

SKY HIGH FOR ST. JUDE, INC.
(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015



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CERTIFIED PUBLIC ACCOUNTANTS

SKY HIGH FOR ST. JUDE, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Sky High for St. Jude, Inc.
Houston, Texas

We have reviewed the accompanying financial statements of Sky High for St. Jude, Inc. ("Sky High") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

The Woodlands, Texas
July 29, 2016

SKY HIGH FOR ST. JUDE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 313,896
Contributions receivable, net of allowance for doubtful accounts of \$12,117	<u>29,451</u>
Total current assets	<u>343,347</u>

PROPERTY AND EQUIPMENT

Computers and equipment	24,729
Furniture and fixtures	2,124
Other equipment	<u>30,531</u>
	57,384
Less: accumulated depreciation	<u>(25,073)</u>
Net property and equipment	<u>32,311</u>

OTHER ASSETS

Other assets	1,308
Less: accumulated amortization	<u>(1,170)</u>
Total other assets	<u>138</u>

TOTAL ASSETS

\$ 375,796

LIABILITIES AND NET ASSETS

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

21,504

NET ASSETS

Unrestricted net assets	<u>354,292</u>
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TOTAL LIABILITIES AND NET ASSETS

\$ 375,796

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

**SKY HIGH FOR ST. JUDE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

UNRESTRICTED NET ASSETS

REVENUES AND SUPPORT

Donations	\$ 448,919	21%
Apparel sales	4,165	0%
Events	38,665	2%
Concerts	12,200	1%
Auction	644,160	30%
Games and raffles	190,880	9%
Shoots and tournaments	257,036	12%
Sponsor registrations	522,865	25%
Other supports	9,883	0%
Total revenues and support	2,128,773	100%

FUNCTIONAL EXPENSES

Program services	1,754,446	84%
Administrative and general	327,339	16%
Fundraising	7,762	0%
Total functional expenses	2,089,547	100%

OTHER INCOME

97	100%
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INCREASE IN UNRESTRICTED NET ASSETS

39,323	2%
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UNRESTRICTED NET ASSETS, beginning of year

314,969	15%
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UNRESTRICTED NET ASSETS, end of year

\$ 354,292	17%
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The accompanying notes are an integral part of these financial statements.

SKY HIGH FOR ST. JUDE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Year Ended December 31, 2015			
	Program Services	General Supporting	Fundraising	Total
Accounting services	\$ -	\$ 20,090	\$ -	\$ 20,090
Advertising and marketing	27,271	25,783	-	53,054
Apparel	5,915	15,469	-	21,384
Awards - events	15,549	-	-	15,549
Auction expenses	-	-	7,262	7,262
Bad debt expense	12,117	-	-	12,117
Bank service charges	-	1,170	-	1,170
Banners	526	-	-	526
Computer software and maintenance	-	4,462	-	4,462
Concert expenses	136,526	-	-	136,526
Contract labor	-	410	-	410
Depreciation	-	13,000	-	13,000
Donations	1,037,390	-	-	1,037,390
Donations - in-kind - estimated cost	166,007	-	-	166,007
Fundraising - other	-	-	500	500
Games and raffles	55,991	-	-	55,991
Insurance - events	7,495	-	-	7,495
Insurance - workers' compensation	1,422	-	-	1,422
Insurance - other	17,833	-	-	17,833
Legal services	-	2,768	-	2,768
Merchant fees	-	49,393	-	49,393
Office supplies and expenses	-	27,442	-	27,442
Other event expenses	31,324	-	-	31,324
Payroll and related expenses	-	92,691	-	92,691
Payroll taxes	-	6,948	-	6,948
Printing and photo	19,968	1,539	-	21,507
Professional services	-	2,660	-	2,660
Rentals - events	20,836	-	-	20,836
Rent - office	-	33,372	-	33,372
Shoots and tournaments	112,948	-	-	112,948
Storage	-	5,053	-	5,053
Supplies and equipment	4,370	3,308	-	7,678
Telephone	-	8,900	-	8,900
Travel	76,599	12,881	-	89,480
Travel awards	4,359	-	-	4,359
	<u>\$ 1,754,446</u>	<u>\$ 327,339</u>	<u>\$ 7,762</u>	<u>\$ 2,089,547</u>

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

SKY HIGH FOR ST. JUDE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in unrestricted net assets	\$ 39,323
Adjustment to reconcile increase in unrestricted net assets to net cash provided by operating activities:	
Depreciation and amortization	13,000
Bad debt expense	12,117
Changes in assets and liabilities:	
Contributions receivable	(7,841)
Other receivables	1,078
Accounts payable and accrued liabilities	8,009
Net cash provided by operating activities	<u>65,686</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital expenditures	<u>(2,780)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on note payable	<u>(2,320)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	60,586
CASH AND CASH EQUIVALENTS, beginning of year	<u>253,310</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 313,896</u></u>

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

SKY HIGH FOR ST. JUDE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 – Summary of Significant Accounting Policies

Nature of Operations

Sky High for St. Jude, Inc., (the “Organization” or “Sky High”), headquartered in Houston, Texas, started fundraising events in Louisiana in 2007. The Organization’s creation was to maintain a charity that raises money on behalf of families undergoing treatment for pediatric cancer and other life-threatening diseases at St. Jude Children’s Research Hospital. The Organization operates as a nonprofit organization under the direction of nineteen board of directors in accordance with the applicable provisions of Texas Law. The Organization provides three main fundraising events, which include, sporting events, concerts, and auctions primarily held in Texas and Louisiana.

The Organization derives its primary source of contributions from individuals and businesses who predominately serve and work in the oil and gas industry.

Basis of Presentation

The Organization’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The financial statement are presented in accordance with the *Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958: Not for Profit Entities*. Under ASC Topic 958, the Organization 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. The Organization has only unrestricted net assets at December 31, 2015.

Revenues and Support

The Organization receives support primarily from hosting events such as golf tournaments, shooting tournaments, and auctions. Donors pay to attend these events. Donations received are used to fund the Organization’s charitable giving campaign.

Donor contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Supports that are not restricted by the donor are reported as an increase in unrestricted net assets. All other donor restricted supports are 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 are reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions. No revenues or support received during 2015 were considered restricted.

SKY HIGH FOR ST. JUDE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

Donated Services

The Organization receives a substantial amount of services donated by its volunteers, board of directors, and other community partners in carrying out the Organization’s mission. No revenues or expenses have been reflected in the financial statements for services donated as none meet the criteria for recognition under ASC Topic 605: *Revenue Recognition*.

Donations In-Kind

From time to time, the Organization receives donated items for its events such as auction items, raffle items, and other prizes and giveaways. Sky High recognizes the value of these items in the financial statements. Values are based on the fair value amounts provided by the donor. These donated items are recognized as revenue when received and are expensed when sold, given away, raffled off, or won. Donations in-kind totaled approximately \$166,000 for the year ended December 31, 2015.

Functional Expenses

Functional expenses are recorded as incurred and classified by function. Functional expenses, which cannot be directly identified with a specific function, have been allocated among the programs and general supporting services benefited.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash in banks, money market funds, and certificates of deposits with a maturity of three months or less to be cash and cash equivalents. From time to time, the combined balances may exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance coverage and, as a result, there is a concentration of credit risk related to amounts on deposits in excess of FDIC insurance coverage. Management believes this risk is not significant.

Property and Equipment

Property and equipment are stated at cost. Expenditures for additions, major renewals, and betterments are capitalized while expenditures for maintenance and repairs that do not increase the value or extend the useful life of the asset are expensed as incurred. When assets are retired, sold, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected as a change in net assets. The Organization depreciates property and equipment over their estimated useful lives using the straight-line method as follows:

Computers and equipment	5 years
Furniture and fixtures	5 years
Other equipment	5 – 7 years

Depreciation expense charged to functional expenses totaled \$13,000 for the year ended December 31, 2015.

SKY HIGH FOR ST. JUDE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

Federal Income Tax

The Organization qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and is exempt from federal income tax under Section 501(a) of the Code on income from related activities. Donations made to the Organization are deductible by the donors under Section 170 of the Code for federal income tax purposes; other transfers are deductible for federal estate and gift taxes under the applicable provisions of Sections 2055, 2106, and 2522. Accordingly, no provision for income taxes has been recorded in the financial statements.

Marketing and Advertising Costs

The Organization’s policy is to expense marketing and advertising costs as incurred. Marketing and advertising costs totaled approximately \$50,000 for the year ended December 31, 2015. The Organization records these costs in functional expenses in the accompanying statement of activities.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP 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 amount of revenues and expenses during the reporting period. Such estimates include, but are not limited to, allowance for doubtful accounts, useful lives used in depreciation and amortization, and valuation of donations-in kind. While management believes the estimates are reasonable and appropriate, actual results could vary from those estimates.

Note 2 – Contributions Receivable

Sky High’s contributions receivable at December 31, 2015 consisted of unconditional promises to give that are expected to be collected within one year from the date of the statement of financial position. Management uses the allowance method to determined uncollectible promises to give. The allowance is based on Sky High’s experience with donors and management’s analysis of specific promises made. During the year, management determined that approximately \$12,000 in contributions receivable were uncollectible. Management evaluates the adequacy of the allowance, considering the general economic environment, direct discussions with donors, and other known factors affecting collection of the donor promise.

Note 3 – Commitments and Contingencies

Sky High leases office space and storage for its event supplies and equipment under non-cancelable operating leases, which expire through August 31, 2019. Rent paid under these lease agreements for the year ended December 31, 2015 totaled approximately \$33,000.

SKY HIGH FOR ST. JUDE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 3 – Commitments and Contingencies (Continued)

Minimum future lease payments under these operating leases as of December 31, 2015 are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2016	\$ 26,804
2017	28,416
2018	28,416
2019	14,100
Total	<u>\$ 97,736</u>

In 2013, the Organization received a letter from the Eric Trump Foundation notifying Sky High of the Foundation's commitment to fund a new surgery and intensive care center at St. Jude Children's Research Hospital. Sky High has agreed to partner with the Eric Trump Foundation to raise \$20 million over a ten year period. Sky High has pledged to donate \$5 million towards the \$20 million commitment needed to build the new center. The \$5 million pledge is non-binding and unconditional, thus the Organization has not recorded this pledge in the financial statements. At December 31, 2015, Sky High has donated approximately \$2.5 million towards their \$5 million goal.

Note 4 – Related Party Transactions

Sky High's board of directors are heavily involved in fulfilling the Organization's mission. The board of directors volunteer their time and services to the Organization throughout the year. Many of the directors and their businesses also donate to Sky High. From time to time, the Organization engages businesses owned or operated by some of its board of directors to perform services for Sky High's events. These transactions are considered arm's length. During 2015, the Organization paid approximately \$8,200 to a business owned and operated by one of its directors for the procurement of promotional goods.

Note 5 – Subsequent Events

The Organization has evaluated subsequent events through **July 29, 2016**, the date on which the financial statements presented herein were available to be issued. The Organization has concluded that no such events or transactions took place which would require disclosure herein.