

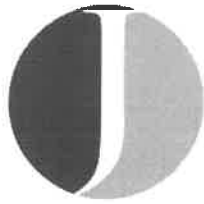
SPORTS OUTREACH INSTITUTE, INC.

FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

CONTENTS

| | |
|---|-----|
| Independent Auditor's Report as of June 30, 2019 | 1 |
| Financial Statements: | |
| Statement of Financial Position | 2 |
| Statement of Activities and Changes in Net Assets | 3 |
| Statement of Functional Expenses | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6-9 |



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, 2019, 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.

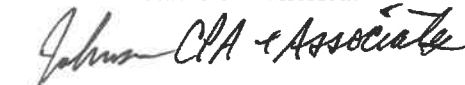
Auditor's Responsibility

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, 2019, 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 4, 2019

SPORTS OUTREACH INSTITUTE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

| | | |
|---------------------------------------|-----------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | | \$ 178,975 |
| Prepaid expenses | | 2,163 |
| TOTAL CURRENT ASSETS | | <u>181,138</u> |
| PROPERTY AND EQUIPMENT | | |
| Furniture and equipment | 88,648 | |
| Vehicles | 1,695 | |
| Less: accumulated depreciation | <u>(26,039)</u> | <u>64,304</u> |
| TOTAL ASSETS | | <u><u>\$ 245,442</u></u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | | \$ 3,316 |
| Credit cards payable | | 7,284 |
| Payroll liabilities | | 3,893 |
| Current portion of capital lease | | <u>10,157</u> |
| TOTAL CURRENT LIABILITIES | | <u>24,650</u> |
| LONG TERM LIABILITIES | | |
| Capital lease obligation | | <u>32,362</u> |
| TOTAL LONG TERM LIABILITIES | | <u>32,362</u> |
| TOTAL LIABILITIES | | <u>57,012</u> |
| NET ASSETS | | |
| Net assets without donor restrictions | | 40,917 |
| Net assets with donor restrictions | | <u>147,513</u> |
| TOTAL NET ASSETS | | <u>188,430</u> |
| TOTAL LIABILITIES AND NET ASSETS | | <u><u>\$ 245,442</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, 2019

| | <u>Net Assets Without Donor Restrictions</u> | <u>Net Assets With Donor Restrictions</u> | <u>Total</u> |
|---|--|---|-------------------|
| REVENUES AND SUPPORT | | | |
| Contributions | \$ 1,721,887 | \$ 90,828 | \$ 1,812,715 |
| Fundraising | 21,280 | - | 21,280 |
| Interest and dividends | 118 | - | 118 |
| Other income | 1,486 | - | 1,486 |
| | <u>1,744,771</u> | <u>90,828</u> | <u>1,835,599</u> |
| FUNCTIONAL EXPENSES | | | |
| Program Services | 1,531,452 | - | 1,531,452 |
| Support Services: | | | |
| Management and General | 182,159 | - | 182,159 |
| Fundraising | 37,161 | - | 37,161 |
| | <u>1,750,772</u> | <u>-</u> | <u>1,750,772</u> |
| Increase(Decrease) in Net Assets | (6,001) | 90,828 | 84,827 |
| BEGINNING NET ASSETS | <u>46,918</u> | <u>56,685</u> | <u>103,603</u> |
| NET ASSETS, ENDING | <u>\$ 40,917</u> | <u>\$ 147,513</u> | <u>\$ 188,430</u> |

See accompanying notes and independent auditor's report

SPORTS OUTREACH INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

| | <u>Support Services</u> | | | <u>Total Expenses</u> |
|------------------------|-----------------------------|-----------------------------------|-------------------------|----------------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Fund Raising</u> | |
| Grants and gifts | \$ 926,293 | \$ - | \$ - | \$ 926,293 |
| Salaries and wages | 336,253 | 75,657 | 8,406 | 420,316 |
| Employee benefits | 6,536 | 1,471 | 163 | 8,170 |
| Payroll taxes | 22,061 | 4,964 | 552 | 27,577 |
| Professional services | 18,985 | 5,156 | 1,640 | 25,781 |
| Program supplies | 2,186 | 115 | - | 2,301 |
| Office supplies | - | 4,253 | - | 4,253 |
| Insurance | - | 8,505 | - | 8,505 |
| Interest expense | - | 1,436 | - | 1,436 |
| Communications | 11,523 | 2,881 | - | 14,404 |
| Postage and freight | 916 | 14,661 | 2,749 | 18,326 |
| Dues and subscriptions | 205 | 3,901 | - | 4,106 |
| Printing | 702 | 1,404 | 234 | 2,340 |
| Vehicle expenses | - | 2,517 | - | 2,517 |
| Bank fees | 986 | 2,826 | - | 3,812 |
| Promotion | - | - | 3,409 | 3,409 |
| Fundraising expenses | - | - | 15,969 | 15,969 |
| Taxes and fees | - | 14,859 | - | 14,859 |
| Rent expense | - | 11,586 | - | 11,586 |
| Utilities expense | - | 2,043 | - | 2,043 |
| Equipment expenses | - | 8,764 | - | 8,764 |
| Staff development | 8,908 | 267 | - | 9,175 |
| Travel | 195,898 | 2,020 | 4,039 | 201,957 |
| Depreciation expense | - | 8,710 | - | 8,710 |
| Miscellaneous expense | - | 4,163 | - | 4,163 |
| Totals | <u>\$ 1,531,452</u> | <u>\$ 182,159</u> | <u>\$ 37,161</u> | <u>\$ 1,750,772</u> |

See accompanying notes and independent auditor's report

SPORTS OUTREACH INSTITUTE, INC.
STATEMENT OF CASH FLOWS
For the year Ended June 30, 2019

| | |
|--|--------------------------|
| Cash flows from operating activities | |
| Increase in net assets | \$ 84,827 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | |
| Depreciation expense | 8,710 |
| Increase in prepaid expenses | (1) |
| Decrease in accounts payable | (1,938) |
| Increase in payroll liabilities | 2,818 |
| Decrease in credit cards payable | (10,496) |
| Net cash provided by operating activities | <u>83,920</u> |
| Cash flows from investing activities | |
| Purchases net of disposals of furniture and equipment | <u>(52,141)</u> |
| Net cash used in investing activities | (52,141) |
| Cash flows from financing activities | |
| Capital lease obligation less payments | <u>42,519</u> |
| Net cash provided by financing activities | 42,519 |
| Net Increase in cash and cash equivalents | 74,298 |
| Beginning cash and cash equivalents | <u>104,677</u> |
| Ending cash and cash equivalents | <u><u>\$ 178,975</u></u> |

See accompanying notes and independent auditor's report

SPORTS OUTREACH INSTITUTE, INC.
Notes to Financial Statements
For the year ended June 30, 2019

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

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) ASB No. 2016-14, Presentation of Financial Statements of Not-for-Profit entities. Two classes of net assets are as follows:

1. Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions.
 2. Net assets with donor restrictions: Net assets subject to donor-imposed restrictions that will be met either by the actions of Sports Outreach Institute, Inc. and/or the passage of time. These also include net assets subject to donor-imposed restrictions that the assets be maintained permanently. Generally, donors of these assets permit the use of all or part of the income earned on the related investments for general or specific purposes. As of June 30, 2019, there are no assets that are to be maintained permanently.
- 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.

SPORTS OUTREACH INSTITUTE, INC.
Notes to Financial Statements
For the year ended June 30, 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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, 2019

SPORTS OUTREACH INSTITUTE, INC.
Notes to Financial Statements
For the year ended June 30, 2019

NOTE 4– CAPITAL LEASE

The Organization leases a copy machine under an agreement that is classified as a capital lease. The cost of the equipment under capital leases is included in the Statement of Financial Position as furniture and equipment of \$52,376. Accumulated depreciation of the leased equipment at June 30, 2019 was \$6,908. Depreciation of assets under this capital lease is included in depreciation expense.

The future minimum lease payments required under the capital lease and the present value of the net minimum lease payments as of June 30, 2019 are as follows:

| | Year Ending June 30 | Amount |
|-------------------------------------|------------------------|-----------|
| | 2020 | \$ 10,157 |
| | 2021 | 10,466 |
| | 2022 | 10,784 |
| | 2023 | 11,112 |
| Total future minimum lease payments | | \$ 42,519 |

NOTE 5– OPERATING LEASES

Sports Outreach Institute, Inc. has a lease for its current office location. This lease has not been renewed and is currently on a month to month basis. The Organization signed a new lease on July 15, 2019 for a new office space at a different location. The lease is for five years and is to commence on November 1, 2019. The minimum commitment under this operating lease at June 30, 2019 is as follows:

| | Year Ending June 30 | Amount |
|-------------------------------------|------------------------|------------|
| | 2020 | \$ 16,528 |
| | 2021 | 24,792 |
| | 2022 | 24,792 |
| | 2023 | 24,792 |
| | 2024 | 24,792 |
| | 2025 | 8,264 |
| Total future minimum lease payments | | \$ 123,960 |

SPORTS OUTREACH INSTITUTE, INC.
Notes to Financial Statements
For the year ended June 30, 2019

Note 6– Subsequent Events

The Organization’s management has evaluated subsequent events for the period July 1, 2019 through September 4, 2019, the date on which these financial statements were available to be issued. See note 5 for lease commitment.

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, 2016, 2017, 2018 and 2019. 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, 2019, cash paid for interest totaled \$1,436.