



LOFTIS GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS ▪ BUSINESS ADVISORS



Financial Statements
and
Independent Auditors' Report

June 30, 2016 and 2015

Adaptive Sports Program New Mexico, Inc.

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Independent Auditors' Report

Board of Directors and Management of
Adaptive Sports Program New Mexico, Inc.

We have audited the accompanying financial statements of Adaptive Sports Program New Mexico, Inc. (the "Program") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 Program'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 Program'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 Adaptive Sports Program New Mexico, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Loftis Group ^{LLC}

December 19, 2016
Albuquerque, New Mexico

Financial Statements

Adaptive Sports Program New Mexico, Inc.
Statements of Financial Position
June 30,

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 134,229	\$ 172,351
Accounts receivable	7,061	3,285
Total current assets	141,290	175,636
Property and equipment, net	33,046	35,523
Total assets	\$ 174,336	\$ 211,159
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 797	\$ 2,450
Accrued expenses	9,467	10,154
Total current liabilities	10,264	12,604
Net assets		
Unrestricted	89,581	198,555
Temporarily restricted	74,491	-
Total net assets	164,072	198,555
Total liabilities and net assets	\$ 174,336	\$ 211,159

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

Adaptive Sports Program New Mexico, Inc.
Statement of Activities
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
In-kind	\$ 262,613	\$ -	\$ 262,613
Contributions and grants	32,522	78,931	111,453
Special events	94,553	-	94,553
Program fees	44,938	-	44,938
Other	161	-	161
Net assets released from restriction	<u>4,440</u>	<u>(4,440)</u>	<u>-</u>
Total support and revenue	<u>439,227</u>	<u>74,491</u>	<u>513,718</u>
Expenses			
Program services	364,809	-	364,809
Support services			
Management and general	50,181	-	50,181
Fundraising	<u>133,211</u>	<u>-</u>	<u>133,211</u>
Total expenses	<u>548,201</u>	<u>-</u>	<u>548,201</u>
Change in net assets	(108,974)	74,491	(34,483)
Net assets, beginning of year	<u>198,555</u>	<u>-</u>	<u>198,555</u>
Net assets, end of year	<u>\$ 89,581</u>	<u>\$ 74,491</u>	<u>\$ 164,072</u>

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

Adaptive Sports Program New Mexico, Inc.
Statement of Activities
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
In-kind	\$ 133,500	\$ -	\$ 133,500
Contributions and grants	61,302	-	61,302
Special events	119,014	-	119,014
Program fees	38,773	-	38,773
Other	1,136	-	1,136
Net assets released from restriction	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total support and revenue	<u>363,725</u>	<u>(10,000)</u>	<u>353,725</u>
Expenses			
Program services	277,923	-	277,923
Support services			
Management and general	32,583	-	32,583
Fundraising	<u>79,933</u>	<u>-</u>	<u>79,933</u>
Total expenses	<u>390,439</u>	<u>-</u>	<u>390,439</u>
Change in net assets	(26,714)	(10,000)	(36,714)
Net assets, beginning of year	<u>225,269</u>	<u>10,000</u>	<u>235,269</u>
Net assets, end of year	<u>\$ 198,555</u>	<u>\$ -</u>	<u>\$ 198,555</u>

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

Adaptive Sports Program New Mexico, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2016

	Program Services	Management and General	Fund- raising	Total
In-kind expenses	\$ 217,826	\$ 2,000	\$ 42,787	\$ 262,613
Salaries and wages	80,234	23,250	35,712	139,196
Fundraising	-	-	45,295	45,295
Program supplies	24,702	-	-	24,702
Professional services	2,275	14,610	3,841	20,726
Payroll taxes and benefits	10,432	2,336	3,351	16,119
Insurance	6,532	2,821	1,073	10,426
Depreciation	10,441	-	-	10,441
Rent and storage	6,528	175	-	6,703
Office supplies	292	2,080	146	2,518
Travel, meals and meetings	1,372	368	564	2,304
Repairs and maintenance	2,181	-	-	2,181
Advertising and marketing	1,454	308	308	2,070
Bank fees	-	1,779	-	1,779
Dues and subscriptions	405	-	-	405
Web hosting and design	135	135	134	404
Miscellaneous	-	319	-	319
	<u>\$ 364,809</u>	<u>\$ 50,181</u>	<u>\$ 133,211</u>	<u>\$ 548,201</u>

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

Adaptive Sports Program New Mexico, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2015

	Program Services	Management and General	Fund- raising	Total
In-kind expenses	\$ 133,500	\$ -	\$ -	\$ 133,500
Salaries and wages	66,273	12,736	12,736	91,745
Fundraising	-	-	53,374	53,374
Program supplies	24,829	-	-	24,829
Professional services	8,640	8,563	9,387	26,590
Payroll taxes and benefits	11,605	2,502	2,477	16,584
Insurance	8,712	3,087	772	12,571
Depreciation	7,761	-	-	7,761
Rent and storage	6,149	900	900	7,949
Office supplies	-	1,504	-	1,504
Travel, meals and meetings	2,971	2,218	-	5,189
Repairs and maintenance	425	-	-	425
Advertising and marketing	1,336	-	-	1,336
Bank fees	-	472	-	472
Dues and subscriptions	774	-	-	774
Web hosting and design	3,324	-	-	3,324
Miscellaneous	1,147	363	49	1,559
Telephone	477	238	238	953
	<u>\$ 277,923</u>	<u>\$ 32,583</u>	<u>\$ 79,933</u>	<u>\$ 390,439</u>

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

Adaptive Sports Program New Mexico, Inc.
Statements of Cash Flows
For the Years Ended June 30,

	2016	2015
Cash flows from operating activities		
Cash received from contributions	\$ 111,453	\$ 61,302
Cash received from fundraising	94,553	119,014
Cash received from program activities	41,162	47,631
Other cash receipts	161	1,136
Cash paid to employees and suppliers	<u>(277,487)</u>	<u>(236,574)</u>
Net cash used by operating activities	<u>(30,158)</u>	<u>(7,491)</u>
Cash flows from investing activities		
Purchases of equipment	<u>(7,964)</u>	<u>(26,870)</u>
Net cash used in investing activities	<u>(7,964)</u>	<u>(26,870)</u>
Net decrease in cash and cash equivalents	(38,122)	(34,361)
Cash and cash equivalents, beginning of year	<u>172,351</u>	<u>206,712</u>
Cash and cash equivalents, end of year	<u>\$ 134,229</u>	<u>\$ 172,351</u>
Reconciliation of change in net assets to net cash used by operating activities		
Change in net assets	<u>\$ (34,483)</u>	<u>\$ (36,714)</u>
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	10,441	7,761
Change in assets and liabilities		
Accounts receivable	(3,776)	8,858
Accounts payable	(1,653)	2,450
Accrued expenses	<u>(687)</u>	<u>10,154</u>
Total adjustments	<u>4,325</u>	<u>29,223</u>
Net cash used by operating activities	<u>\$ (30,158)</u>	<u>\$ (7,491)</u>

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

Adaptive Sports Program New Mexico, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

1) Organization

Adaptive Sports Program New Mexico, Inc. (the “Program”) enhances the lives of children and adults with disabilities through outdoor recreation. Since 1985, the Program has been offering risk reduced and highly supportive skiing and riding lessons for adults and children with a wide array of disabilities. Since 2012, the Program has been offering adaptive water sports such as rafting, kayaking, sailing, water skiing, wake-boarding, fishing and wake surfing. The Program also provides adaptive recreation services to those who have served in the U.S. Armed Forces, through the Wounded Warrior Project and Warfighter Sports Program.

By providing adaptive sports and recreational opportunities, the Program encourages the development of fine motor skills, promotes a positive attitude, and can lead to increased self-confidence. The Program’s primary sources of support and revenue are grants, contributions, special events and program services.

2) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Program have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Program is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Adaptive Sports Program New Mexico, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

2) Summary of Significant Accounting Policies — continued

Support

The Program reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or specify the time period for which the assets may be expended. When a donor restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Program considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Program maintains cash deposits in bank checking and savings accounts which at times may exceed FDIC limits.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances due from the State and other fees for services. Individual accounts are evaluated and determined to be delinquent based on known facts and circumstances. Management believes all accounts receivable are collectible, and as a result, no allowance has been recorded.

Property and Equipment

Purchased property and equipment are recorded at cost and donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Purchased or donated property and equipment in excess of \$500 is capitalized. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is calculated on a straight-line basis in amounts sufficient to relate the costs of depreciable assets to operations over their estimated useful lives, which range from five to seven years.

Donated Materials and Services

The Program recognizes contributed services if the services create or enhance non-financial assets or require specialized skills, is provided by individuals possessing those skills, and would need to be purchased if not provided by donation. Recognized contributed services are recorded at the fair value on the date of donation. Donated materials are recorded at fair value on the date of donation. The contributed services and equipment were primarily for ski program lift tickets and related instruction.

Adaptive Sports Program New Mexico, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

2) Summary of Significant Accounting Policies — continued

Fair Value of Financial Instruments

The Program believes the carrying amount of accounts receivable, accounts payable, and accrued expenses, approximates fair value due to their short maturity.

Functional Allocation of Expenses

Expenses are charged directly to program and supporting services based on specific identification, when possible. Costs benefiting more than one function are allocated based on measures such as management's estimates of time spent, square footage, etc.

Advertising and Marketing

The Program follows the policy of charging the costs of advertising to expense as incurred. Advertising and marketing expense for the year ended June 30, 2016 and 2015 was approximately \$2,000 and \$1,300, respectively.

Income Taxes

The Program is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Program regularly evaluates activities as it relates to its tax exempt status. If the Program's activities are determined to be outside of its tax exempt status the potential exists for tax liabilities on those unrelated activities. The Program's open audit periods are for the years ended June 30, 2013 and thereafter. The Program has adopted the provisions of FASB ASC 740-10 "Accounting for Uncertainty in Income Taxes". The Program has not recognized any changes to its financial statements for uncertain tax positions resulting from this adoption

Subsequent Events

Subsequent events were evaluated through December 19, 2016, which is the date the financial statements were available to be issued.

Adaptive Sports Program New Mexico, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

3) Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 155,241	\$ 151,717
Construction in progress	4,440	-
Vehicles	<u>1,568</u>	<u>1,568</u>
Total property and equipment	161,249	153,285
Less accumulated depreciation	<u>(128,203)</u>	<u>(117,762)</u>
Net property and equipment	<u>\$ 33,046</u>	<u>\$ 35,523</u>

4) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions restricted for the building of a new facility at Ski Santa Fe. The amount temporarily restricted was \$74,491 at June 30, 2016. There was no temporarily restricted amount at June 30, 2015.

5) Net Assets Released from Restriction

Net assets released from restriction during the year ended June 30, 2016 were related to the new facility design. Net assets released from restriction during the year ended June 30, 2015 was for a grant awarded during the year ended June 30, 2014 but not received until the year ended June 30, 2015.

6) Concentration

There is one fundraising event that generates revenue that is approximately 16% and 24% of total revenue for the years ended June 30, 2016 and 2015, respectively.