

SHINING STARS FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

TOGETHER WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

SHINING STARS FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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March 5, 2022

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, 2021, 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 2020 financial statements, and in our conclusion dated February 16, 2021, stated that based on our review, we were not aware of any material modifications that should be made to the 2020 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, 2020, 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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 620,427	\$ 274,021
Grant receivable	5,000	5,000
Prepaid expenses	18,475	20,725
Investments (Note 3)	89,328	56,483
Property and equipment (Note 4)	<u>542,321</u>	<u>563,228</u>
Total assets	<u><u>\$ 1,275,551</u></u>	<u><u>\$ 919,457</u></u>
<u>Liabilities and net assets</u>		
Accounts payable	\$ 31,042	\$ 15,743
Payroll and other liabilities	3,957	3,785
Payroll Protection Program loan (Note 5)	54,196	53,700
Note payable - related party (Note 6)	76,272	126,272
Commitment - related party (Note 11)		
Total liabilities	<u>165,467</u>	<u>199,500</u>
Net assets		
Without donor restrictions		
Undesignated	644,035	283,001
Net investment in fixed assets	<u>466,049</u>	<u>436,956</u>
	1,110,084	719,957
With donor restrictions		
	<u>-</u>	<u>-</u>
Total net assets	<u>1,110,084</u>	<u>719,957</u>
Total liabilities and net assets	<u><u>\$ 1,275,551</u></u>	<u><u>\$ 919,457</u></u>

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Contributions	\$ 438,077	\$ -	\$ 438,077	\$ 412,182
Special events income	299,291	-	299,291	92,793
Less: direct expenses	(49,068)	-	(49,068)	(23,524)
Grants	20,000	139,500	159,500	150,000
Paycheck Protection Program grant (Note 5)	53,700	-	53,700	-
Investment income	20,147	-	20,147	24,347
In-kind contributions (Note 7)	148,646	-	148,646	548,591
Net assets released from restrictions (Note 8)	139,500	(139,500)	-	-
Total revenue and other support	<u>1,070,293</u>	<u>-</u>	<u>1,070,293</u>	<u>1,204,389</u>
<u>Expense</u>				
Program services	580,880	-	580,880	1,109,451
Supporting services				
Management and general	49,364	-	49,364	59,628
Fund-raising	49,922	-	49,922	52,485
Total expense	<u>680,166</u>	<u>-</u>	<u>680,166</u>	<u>1,221,564</u>
Change in net assets	390,127	-	390,127	(17,175)
Net assets, beginning of year	<u>719,957</u>	<u>-</u>	<u>719,957</u>	<u>737,132</u>
Net assets, end of year	<u>\$ 1,110,084</u>	<u>\$ -</u>	<u>\$ 1,110,084</u>	<u>\$ 719,957</u>

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020	
	Program Services	Supporting Services		Total	Total
		Management And General	Fund- raising		
Salaries	\$ 205,995	\$ 19,163	\$ 14,372	\$ 239,530	\$ 253,806
Payroll taxes and benefits	35,502	3,302	2,477	41,281	40,605
Medical support (Note 9)	78,800	-	-	78,800	198,200
Rent	44,951	4,232	3,702	52,885	51,585
Special events expense	-	-	49,068	49,068	23,524
Travel	31,802	-	-	31,802	35,938
Lodging	29,703	-	-	29,703	136,026
Other program expenses (Note 9)	24,600	-	-	24,600	36,847
Program expenses (Note 9)	20,999	-	-	20,999	204,405
Meals	20,409	-	-	20,409	97,767
Dues and subscriptions	14,169	834	1,667	16,670	15,611
Medical and event supplies	15,674	-	-	15,674	11,785
Advertising	5,106	3,829	3,829	12,764	42,512
Consultants	-	-	9,500	9,500	8,000
Accounting fees	-	9,438	-	9,438	8,980
Technology	5,326	1,522	761	7,609	7,498
Utilities	5,778	550	550	6,878	6,311
Bank and credit card fees	-	195	6,295	6,490	1,725
Telephone	4,954	953	445	6,352	6,500
Insurance	4,406	1,574	315	6,295	4,924
Postage	3,343	239	1,194	4,776	2,789
Interest	3,836	-	426	4,262	4,420
Office expenses	1,725	689	1,035	3,449	3,469
Printing	2,099	323	808	3,230	3,474
Repairs and maintenance	1,981	189	189	2,359	3,793
Other	1,067	-	25	1,092	653
	562,225	47,032	96,658	705,915	1,211,147
Depreciation	18,655	2,332	2,332	23,319	33,941
Total expenses	<u>\$ 580,880</u>	<u>\$ 49,364</u>	<u>\$ 98,990</u>	<u>\$ 729,234</u>	<u>\$1,245,088</u>
Expenses netted against revenue					
Special events expense	-	-	(49,068)	(49,068)	(23,524)
Net expenses	<u>\$ 580,880</u>	<u>\$ 49,364</u>	<u>\$ 49,922</u>	<u>\$ 680,166</u>	<u>\$1,221,564</u>

See accompanying notes and independent accountant's review report

SHINING STARS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 390,127	\$ (17,175)
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
Paycheck Protection Program loan forgiveness	(53,700)	-
Depreciation	23,319	33,941
Donated stock	(12,822)	(15,740)
Reinvested investment earnings	(20,024)	(23,316)
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in grant receivable	-	(5,000)
Decrease(increase) in prepaid expenses	2,250	13,137
Increase(decrease) in accounts payable	15,299	12,269
Increase(decrease) in payroll and other liabilities	172	(862)
Net cash provided(used) by operating activities	<u>344,622</u>	<u>(2,746)</u>
<u>Cash flows from investing activities</u>		
(Purchases) of fixed assets	<u>(2,412)</u>	<u>-</u>
<u>Cash flows from financing activities</u>		
Proceeds from Paycheck Protection Program loan	54,196	53,700
Payments on note payable	<u>(50,000)</u>	<u>(469)</u>
Net cash provided(used) by financing activities	<u>4,196</u>	<u>53,231</u>
Net increase in cash and cash equivalents	346,406	50,485
Cash and cash equivalents, beginning of year	<u>274,021</u>	<u>223,536</u>
Cash and cash equivalents, end of year	<u>\$ 620,427</u>	<u>\$ 274,021</u>
<u>Supplemental disclosure of information</u>		
Cash paid during the period for interest	<u>\$ 4,262</u>	<u>\$ 4,420</u>

See accompanying notes and independent accountants' review report

SHINING STARS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

Due to the pandemic, we have had to postpone and make changes to our services to ensure the safety and wellbeing of our participants and volunteers. We have adapted our services to provide the following:

1. Virtual programs and events to all of our clients and young adults (a database of 1,000+ families). These virtual programs have included game nights, movie nights, dance lessons, educational talks, a talent show, a magic show, group discussions, and more.
2. Meal and grocery assistance via gift cards for low-income pediatric cancer families struggling to make ends meet financially.

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, 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.

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

6. Fair Value Measurements

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

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, 2021, 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. 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.

11. Subsequent Events

Management has evaluated subsequent events through March 5, 2022, 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 and a mutual fund. The Organization recognized unrealized gains, long term capital gain distributions, and dividends, of \$18,822, \$812, and \$390, respectively, on the shares during the year. The Organization also earned \$123 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	121,898
Vehicle	<u>23,010</u>
Total	747,986
Less: accumulated depreciation	<u>(205,665)</u>
Net property and equipment	<u>\$ 542,321</u>

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). During the year, the Organization submitted a loan forgiveness application and received notification in April 2021 of the approval by the SBA for complete forgiveness of the loan.

In April 2021, the Organization received a second draw in the amount of \$54,196 under the PPP. 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 spend on payroll. The loan is being treated as a refundable advance of a conditional contribution until such time the SBA has explicitly forgiven the loan. At such time the loan is forgiven, the conditions will be considered met and the Organization will recognize revenue in the amount of the loan forgiveness.

In the case the loan is not forgiven in its entirety, the outstanding balance is payable in equal amounts required to fully amortize the principal amount outstanding on the note by the maturity date of April 2, 2026. 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, 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 a principal payment of \$50,000. 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. The donated medical support primarily consists of medical director's time and support in connection with the adventure camps. The donated special event expenses include venue, food and beverages, and other related costs. The contributions 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>
Medical support (Note 9)	\$ 78,800
Program expenses (Note 9)	20,999
Rent	20,085
Special event and fundraising expenses	9,730
Advertising and marketing	7,763
Food and beverages for programs	5,110
Accounting services	2,800
Lodging	2,492
Photography services	<u>867</u>
Total	<u>\$ 148,646</u>

Additionally, the Organization received 2,816 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>
Aspen events	\$ 56,500
Grant county family adventure	38,500
Young adult all-stars	37,000
Virtual programming	<u>7,500</u>
Total	<u>\$ 139,500</u>

NOTE 9 - PROGRAM EXPENSES

The Organization's program and venue expenses classifications includes in-kind contributions and is primarily comprised of marketing, lodging, meals, activities, 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 doctors, nursing staff, and other medical professionals. The other program expenses includes activity awards, recreational expenses, and video services.

In-kind contributions are significantly lower than in previous years as a result of the COVID-19 pandemic. The Organization has had to postpone several key programs which utilized a substantial number of activity, meal, and lodging donations.

NOTE 10 - CONCENTRATION OF CREDIT

The Organization places hold cash and cash equivalents with three financial institutions. Amounts in excess of \$250,000 are not insured by the FDIC or a related entity. At year-end, the Organization's account balances at one of the financial institutions were approximately \$338,000.

NOTE 11 - 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 \$5,926.

NOTE 12 - 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	\$ 78,800
Rent	16,185
Food and beverages	<u>800</u>
Total	<u>\$ 95,785</u>

NOTE 13 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general operating expenditures within one year on December 31, 2021:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 620,427
Grant receivable	5,000
Investments	<u>89,328</u>
Financial assets available to meet general operating expenditures within one year	<u>\$ 714,755</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 obtain financial assets to meet six months of operating expenses (\$250,000) to help ensure the sustainability of the foundation.