

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

---

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016



**SKY HIGH FOR ST. JUDE, INC.**

**TABLE OF CONTENTS**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT..... 1

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016:

    Statement of Financial Position ..... 2

    Statement of Activities..... 3

    Statement of Functional Expenses ..... 4

    Statement of Cash Flows ..... 5

    Notes to the Financial Statements..... 6



## 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, 2016, and the related statements of activities, functional expenses, and cash flows 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.

Houston, Texas  
August 4, 2017

**SKY HIGH FOR ST. JUDE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

**ASSETS**

CURRENT ASSETS:

Cash and cash equivalents	\$ 359,129
Contributions receivable, net	18,800
Prepaid expenses	17,242
Total Current Assets	<u>395,171</u>

PROPERTY AND EQUIPMENT:

Computers and equipment	14,927
Furniture and fixtures	2,124
Other equipment	30,531
	<u>47,582</u>
Less: accumulated depreciation	(33,175)
Net Property and Equipment	<u>14,407</u>

OTHER ASSETS:

Other assets	11,110
Less: accumulated amortization	(1,170)
Net Other Assets	<u>9,940</u>

**TOTAL ASSETS**

\$ 419,518

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 4,658
Deferred revenue	66,415
Total Current Liabilities	<u>71,073</u>

NET ASSETS:

Unrestricted net assets	<u>348,445</u>
-------------------------	----------------

**TOTAL LIABILITIES AND NET ASSETS**

\$ 419,518

See accompanying notes and Independent Accountant's Review Report.

**SKY HIGH FOR ST. JUDE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**UNRESTRICTED NET ASSETS**

**REVENUES AND SUPPORT:**

Donations	\$ 329,151	17%
Apparel sales	6,155	0%
Events	19,395	1%
Concerts	103,285	5%
Auction	700,283	37%
Games and raffles	220,260	12%
Shoots and tournaments	169,100	9%
Sponsor registrations	331,962	18%
Other supports	8,295	0%
Total Revenues and Support	<u>1,887,886</u>	<u>100%</u>

**FUNCTIONAL EXPENSES:**

Program services	1,523,966	80%
Administrative and general	330,924	17%
Fundraising	38,747	2%
Total Functional Expenses	<u>1,893,637</u>	<u>100%</u>

**OTHER EXPENSES**

<u>96</u>	<u>100%</u>
-----------	-------------

**DECREASE IN UNRESTRICTED NET ASSETS**

(5,847)	0%
---------	----

**UNRESTRICTED NET ASSETS, BEGINNING OF YEAR**

<u>354,292</u>	<u>19%</u>
----------------	------------

**UNRESTRICTED NET ASSETS, END OF YEAR**

<u>\$ 348,445</u>	<u>18%</u>
-------------------	------------

See accompanying notes and Independent Accountant's Review Report.

**SKY HIGH FOR ST. JUDE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Year Ended December 31, 2016			
	Program Services	General Supporting	Fundraising	Total
Accounting services	\$ -	\$ 16,766	\$ -	\$ 16,766
Advertising and marketing	29,733	28,656	-	58,389
Apparel	9,465	1,705	-	11,170
Auction expenses	-	-	11,239	11,239
Awards - events	3,962	-	-	3,962
Bad debt expense	13,700	-	-	13,700
Bank service charges	-	1,227	-	1,227
Banners	758	-	-	758
Computer software and maintenance	-	265	-	265
Concert expenses	99,198	-	-	99,198
Contract labor	-	20,000	-	20,000
Depreciation	-	8,102	-	8,102
Donations	818,200	-	-	818,200
Donations - in-kind - estimated cost	268,643	-	-	268,643
Fundraising - other	-	-	27,508	27,508
Games and raffles	50,605	-	-	50,605
Insurance - events	4,056	-	-	4,056
Insurance - other	20,808	-	-	20,808
Insurance - workers' compensation	688	-	-	688
Legal services	-	946	-	946
Merchant fees	-	33,183	-	33,183
Office supplies and expenses	-	38,933	-	38,933
Other event expenses	53,160	-	-	53,160
Payroll and related expenses	-	99,798	-	99,798
Payroll taxes	-	13,786	-	13,786
Printing and photo	6,723	3,720	-	10,443
Professional services	-	15,696	-	15,696
Rent - office	-	30,211	-	30,211
Rentals - events	13,668	-	-	13,668
Shoots and tournaments	75,999	-	-	75,999
Storage	-	2,548	-	2,548
Supplies and equipment	3,757	6,793	-	10,550
Telephone	-	1,862	-	1,862
Travel	50,843	6,727	-	57,570
	<u>\$ 1,523,966</u>	<u>\$ 330,924</u>	<u>\$ 38,747</u>	<u>\$ 1,893,637</u>

See accompanying notes and Independent Accountant's Review Report.

**SKY HIGH FOR ST. JUDE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Decrease in unrestricted net assets	\$ (5,847)
Adjustment to reconcile increase in unrestricted net assets to net cash provided by operating activities:	
Depreciation expense	8,102
Change in allowance for doubtful accounts	1,583
Changes in assets and liabilities:	
Contributions receivable	9,068
Prepaid expenses	(17,242)
Accounts payable and accrued liabilities	(16,846)
Deferred revenue	66,415
Net cash provided by operating activities	<u>45,233</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 45,233
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 <u>313,896</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 <u><u>\$ 359,129</u></u>

See accompanying notes and Independent Accountant's Review Report.

**SKY HIGH FOR ST. JUDE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**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 sixteen 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 statements 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, 2016.

***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 2016 were considered restricted.



**SKY HIGH FOR ST. JUDE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**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 \$268,743 for the year ended December 31, 2016.

***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 years

Depreciation expense charged to functional expenses totaled \$8,102 for the year ended December 31, 2016.

**SKY HIGH FOR ST. JUDE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**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.

The Organization accounts for uncertain tax positions in accordance with *Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740: Income Taxes*. FASB ASC Topic 740 prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The interpretation also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will change within twelve months following December 31, 2016. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Organization's tax returns are subject to examination by the taxing authorities for a period of three years after the filing date of each return.

***Marketing and Advertising Costs***

The Organization's policy is to expense marketing and advertising costs as incurred. Marketing and advertising costs totaled \$58,389 for the year ended December 31, 2016. 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.

**SKY HIGH FOR ST. JUDE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 2 – Contributions Receivable**

Sky High’s contributions receivable at December 31, 2016 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 \$10,500 in contributions receivable were uncollectible, and as such have been allowed for on the accompany statement of financial position. 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 February 28, 2019. Rent paid under these lease agreements for the year ended December 31, 2016 totaled \$30,211.

Minimum future lease payments under these operating leases as of December 31, 2016 are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2017	\$ 28,416
2018	20,606
2019	<u>1,612</u>
Total	<u>\$ 50,634</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, 2016, Sky High has donated approximately \$3 million towards their \$5 million goal. During the year ended December 31, 2016, the Organization donated \$525,000 to the Eric Trump Foundation.

**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. During the year ended December 31, 2016, the Organization received \$127,233 from directors and their businesses.

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 2016, the Organization paid approximately \$5,297 to a business owned and operated by one of its directors for the procurement of promotional goods.

**SKY HIGH FOR ST. JUDE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 5 – Concentrations**

At December 31, 2016, two donors and one director accounted for 66% of the Organization's outstanding contributions receivable. During the year ended December 31, 2016, donations made to two not-for-profit organizations accounted for 41% of the Organization's total expenses, which includes the Eric Trump Foundation.

**Note 6 – Subsequent Events**

The Organization has evaluated subsequent events through August 4, 2017, 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.