

**ADAPTIVE SPORTS CENTER OF
CRESTED BUTTE, INC.**

FINANCIAL STATEMENTS

April 30, 2023

ADAPTIVE SPORTS CENTER OF CRESTED BUTTE, INC.

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HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants

23720 Pondview Place
Golden, CO 80401

(303) 981-7059

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Adaptive Sports Center

Opinion

We have audited the accompanying financial statements of the Adaptive Sports Center (a nonprofit organization), which comprise the statement of financial position as of April 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Adaptive Sports Center as of April 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Adaptive Sports Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Adaptive Sports Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Adaptive Sports Center's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Adaptive Sports Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Hamblin and Associates, LLC

Golden, Colorado

July 21, 2023

Basic Financial Statements

ADAPTIVE SPORTS CENTER OF CRESTED BUTTE, INC.

STATEMENT OF FINANCIAL POSITION

April 30, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 3,157,465
Investments	1,271,618
Accounts Receivable	101,908
Grants Receivable	131,771
Pledges Receivable	110,813
Prepaid/Deferred Expenses	47,369
Merchandise Inventory	1,225
Total Current Assets	<u>4,822,169</u>

PROPERTY AND EQUIPMENT

Total Property and Equipment	18,177,852
Less: Accumulated Depreciation	<u>(2,724,160)</u>
Total Property and Equipment, Net	<u>15,453,692</u>
Total Assets	<u><u>\$ 20,275,861</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 184,628
Accrued Liabilities	27,020
Accrued Compensated Absences	87,602
Deferred Revenue	106,463
Insurance Claim Advance	46,295
Total Current Liabilities	<u>452,008</u>

NET ASSETS

Without donor restrictions:	
Undesignated	2,329,557
Board-designated	375,000
Invested in property and equipment	<u>15,453,692</u>
Total without donor restrictions	<u>18,158,249</u>
With donor restrictions (Note 6)	
Perpetual in nature	1,166,257
Purpose restrictions	<u>499,347</u>
Total with donor restrictions	<u>1,665,604</u>
Total Net Assets	<u>19,823,853</u>
Total Liabilities and Net Assets	<u><u>\$ 20,275,861</u></u>

The accompanying notes are an integral part of the financial statements.

ADAPTIVE SPORTS CENTER OF CRESTED BUTTE, INC.

STATEMENT OF ACTIVITIES
Year Ended April 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND GAINS			
Public Support:			
Contributions	\$ 696,224	\$ 673,127	\$ 1,369,351
Proposals - Fund raising	743,639	-	743,639
Grants	264,715	-	264,715
Program Income:			
Winter	226,651	-	226,651
Less Scholarships	(91,817)	-	(91,817)
Summer	195,350	-	195,350
Less Scholarships	(91,399)	-	(91,399)
Locker Revenue	169,522	-	169,522
Special Events:			
Crested Butte Open	1,848,760	-	1,848,760
Other	190,153	-	190,153
Total Public Support	<u>4,151,798</u>	<u>673,127</u>	<u>4,824,925</u>
Investment income (loss)	134,038	-	134,038
Other Income	168,048	-	168,048
Net Assets Released from Restriction	22,437	(22,437)	-
Total Revenues and Gains	<u>4,476,321</u>	<u>650,690</u>	<u>5,127,011</u>
EXPENSES			
Program Services:			
Winter	2,838,276	-	2,838,276
Summer	244,813	-	244,813
Total Program Services	<u>3,083,089</u>	<u>-</u>	<u>3,083,089</u>
Supporting Services:			
General and Administrative	209,965	-	209,965
Fund Raising	902,998	-	902,998
Total Supporting Services	<u>1,112,963</u>	<u>-</u>	<u>1,112,963</u>
Total Expenses	<u>4,196,052</u>	<u>-</u>	<u>4,196,052</u>
CHANGE IN NET ASSETS	280,269	650,690	930,959
NET ASSETS - Beginning of Year	<u>17,877,980</u>	<u>1,014,914</u>	<u>18,892,894</u>
NET ASSETS - End of Year	<u>\$ 18,158,249</u>	<u>\$ 1,665,604</u>	<u>\$ 19,823,853</u>

The accompanying notes are an integral part of the financial statements.

ADAPTIVE SPORTS CENTER OF CRESTED BUTTE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended April 30, 2023

	<u>Program Services</u>	<u>General and Administration</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and wages	\$ 1,200,747	\$ 91,441	\$ 228,093	\$ 1,520,281
Employee benefits	144,577	17,713	29,097	191,387
Payroll taxes	96,563	9,961	18,343	124,867
Professional fees:				
Legal	1,074	318	318	1,710
Accounting	4,533	2,633	2,633	9,799
Other	800	800	800	2,400
Advertising	50,887	-	50,887	101,774
Office expenses	4,815	3,964	4,572	13,351
Occupancy	202,172	21,026	19,648	242,846
Travel	-	-	10,192	10,192
Conferences & meetings	12,949	-	-	12,949
Depreciation	435,876	48,431	-	484,307
Insurance	203,402	9,875	18,319	231,596
Program activities				
In-kind expenses	376,591	47	203,009	579,647
Camps	212,807	-	-	212,807
Equipment/supplies	72,155	-	-	72,155
Vehicle expense	19,434	-	-	19,434
Fundraising	-	-	317,087	317,087
Miscellaneous	43,707	3,756	-	47,463
	<u>\$ 3,083,089</u>	<u>\$ 209,965</u>	<u>\$ 902,998</u>	<u>\$ 4,196,052</u>
	73.5%	5.0%	21.5%	

The accompanying notes are an integral part of the financial statements.

ADAPTIVE SPORTS CENTER OF CRESTED BUTTE, INC.

STATEMENT OF CASH FLOWS
Year Ended April 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 930,959
Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	484,307
Changes in Assets and Liabilities:	
(Increase) Decrease in:	
Accounts Receivable	(90,934)
Grants Receivable	(28,678)
Pledges Receivable	34,862
Prepaid/Deferred Expenses	8,972
Inventory	756
Increase (Decrease) in:	
Accounts Payable	77,117
Accrued Liabilities	(44,183)
Accrued Compensated Absences	(2,027)
Deferred Revenue	(51,585)
Insurance Claim Advance	46,295
Net Cash Provided by Operating Activities	<u>1,365,861</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net Disposition (Acquisition) of Property and Equipment	<u>(725,489)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	640,372
CASH AND CASH EQUIVALENTS, Beginning	<u>2,517,093</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 3,157,465</u></u>
Supplemental Information for Noncash Activities:	
In-Kind Contributions	579,646
In-Kind Expenses (including amount capitalized)	<u>(579,646)</u>
Total	<u><u>-</u></u>

The accompanying notes are an integral part of the financial statements.

ADAPTIVE SPORTS CENTER OF CRESTED BUTTE, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Adaptive Sports Center of Crested Butte, Inc. (the Center), located in Crested Butte, Colorado, was incorporated December 26, 1995. The Center is a non-profit corporation organized under the laws of the State of Colorado for the purpose of providing outdoor recreation programs for individuals with disabilities. The Center's major sources of revenues are grants and contributions, programs, and special events.

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements of the Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to not-for-profit organizations. The financial statements are reported on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) in reporting information regarding its financial position and activities according into two classes of net assets: without donor restrictions and with donor restrictions.

Contributions

Contributions are recorded as support "with donor restrictions" or "without donor restrictions" depending on the existence and/or nature of any donor restrictions. Donor-restricted support, including pledges, is recorded as an increase in net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Donor restricted contributions, whose restrictions are met in the same reporting period, may be reported as unrestricted. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value.

The Center uses the allowance method to determine uncollectible promises to give. All unconditional promises to give are deemed collectible by management, and accordingly, no allowance has been provided.

ADAPTIVE SPORTS CENTER OF CRESTED BUTTE, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Center considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents. Money market accounts are considered cash and cash equivalents because of their liquidity.

Investments

The Center follows FASB ASC 820, *Fair Value Measurements*, in reporting investments. FASB ASC 820 requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs from the asset or liability (Level 3). These classifications are intended to reflect the observability of the inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

Merchandise Inventory

Merchandise inventory consists of t-shirts and other items valued at cost.

Concentrations Risk

Financial instruments that potentially subject the Center to concentrations of credit risk consist of cash in excess of Federal Deposit Insurance Corporation (FDIC) limits. The Center places its cash accounts with creditworthy, high quality financial institutions. At April 30, 2023, the Center's cash and cash equivalents bank balances do not exceed FDIC limits.

Property and Equipment

The Center capitalizes all property and equipment with a useful life greater than one year and a cost of \$2,000 or more. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with specific restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net asset to unrestricted net assets at that time.

Donated items are recorded at fair market value upon the date of donation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, ranging from three to thirty-nine and a half years.

ADAPTIVE SPORTS CENTER OF CRESTED BUTTE, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services

Contributed Services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with these skills, and would otherwise be purchased by the Center. In addition, 234 volunteers donated 5,249 hours to the Center's programs. Although the fair value of the donated services would be \$165,396, no amounts have been reflected in the accompanying financial statements for those donated services because they do not meet the criteria for revenue recognition established by FASB ASC 958.

Advertising and Marketing Costs

The Center expenses advertising and marketing costs as they are incurred. These costs were \$101,775 for the year ended April 30, 2023.

Use of Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Center is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and qualifies for the charitable contribution deduction. The Center has adopted the provisions of ASC 740-10-25 (FIN48), pertaining to accounting for uncertainty in income taxes. Management has determined the effects of uncertain tax positions are not material to the Organization for recognition or disclosure in the accompanying financial statements and, accordingly, no income tax liability has been recorded for uncertain income tax positions in the accompanying financial statements.

ADAPTIVE SPORTS CENTER OF CRESTED BUTTE, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2: INVESTMENTS

Investments at April 30, 2023 of \$1,271,618 were Level 1 equity investments. Investment gain for the year ended April 30, 2023 was \$134,038.

NOTE 3: PROPERTY AND EQUIPMENT

Changes in property and equipment for the year ended April 30, 2023 is as follows:

	Balance May 01, 2022	Additions	Disposals & Adjustments	Balance April 30, 2023
Land	\$ 391,662	\$ -	\$ -	\$ 391,662
Program Equipment	500,960	11,765	-	512,725
Challenge Course Equipment	44,454	-	-	44,454
Office Furniture and Equipment	35,174	-	-	35,174
Vehicles	215,168	-	2,980	212,188
Buildings and Improvements	16,972,884	8,765	-	16,981,649
Total Property and Equipment	<u>18,160,302</u>	<u>20,530</u>	<u>2,980</u>	<u>18,177,852</u>
Accumulated Depreciation	<u>(2,242,833)</u>	<u>(484,307)</u>	<u>(2,980)</u>	<u>(2,724,160)</u>
Net Property and Equipment	<u>\$ 15,917,469</u>	<u>\$ (463,777)</u>	<u>\$ -</u>	<u>\$ 15,453,692</u>

Depreciation expense for the year ended April 30, 2023 was \$484,307.

NOTE 4: IN-KIND CONTRIBUTIONS

The Center recorded donated in-kind contribution revenue of \$579,646 and a corresponding in-kind expense.

NOTE 5: LONG-TERM LIABILITIES

Adaptive Sports Center had no long-term debt in the year ended April 30, 2023.

ADAPTIVE SPORTS CENTER OF CRESTED BUTTE, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE 6: NET ASSETS

Net assets with donor restrictions are generally not available for normal operations, unless specified in the donor agreements.

Net Assets With Donor Restrictions – Purpose Restrictions

Net assets with donor restrictions, based on purpose, consisted of the following at April 30, 2023:

Roger Pepper	\$ 240,110
Kellen Sams	30,295
Frank Fialkoff	100,771
Down Syndrome - Sun Up Sun Down	6,499
Visually Impaired	93,794
Ladies Session	<u>27,877</u>
Total restricted for purpose	<u>\$ 499,346</u>

Changes in Net Assets With Donor Restrictions – Perpetual in Nature

Changes in net assets with donor restrictions, perpetual in nature, during year-ended April 30, 2023 were:

	Balance <u>5/1/22</u>	Transfers	Contributions	Balance <u>4/30/23</u>
Adam Lockard Endowment	\$ 172,795	\$ -	\$ 16,350	\$ 189,145
Calandra Family Endowment	78,000	-	5,000	83,000
Erbrick Family Endowment Fund	-	-	600,000	600,000
Mary & Luis Garcia Scholarship Fund	106,000	-	520	106,520
General Endowment	75,415	-	12,177	87,592
Kelsey Wright Building Fund	<u>100,000</u>	-	-	<u>100,000</u>
Total perpetual in nature	<u>\$ 532,210</u>	<u>\$ -</u>	<u>\$ 634,047</u>	<u>\$ 1,166,257</u>

The Center follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and its own governing documents. UPMIFA requires the historical dollar amount of a donor-restricted endowment fund be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UPMIFA.

Permanent Endowment Funds

The Adam Lockard Endowment Fund of the Adaptive Sports Center of Crested Butte, Inc. was established as a permanent endowment fund of the Adaptive Sports Center on August 4, 2014. The fund is only to be used for at-risk youth programming at the Adaptive Sports Center.

The Calandra Family Fund was established as a permanent endowment fund of the Adaptive Sports Center on February 2, 2015. The fund is only to be used for equipment purchases of the Adaptive Sports Center.

ADAPTIVE SPORTS CENTER OF CRESTED BUTTE, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

Permanent Endowment Funds (Continued)

The Mary and Luis Garcia Scholarship Fund of the Adaptive Sports Center of Crested Butte was established December 4, 2020. The fund shall be used solely for participant scholarships.

A General Endowment was established on December 2, 2020, with a donation of \$50,517.

The Kelsey Wright Building Fund was established on December 10, 2021 with a donation of \$100,000 from the Wright Family Foundation. The Fund will be used solely for maintenance, support, and long-term capital renewal of the Kelsey Wright Building.

The Erbrick Family Endowment Fund was established on December 23, 2021, with total contributions of \$600,000 during year-ended April 30, 2023. The fund will be used to support general operations.

NOTE 7: LIQUIDITY AND AVAILABILITY

The following represents the Center's financial assets that could readily be available within one year of the statement of financial position date to meet general expenditures:

	<u>April 30, 2023</u>
Financial assets at year-end:	
Cash and cash equivalents	\$ 3,157,465
Receivables	344,492
Investments	<u>1,271,618</u>
Total financial assets at year-end:	<u>4,429,083</u>
Less amounts unavailable:	
Cash with donor restrictions	499,347
Investments with donor restrictions	<u>1,166,257</u>
Total amounts unavailable:	<u>1,665,604</u>
Financial assets available to meet general expenditures in the next 12 months	<u><u>\$ 2,763,479</u></u>

The Center's goal is generally to maintain financial assets to meet 180 days of operating expenses.

ADAPTIVE SPORTS CENTER OF CRESTED BUTTE, INC.

NOTES TO FINANCIAL STATEMENTS

April 30, 2023

NOTE 8: BUSINESS CONDITIONS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The Center is closely monitoring its financial liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Center's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on its customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Center's financial position and changes in net assets and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 9: SUBSEQUENT EVENTS

Management evaluated events that occurred subsequent to the year-ended April 30, 2023 through the date of issuance of these financial statements. No additional disclosures were required.