

CHRIS KLUG FOUNDATION

FINANCIAL STATEMENTS

December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Chris Klug Foundation
Aspen, Colorado

We have audited the accompanying financial statements of Chris Klug Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the 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 Chris Klug Foundation as of December 31, 2016, 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.

Reese Henry & Company, Inc.

Certified Public Accountants

Aspen, Colorado

September 27, 2017

CHRIS KLUG FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2016

ASSETS	
Cash and Cash Equivalents	\$ 377,960
Accounts Receivable	40,148
Pledges Receivable	<u>34,550</u>
TOTAL ASSETS	<u>\$ 452,658</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts Payable	\$ 31,119
Payroll Liabilities	<u>12,197</u>
TOTAL LIABILITIES	<u>43,316</u>
NET ASSETS	
Unrestricted, Undesignated	366,290
Temporarily Restricted	<u>43,052</u>
TOTAL NET ASSETS	<u>409,342</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 452,658</u>

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

CHRIS KLUG FOUNDATION

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
TOTAL SUPPORT AND REVENUES			
Contributions	\$ 178,275	\$ 21,050	\$ 199,325
Grants	-	40,000	40,000
Donated Goods and Services	28,700	-	28,700
Sponsorship Income	54,550	-	54,550
Registration Fees	17,000	-	17,000
Special Event Income	7,934	-	7,934
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	50,647	(50,647)	-
TOTAL SUPPORT AND REVENUES	337,106	10,403	347,509
 EXPENSES			
Program Services	295,427	-	295,427
General & Administrative	34,614	-	34,614
Fundraising	17,870	-	17,870
Special Event Costs	16,114	-	16,114
TOTAL EXPENSES	364,025	-	364,025
CHANGE IN NET ASSETS	(26,919)	10,403	(16,516)
NET ASSETS, Beginning	393,209	32,649	425,858
NET ASSETS, Ending	\$ 366,290	\$ 43,052	\$ 409,342

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

CHRIS KLUG FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (16,516)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used By) Operating Activities:	
(Increase) Decrease in Accounts Receivable	(22,148)
(Increase) Decrease in Pledges Receivable	(20,990)
Increase (Decrease) in Accounts Payable	4,023
Increase (Decrease) in Accrued Liabilities	<u>7,539</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(48,092)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(48,092)
CASH AND CASH EQUIVALENTS, Beginning	<u>426,052</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 377,960</u></u>

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

CHRIS KLUG FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

Chris Klug Foundation (the "Foundation") was founded in 2003 by liver transplant recipient and Olympic Medalist snowboarder Chris Klug. Chris Klug Foundation is dedicated to promoting lifesaving organ donation and improving the quality of life for donors, donor families, organ transplant candidates and recipients. The Foundation is passionate about sharing the message of organ donation, and educating people on the impact one person can have on the lives of so many others. More than one hundred thousand people are currently on waiting lists for solid organ transplants across the United States. The Foundation is devoted to making a difference to those waiting for a second chance by working to help promote the message of organ donation. The Foundation is supported primarily through public contributions, grants and registration fees.

Chris Klug Foundation is a nationally recognized 501(c)(3) nonprofit foundation located in Aspen, Colorado.

BASIS OF ACCOUNTING

The financial statements of the Foundation have been prepared on the accrual basis. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

FINANCIAL STATEMENT PRESENTATION

The Financial Statements are presented in accordance with FASC 958-205, *Presentation of Financial Statements for Not-for-Profit Organizations*. Under the provisions of FASC 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2016 the Foundation had no permanently restricted funds.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash held in deposits and temporary investments with an original maturity of three months or less.

ACCOUNTS RECEIVABLE AND PLEDGES RECEIVABLE

Accounts and pledges receivable are recognized as contribution or grant revenue in the period the pledge or grant is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Pledges and grants are recorded at net realizable value if

expected to be collected in one year and at present value if expected to be collected in more than one year. Conditional pledges and grants are recognized when the conditions on which they depend are substantially met. The Foundation provides for probable uncollectible pledges and grants through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual pledges. Pledges or grants that are still outstanding after management has used reasonable collections efforts are written off through a charge to the valuation allowance and a credit to pledges or grants receivable. As of December 31, 2016 no allowance has been booked.

FAIR VALUE MEASUREMENTS

The carrying amounts of financial instruments including accounts receivable, pledges receivable, accounts payable and accrued expenses approximate their fair value because the expected collection or payment period is relatively short or because the terms are similar to market terms.

CONTRIBUTIONS

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All 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 expires (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.

DONATED GOODS AND SERVICES

During the year the Foundation received goods that had an estimated fair value of \$28,700. These donations included merchandise, rent of facilities and advertising services. These donations of goods and services have been reflected as donated goods and services revenue and program and special event expenses.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteer services provided throughout the year for program and fundraising activities are not recognized as contributions in the financial statements since the recognition criteria were not met.

INCOME TAX STATUS

The Foundation is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Contributions to the Foundation are tax deductible as permitted under the Code.

FASC Topic 740-10, Accounting for Uncertainty in Income Taxes, prescribes when to recognize and how to measure the financial statement effects of income tax positions taken or expected

to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, the Foundation only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses. The Foundation had no material unrecognized tax benefits for the year ended December 31, 2016. As a result, no interest or penalties were accrued for unrecognized tax benefits during the year.

As of December 31, 2016 the tax years for 2013 through 2016 remain subject to examination by taxing authorities.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of producing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ADVERTISING

The Foundation expenses advertising costs as incurred. Total advertising expenses for the year ended December 31, 2016 was \$20,715.

COMPENSATED ABSENCES

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Foundation's policy is to recognize these costs when actually paid.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

2. CONCENTRATION OF RISKS

Cash and Cash Equivalents

The Foundation maintains cash deposits with major banks which from time to time may exceed federally insured limits. As of December 31, 2016 the Foundation had uninsured deposits of \$128,980.

Accounts Receivable

As of December 31, 2016 approximately 95%, or \$38,148, of accounts receivable are due from three customers.

Pledges Receivable

As of December 31, 2016, approximately 87%, or \$30,000, of pledges receivable are due from two donors.

Support and Revenues

The Foundation received 14% of its total support and revenues from one grantor.

Special Event Revenue

A significant portion of the Foundation's contributions and revenues come from the annual fundraising event. For the year ended December 31, 2016, income from the event comprised 52% of its total revenue.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes.

Pledges Receivable	\$	34,550
Bounce Back Award		<u>8,502</u>
	\$	<u><u>43,052</u></u>

4. SUBSEQUENT EVENTS

Subsequent events were evaluated through September 27, 2017 which is the date the financial statements were available to be issued.