

**SILVER SPRUCE ACADEMY, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

TOGETHER WITH INDEPENDENT ACCOUNTANTS'  
REVIEW REPORT

**SILVER SPRUCE ACADEMY, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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# TAYLORROTH

*Certified Public Accountants*

WORKING EXCLUSIVELY WITH NONPROFITS

August 25, 2020

## Independent Accountants' Review Report

Board of Directors  
Silver SPRUCE Academy, Inc.  
Bayfield, Colorado

We have reviewed the accompanying financial statements of **Silver SPRUCE Academy, Inc.** (a Colorado nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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.

### **Accountants' 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.

*Taylor Roth and Company PLLC*  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
Denver, Colorado

**SILVER SPRUCE ACADEMY, INC.**  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020

	2020
<u>Assets</u>	
Cash and cash equivalents	\$ 118,731
Prepaid expenses	693
Net property and equipment (Note 3)	12,231
Total assets	\$ 131,655
 <u>Liabilities and net assets</u>	
<u>Liabilities</u>	
Accounts payable	54
Accrued payroll expenses	3,479
Note payable (Note 4)	20,222
Total liabilities	23,755
 <u>Net assets</u>	
Without donor restrictions	
Undesignated	95,669
Net investment in property and equipment	12,231
Total net assets	107,900
Total liabilities and net assets	\$ 131,655

See accompanying notes and independent accountants' review report

**SILVER SPRUCE ACADEMY, INC.**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	2020		
	Without donor Restrictions	With Donor Restrictions	Total
<u>Revenue and other support</u>			
Ignacio School District Program income	\$ 172,202	\$ -	\$ 172,202
Program fees	5,849	-	5,849
Individual contributions	450	-	450
Special events	222	-	222
Corporate contributions	144	-	144
Interest income	130	-	130
In-kind contributions (Note 5)	29,421	-	29,421
	<u>208,418</u>	<u>-</u>	<u>208,418</u>
 <u>Expense</u>			
Program services	130,924	-	130,924
Supporting services			
Management and general	29,851	-	29,851
Fundraising	8,274	-	8,274
	<u>169,049</u>	<u>-</u>	<u>169,049</u>
Change in net assets	39,369		39,369
Net assets, beginning of year	68,531	-	68,531
Net assets, end of year	<u>\$ 107,900</u>	<u>\$ -</u>	<u>\$ 107,900</u>

See accompanying notes and independent accountants' review report

**SILVER SPRUCE ACADEMY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	2020			
		Supporting Services		
	Program Services	Management and General	Fund- raising	Total
Salaries	\$ 72,376	\$ 13,570	\$ 4,524	\$ 90,470
Payroll taxes and benefit	6,731	1,262	421	8,414
Rent	10,890	1,922	-	12,812
Legal fees	2,533	2,533	2,534	7,600
Insurance	5,801	1,087	363	7,251
Program expenses	7,100	-	-	7,100
Equipment rental and maintenance	7,024	-	-	7,024
Office supplies	-	6,823	-	6,823
Instructors	6,480	-	-	6,480
Facilities and equipment	2,014	378	126	2,518
Meals and entertainment	1,349	238	-	1,587
Books and subscriptions	1,559	-	-	1,559
Memberships and registration fees	1,329	-	-	1,329
Printing and postage	697	130	44	871
Accounting services	-	848	-	848
Utilities	319	56	-	375
Travel	375	-	-	375
Bank and credit card fees	-	179	-	179
Telephone	108	20	7	135
Advertising and promotion	19	4	1	24
Miscellaneous expenses	159	40	-	199
	\$ 126,863	\$ 29,090	\$ 8,020	\$ 163,973
Depreciation	4,061	761	254	5,076
	\$ 130,924	\$ 29,851	\$ 8,274	\$ 169,049

See accompanying notes and independent accountants' review report

**SILVER SPRUCE ACADEMY, INC.**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020

	2020
<u>Cash flows from operating activities</u>	
Change in net assets	\$ 36,006
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities	
Depreciation	5,076
<u>Changes in operating assets and liabilities</u>	
(Increase)decrease in prepaids	874
Increase(decrease) in accounts payable	(721)
Increase(decrease) in accrued payroll expenses	4,055
Net cash provided(used) by operating activities	45,290
<u>Cash flows from financing activities</u>	
Borrowing on note payable	20,222
Net increase(decrease) in cash and cash equivalents	65,512
Cash and cash equivalents, beginning of year	53,219
Cash and cash equivalents, end of year	\$ 118,731

See accompanying notes and independent accountants' review report

**SILVER SPRUCE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

NOTE 1 - **NATURE OF ACTIVITIES**

Silver SPRUCE Academy, Inc. (the Organization) is a non-profit organization that offers a Supplemental Program and Resources Utilized in Curriculum Education for homeschooling families and students. No core curriculum is provided through the Organization's program to allow homeschooling families to choose the curriculum or educational materials that serves their individual student best. The Organization works with the parent/student team to offer classes, tutoring, testing, and other services or resources to supplement homeschooling education. Many participants live throughout the Four Corners Area and having varied classroom locations accommodate all program participants. The Organization is primarily supported by a contract with the Ignacio School District.

NOTE 2 - **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES**

1. Basis of Accounting

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

2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulation regarding how long the contributed asset must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.



NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (concluded)

4. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$500. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

5. 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.

6. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

7. Functional Reporting of Expenses

For the year ended June 30, 2020, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain categories of expenses attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. The significant expenses that are allocated are salaries and payroll taxes and benefits which are allocated based on estimates of time and effort.

8. Revenue and revenue recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met.

9. Subsequent Events

Management has evaluated subsequent events through August 25, 2020, the date the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Furniture and equipment	\$ 38,239
Less: accumulated depreciation	<u>(26,008)</u>
Net property and equipment	<u>\$ 12,231</u>

Depreciation expense for the year was \$5,076.

NOTE 4 - NOTE PAYABLE

On June 3, 2020, the Organization borrowed loan proceeds of \$20,222 under the Paycheck Protection Program (PPP). Congress established the PPP to provide relief to small businesses during the COVID-19 pandemic as part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes. PPP proceeds are recognized as a refundable advance liability until the loan is forgiven, and then the liability is reduced, and a contribution is recorded for the amount given. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%.

NOTE 5 - IN-KIND CONTRIBUTIONS

Donated services which require recognition are those that create or enhance non-financial assets or that specifically require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services are reflected in the accompanying financial statements at the estimated value at date of receipt. The value of services included in the financial statements and the corresponding expenses for the year are as follows:

<u>Description</u>	<u>Amount</u>
Legal fees	\$ 7,600
Equipment	6,682
Instructors	6,480
Supplies	4,436
Facilities	2,518
Curriculum	969
Groceries	<u>736</u>
Total	<u>\$ 29,421</u>

NOTE 6 - CONCENTRATION OF FUNDING SOURCE

Approximately 80% of the total revenue for year ended June 30, 2020 was from one contract. A significant reduction in the level of such support, if this were to occur, may have an adverse effect on the Organization's programs and activities.

NOTE 7 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general operating expenditures within one year on June 30, 2020:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	<u>\$ 118,731</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 118,731</u>

The general goal of the Organization is to maintain financial assets at 20% of the total cash operating expenses budget. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations, as being available for general expenditures.