

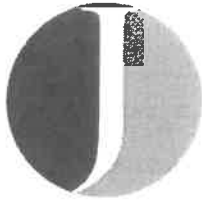
SPORTS OUTREACH INSTITUTE, INC.

FINANCIAL STATEMENTS

For the Year Ended June 30, 2018

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JOHNSON CPA & ASSOCIATES, PC

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sports Outreach Institute, Inc.

We have audited the accompanying financial statements of Sports Outreach Institute, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

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.

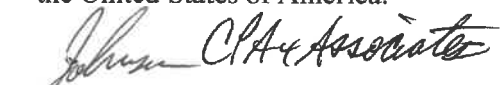
Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sports Outreach Institute, Inc. as of June 30, 2018, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.


Johnson, CPA & Associates, PC
September 17, 2018

SPORTS OUTREACH INSTITUTE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		\$ 104,677
Prepaid expenses		2,162
TOTAL CURRENT ASSETS		<u>106,839</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	36,591	
Vehicles	3,195	
Less: accumulated depreciation	<u>(18,913)</u>	<u>20,873</u>
TOTAL ASSETS		<u><u>\$ 127,712</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable		\$ 5,254
Credit cards payable		17,780
Payroll liabilities		<u>1,075</u>
TOTAL CURRENT LIABILITIES		24,109
NET ASSETS		
Unrestricted		46,918
Temporarily restricted		<u>56,685</u>
TOTAL NET ASSETS		<u>103,603</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 127,712</u></u>

See accompanying notes and independent auditor's report.

SPORTS OUTREACH INSTITUTE, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions	\$ 1,969,603	\$ -	\$ 1,969,603
Fundraising	6,339	-	6,339
Interest and dividends	100	-	100
Other income	1,588	-	1,588
Net assets released from restriction	111,334	(111,334)	-
Total Revenues and Support	<u>2,088,964</u>	<u>(111,334)</u>	<u>1,977,630</u>
FUNCTIONAL EXPENSES			
Program Services	1,731,280	-	1,731,280
Support Services:			
Management and General	192,376	-	192,376
Fundraising	29,409	-	29,409
Total Functional Expenses	<u>1,953,065</u>	<u>-</u>	<u>1,953,065</u>
Increase(Decrease) in Net Assets	135,899	(111,334)	24,565
BEGINNING NET ASSETS	<u>(88,981)</u>	<u>168,019</u>	<u>79,038</u>
NET ASSETS, ENDING	<u>\$ 46,918</u>	<u>\$ 56,685</u>	<u>\$ 103,603</u>

See accompanying notes and independent auditor's report

SPORTS OUTREACH INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Support Services			Total Expenses
	Program Services	Management and General	Fund Raising	
Grants and gifts	\$ 1,054,142	\$ -	\$ -	\$ 1,054,142
Salaries and wages	323,499	72,787	8,087	404,373
Employee benefits	6,226	1,401	155	7,782
Payroll taxes	21,029	4,732	526	26,287
Professional services	13,019	3,665	1,640	18,324
Program supplies	875	46	-	921
Office supplies	-	7,239	-	7,239
Insurance	-	8,861	-	8,861
Communications	12,450	3,112	-	15,562
Postage and freight	734	11,740	2,201	14,675
Dues and subscriptions	435	8,274	-	8,709
Printing	250	500	83	833
Vehicle expenses	-	2,864	-	2,864
Bank fees	506	2,825	-	3,331
Promotion	-	-	4,711	4,711
Fundraising expenses	-	-	5,981	5,981
Taxes and fees	-	16,738	-	16,738
Rent expense	-	10,927	-	10,927
Utilities expense	-	2,054	-	2,054
Equipment expenses	-	21,989	-	21,989
Staff development	5,879	266	-	6,145
Travel	292,236	3,013	6,025	301,274
Depreciation expense	-	3,338	-	3,338
Miscellaneous expense	-	6,005	-	6,005
Totals	\$ 1,731,280	\$ 192,376	\$ 29,409	\$ 1,953,065

See accompanying notes and independent auditor's report

SPORTS OUTREACH INSTITUTE, INC.
STATEMENT OF CASH FLOWS
For the year Ended June 30, 2018

Cash flows from operating activities	
Increase in net assets	\$ 24,565
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation expense	3,338
Decrease in accounts payable	(3,620)
Increase in payroll liabilities	778
Increase in credit cards payable	8,028
Net cash provided by operating activities	<u>33,089</u>
Cash flows from investing activities	
Purchases net of disposals of furniture and equipment	<u>(3,983)</u>
Net cash used in investing activities	(3,983)
Net Increase in cash and cash equivalents	29,106
Beginning cash and cash equivalents	<u>75,571</u>
Ending cash and cash equivalents	<u><u>\$ 104,677</u></u>

See accompanying notes and independent auditor's report

SPORTS OUTREACH INSTITUTE, INC.
Notes to Financial Statements
For the year ended June 30, 2018

NOTE 1 - ORGANIZATION

Sports Outreach Institute, Inc. is a non-profit organization whose purpose is to provide sports participation, nutrition, clothing and education, and related equipment needs in the form of training seminars, formal clinics and instruction, structured activities and sporting events, and construction of related physical assets for children, parents, coaches, and counselors while simultaneously teaching spiritual, psychological, and moral principles consistent with the teachings of Christianity.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

- a. Basis of Presentation – Sports Outreach Institute, Inc. (SOI) prepares its financial statements in accordance with U.S. generally accepted accounting principles applicable to not-for-profit organizations. SOI reports information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets include designated and undesignated resources available for support of SOI's activities. SOI's unrestricted net assets are currently undesignated.

Temporarily restricted net assets include donor time and purpose restricted resources that will become available for support of SOI's activities once the restrictions are satisfied.

Permanently restricted net assets include those resources of SOI that are permanently restricted by donors for a specific purpose. SOI currently has no permanently restricted net assets.

Unrestricted and Restricted Support – Any contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction is satisfied (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

SPORTS OUTREACH INSTITUTE, INC.
Notes to Financial Statements
For the year ended June 30, 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

- b. Promises to Give – Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.
- c. Property and Equipment – Sports Outreach Institute, Inc. records purchased property and equipment at cost. Donated property and equipment are recorded as support at their estimated fair market value and are depreciated over their estimated useful lives using the straight-line method.

Depreciation of property and equipment is provided using the following methods over the estimated useful lives:

	<u>Method</u>	<u>Life</u>
Furniture and equipment	Straight-line	5-10 years
Vehicles	Straight-line	5 years
Software	Straight-line	3 years

- d. Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services, management and general and fundraising. Actual results could differ from those assumptions
- e. Cash and Cash Equivalents – For purposes of the statement of cash flows, Sports Outreach Institute, Inc. considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.
- f. Prepaid Expenses – Prepaid expenses include a security deposit of \$1,950 for the office lease and other miscellaneous items.

NOTE 3 – TAX EXEMPT STATUS

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code except to the extent of unrelated business income. Sports Outreach Institute, Inc. had no taxable unrelated business income for the year ended June 30, 2018.

SPORTS OUTREACH INSTITUTE, INC.
Notes to Financial Statements
For the year ended June 30, 2018

NOTE 4– COMMITMENTS

During the year, Sports Outreach Institute, Inc. ended the lease on one copier, and signed a new operating lease for another copier. During the year ended June 30, 2018, equipment lease expense amounted to approximately \$7,685. The minimum commitment under this operating lease at June 30, 2018, is as follows:

Year ending June 30:

2019	\$ 9,489
2020	11,293
2021	11,293
2022	11,293
2023	11,293
2024	<u>5,647</u>
Total	<u>\$ 60,308</u>

Sports Outreach Institute, Inc. has a lease for its office location. The minimum commitment under this operating lease at June 30, 2018, is as follows:

Year ending June 30:

2019	\$ <u>4,444</u>
	<u>\$ 4,444</u>

Note 5– MARKETING CONTRACT

In May 2016, the organization paid an outside firm for a five month online marketing campaign ahead of the release of the movie Queen of Katwe, which is a movie on the life of a young teenage girl from Uganda, Africa in one of the organization's outreach centers. The marketing campaign is a proactive effort by the organization to capture as much media and online traffic as possible in an attempt to raise funds and awareness of the organization and its mission. This contract concluded within this fiscal year.

SPORTS OUTREACH INSTITUTE, INC.
Notes to Financial Statements
For the year ended June 30, 2018

Note 6– Subsequent Events

The Organization's management has evaluated subsequent events for the period July 1, 2018 through September 17, 2018, the date on which these financial statements were available to be issued.

Note 7 – Open Tax Years

Although the Association has not been notified that any of its information returns have been selected for examination by any taxing authority, the statute of limitations remains open for its years ended June 30, 2015, 2016, 2017 and 2018. Accordingly, the Association's information returns for those years remain subject to examination.

Note 8 – Supplemental Cash Flow Information

During the year ended June 30, 2018, there was no cash paid for interest or income taxes.