

**S.A.R.A., INC.**

**FINANCIAL STATEMENTS**

**For the Year Ended  
December 31, 2017**

S.A.R.A., INC.  
FINANCIAL STATEMENTS  
As of and For the Year Ended December 31, 2017

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**LIITTJOHANN, KAUFFMAN, and PEDERSON**  
Certified Public Accountants

David A. Kauffman, C.P.A., P.C.

Daniel M. Pederson, C.P.A.'s, P.C.

*INDEPENDENT AUDITORS' REPORT*

To the Board of Directors  
S.A.R.A., Inc.  
Fort Morgan, Colorado

We have audited the accompanying statement of financial position of S.A.R.A., Inc. (a nonprofit organization) as of December 31, 2017, and the related statements of activities and changes in net assets and cash flows for the year then ended.

*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 misstatements, 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. 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 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 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 S.A.R.A., Inc. as of December 31, 2017 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Fort Morgan, Colorado  
March 28, 2018

S.A.R.A., INC.  
STATEMENT OF FINANCIAL POSITION  
As of December 31, 2017

<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 321,109	
Prepaid expenses	2,851	
Grants receivable	72,678	
Other receivables	-	
Total Current Assets	\$ 396,638	
Fixed Assets		
Office furniture and equipment - purchased	81,010	
Office furniture and equipment - donated	1,450	
Building and improvements	334,598	
	417,058	
Less: accumulated depreciation	132,299	
Total Fixed Assets	284,759	
Other Assets		
Restricted cash held for repayment of debt		2,160
Total Assets		\$ 683,557
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accrued expenses	\$ 2,070	
Accrued interest payable	67	
Current portion of long term debt	544	
Total Current Liabilities	\$ 2,681	
Long Term Liabilities		35,605
Total Liabilities		38,286
Net Assets		
Unrestricted	613,639	
Temporarily restricted	31,632	
Permanently restricted	-	
Total Net Assets	645,271	
Total Liabilities and Net Assets		\$ 683,557

The accompanying notes and independent auditors' report  
should be read with these financial statements.

S.A.R.A., INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support				
Federal financial assistance	\$ -	\$ 311,559	\$ -	\$ 311,559
State and local financial assistance	44,400	61,778	-	106,178
United Way	144	-	-	144
Contributions - cash	29,198	-	-	29,198
Contributions - non-cash	1,153	-	-	1,153
Fundraising	25,535	-	-	25,535
Other Program Income	6,700	-	-	6,700
Other support	692	-	-	692
Released temporarily restricted net assets	344,582	(344,582)	-	-
Total Support	<u>452,404</u>	<u>28,755</u>	-	<u>481,159</u>
Program Expenses	344,582	-	-	344,582
Administrative Expenses	66,764	-	-	66,764
Fundraising Expenses				
Advertising	426	-	-	426
Supplies	751	-	-	751
Facility Rental	2,484	-	-	2,484
Total Fundraising Expenses	<u>3,661</u>	<u>-</u>	<u>-</u>	<u>3,661</u>
Other Income and Expense				
Interest income	61	-	-	61
Interest expense	(1,638)	-	-	(1,638)
Total Other Income and Expense	<u>(1,577)</u>	<u>-</u>	<u>-</u>	<u>(1,577)</u>
Net Increase in Net Assets	35,820	28,755	-	64,575
Net Assets Beginning of Year	<u>577,819</u>	<u>2,877</u>	-	<u>580,696</u>
Net Assets End of Year	<u>\$ 613,639</u>	<u>\$ 31,632</u>	<u>\$ -</u>	<u>\$ 645,271</u>

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S.A.R.A., INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Program Expenses</b>				
Consulting and contract fees	\$ 9,150	-	-	\$ 9,150
Equipment - expendable	6,794	-	-	6,794
Grant disbursements	11,769	-	-	11,769
Internet access	1,080	-	-	1,080
Other program costs	3,838	-	-	3,838
Rent and utilities	4,014	-	-	4,014
Repairs and maintenance	154	-	-	154
Salaries and wages	247,941	-	-	247,941
Supplies	4,931	-	-	4,931
Taxes - payroll	21,563	-	-	21,563
Phone	6,717	-	-	6,717
Training	4,328	-	-	4,328
Travel	21,150	-	-	21,150
Volunteer	1,153	-	-	1,153
<b>Total Program Expenses</b>	<b>\$ 344,582</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 344,582</b>
<b>Administrative Expenses</b>				
Accounting and other professional fees	\$ 3,350	\$ -	\$ -	\$ 3,350
Advertising	-	-	-	-
Consulting and contract fees	590	-	-	590
Depreciation	14,677	-	-	14,677
Dues and subscriptions	2,703	-	-	2,703
Insurance	9,895	-	-	9,895
Internet & telephone	1,080	-	-	1,080
Miscellaneous	2,776	-	-	2,776
Postage	345	-	-	345
Printing and copying	164	-	-	164
Property tax	75	-	-	75
Repairs and maintenance	4,352	-	-	4,352
Salaries and wages	21,078	-	-	21,078
Supplies	3,954	-	-	3,954
Taxes - payroll	1,725	-	-	1,725
<b>Total Administrative Expenses</b>	<b>\$ 66,764</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66,764</b>

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S.A.R.A., INC.  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets		\$ 64,575
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	\$ 14,677	
(Increase) decrease in prepaid expenses	(363)	
(Increase) decrease in grants receivable	(40,492)	
(Increase) decrease in other receivables	10,516	
Increase (decrease) in accrued expenses	(996)	
Increase (decrease) in accrued interest payable	<u>(2)</u>	
		<u>(16,660)</u>
Net Cash Provided (Used) by Operating Activities		47,915
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment and building improvements	<u>(12,330)</u>	
Net Cash Provided (Used) by Investing Activities		(12,330)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments made on note payable	<u>(652)</u>	
Net Cash Provided (Used) by Financing Activities		<u>(652)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		34,933
CASH AND CASH EQUIVALENTS, JANUARY 1		<u>288,336</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31		<u><u>\$ 323,269</u></u>

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S.A.R.A., INC.  
NOTES TO FINANCIAL STATEMENTS  
As of and For the Year Ended December 31, 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A. Organization

S.A.R.A., Inc. is a Colorado nonprofit corporation organized to provide crisis intervention, referral service and information on governmental, charitable, and private organizations who can assist in resolution of personal problems to victims of sexual assault. The organization is governed by a board of directors of three to twelve members made up of community persons who have exhibited a real interest in the objectives of the organization.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

C. Contracts and Grants Receivable

The organization records contract and grant revenues when received. Contracts and grants that are based on expense reimbursement are recorded as a receivable when the expenses are incurred and the contract or grant is billed. As of December 31, 2017 S.A.R.A., Inc. had outstanding contracts and grants receivable of \$72,678.

D. Use of Estimates

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

E. Financial Statement Presentation

The organization has presented the financial statements in accordance with the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. This requires the organization to report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted Net Assets* - Unrestricted net assets are not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* - Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently Restricted Net Assets* - Permanently restricted net assets are subject to donor-imposed stipulations that the assets be maintained permanently by the organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

F. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the organization considers all highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents. Cash and cash equivalents as of December 31, 2017 were made up of cash deposits in checking and savings accounts.

S.A.R.A., INC.  
NOTES TO FINANCIAL STATEMENTS  
As of and For the Year Ended December 31, 2017

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property, Plant and Equipment

Property and equipment acquired by the organization is considered to be the property of S.A.R.A., Inc. However, funding sources may maintain an equitable interest in property purchased with grant money as well as the right to determine the use of any proceeds from the sale of this equipment. Purchased property and equipment is recorded at cost and donated property and equipment is recorded at fair market value at the date of the donation. All property and equipment is depreciated using the straight line method of depreciation over its useful life as follows:

Building	50 Years
Building improvements	10 Years
Furniture and equipment – purchased	7 Years
Furniture and equipment – donated	5 Years
Computers and printers	3 Years

NOTE 2: INCOME TAXES

The organization is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is considered an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public as described in Section 509(a)(1) of the Internal Revenue Code. The organization has adopted the provisions of FASB ASC 740-10-25, which requires that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. The organization does not believe its financial statements include any uncertain tax positions.

NOTE 3: CONCENTRATION OF CREDIT RISK

The organization depends on grants, fundraising and contributions from foundations to fund its programs and operations. The availability of these funds may change in the future which would make it difficult for the organization to fund its programs and operations unless alternate methods of funding are obtained.

NOTE 4: NOTES TO THE STATEMENT OF CASH FLOWS

A. Cash Operating Activities

The organization did not pay any taxes during the year ended December 31, 2017. Interest in the amount of \$1,640 was paid during the year ended December 31, 2017.

B. Non Cash Investing and Financing Activities

The organization did not have any non cash investing or financing activities during 2017.

S.A.R.A., INC.  
NOTES TO FINANCIAL STATEMENTS  
As of and For the Year Ended December 31, 2017

NOTE 5 – NOTE PAYABLE

A. USDA RURAL DEVELOPMENT

S.A.R.A., Inc. has a note payable to the USDA Rural Development program secured by property and a building purchased in 2009 and located at 418 Ensign Street, Fort Morgan, CO with an original principal amount of \$40,000. This note is payable in monthly installments of \$180 at an interest rate of 4.50% per annum. This note is to be paid off in February 2049. Principle payments are due over the life of the loan as follows:

For the Year(s) Ended:	
December 31, 2017	544
December 31, 2018	569
December 31, 2019	596
December 31, 2020	623
December 31, 2021	652
December 31, 2022-2049	<u>33,165</u>
Total	<u>\$ 36,149</u>

NOTE 6: SUBSEQUENT EVENTS

The Corporation has evaluated subsequent event information through the date of the report, which is the date the financial statements are available to be issued. No events were noted that would require adjustment to or disclosure in the financial statements.