 during the upcoming year.

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). The Organization submitted a loan forgiveness application and received notification in July 2022 of the approval for complete forgiveness of the loan.

NOTE 4 - GRANTS RECEIVABLE AND CONCENTRATION OF CREDIT

Grants receivable represents grants received from two foundations, one of which represents \$240,000 of the undiscounted balance. At year-end, the anticipated payments and present value discount were:

<u>Year</u>	<u>Amount</u>
2024	\$ 68,000
2025	60,000
2026	60,000
2027	<u>60,000</u>
Total	248,000
Less discount to net present value at 7.50%	<u>(23,968)</u>
Net grants receivable	<u>\$ 224,032</u>

NOTE 5 - INVESTMENTS

Investments are stated at the quoted market price (Level 1 inputs) and consist of cash, purchased and donated shares of publicly traded corporations, and mutual funds. The following table lists, the Organization's investments:

<u>Description</u>	<u>Amount</u>
Cash	\$ 4,741
Equity securities	319,969
Mutual funds	<u>29,580</u>
Total	<u>\$ 354,290</u>

Investment income is summarized as follows:

<u>Description</u>	<u>Amount</u>
Unrealized gains (losses), net	\$ 42,336
Realized gains (losses), net	<u>2,195</u>
Net gains on securities	44,531
Interest and dividend income	<u>8,653</u>
Net investment income	<u>\$ 53,184</u>

Additionally, the Organization earned interest income of \$801 on its operating cash accounts.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Building - condominium	\$ 603,078
Furniture and equipment	143,693
Vehicle	<u>23,010</u>
Total	769,781
Less: accumulated depreciation	<u>(255,510)</u>
Net property and equipment	<u>\$ 514,271</u>

NOTE 7 - 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 had a ten-year term and was 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. The loan was secured by a deed of trust on the condominium. Monthly installments of interest only were required to be paid until September 25, 2028, when the outstanding principal and any accrued interest were due and payable in full. During the year, the Organization paid off the remaining principal balance of the loan.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS AND RELEASES

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

<u>Description</u>	<u>Amount</u>
Outdoor adventure program for Arizona pediatric cancer patients	\$ 216,032
2024 Winter Games	<u>54,600</u>
Total	<u>\$ 270,632</u>

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>
In-kind contributions restricted for programming and fundraising	\$ 549,670
Outdoor adventure program for Arizona pediatric cancer patients	60,000
Winter games	19,000
Grand county family adventure	11,500
Family and patient programming	10,000
Pitkin county programming	9,350
City of Aspen programming	6,900
Family programming	5,000
Young adult programming	3,600
Grand county programming	<u>2,500</u>
Total	<u>\$ 677,520</u>

NOTE 9 - IN-KIND CONTRIBUTIONS AND CONCENTRATION OF SERVICES

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	\$ 198,200
Programming activities and supplies	Programs	Restricted for use in programming	147,256
Lodging	Programs	Restricted for use in programming	68,547
Certified adaptive instructors	Programs	Restricted for use in programming	42,800
Programming food	Programs	Restricted for use in programming	39,236
Special events food, venue, and beverages	Fundraising	Restricted for use in fundraising	33,786
Discounted office and storage space	Programs, general & admin., and fundraising	No associated donor restrictions	24,100
Advertising	Programming	Restricted for use in programming	11,579
Discounted bookkeeping	General & admin.	No associated donor restrictions	3,700
All other	Programming	Restricted for use in programming	8,266
Total			<u>\$ 577,470</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.

The Organization has traditionally received the ongoing services of a medical director and other medical professionals and adaptive instructors during the programming events. The number and extent of the programming activities could be adversely impacted if the Organization did not receive these services.

Additionally, the Organization received 6,065 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 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 is on a month-to-month basis and the base rent is \$2,500 per month. As described in Note 7, 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	20,500
Special event expenses	13,500
Food and beverages	<u>850</u>
Total	<u>\$ 187,610</u>

NOTE 12 - CONDITIONAL GOVERNMENT GRANTS

The Organization has received multi-year grants from two local governments. The Organization anticipates receiving the remaining payments under the grants during the upcoming year of \$16,250 conditioned upon annual budgetary appropriation and approval.

NOTE 13 - 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 \$8,828.

NOTE 14 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general operating expenditures within one year of December 31, 2023:

Financial assets at year-end:	<u>Amount</u>
Cash and cash equivalents	\$ 465,178
Employee retention credits receivable	79,415
Grant receivable	224,032
Investments	<u>354,290</u>
Total financial assets	1,122,915
Less amounts not available to be used within one year:	
Donor restricted net assets	<u>(270,632)</u>
Financial assets available to meet general operating expenditures within one year	<u>\$ 852,283</u>

NOTE 14 - 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 maintain financial assets to meet six months of operating expenses, approximately \$250,000 to \$275,000, to help ensure the sustainability of the foundation.