

**BEST CHRISTMAS EVER, INC.**  
FINANCIAL STATEMENTS  
JUNE 30, 2019

**BEST CHRISTMAS EVER, INC.**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10

ESTERBROOKS · SCOTT · SIGNORELLI  
PETERSON · SMITHSON, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Best Christmas Ever, Inc.  
Duluth, Minnesota

We have audited the accompanying financial statements of Best Christmas Ever, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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.

***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 of America. 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Best Christmas Ever, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Estebrook Scott Signorelli Peterson Emmons, PA*

Duluth, Minnesota

April 14, 2020

**BEST CHRISTMAS EVER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
JUNE 30, 2019

**ASSETS**

CURRENT ASSETS:

Cash	\$ 321,846
Accounts receivable	<u>5,000</u>
Total Assets	<u><u>\$ 326,846</u></u>

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES:

Accounts payable	\$ 17,221
Accrued liabilities	<u>2,135</u>
Total liabilities	<u>19,356</u>

NET ASSETS:

Without donor restrictions	297,348
With donor restrictions	<u>10,142</u>
Total net assets	<u>307,490</u>
Total Liabilities and Net Assets	<u><u>\$ 326,846</u></u>

See Notes to Financial Statements

**BEST CHRISTMAS EVER, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<u>OPERATING</u>	Without Donor	With Donor	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT:</b>			
Contributions	\$ 708,125	\$ 10,142	\$ 718,267
Special Events	163,436	-	163,436
Interest Income	109	-	109
In-Kind Income	<u>303,291</u>	<u>-</u>	<u>303,291</u>
Total revenues and other support	<u>1,174,961</u>	<u>10,142</u>	<u>1,185,103</u>
<b>EXPENSES:</b>			
Program services	914,866	-	914,866
Management and general	20,286	-	20,286
Fund-raising	<u>78,660</u>	<u>-</u>	<u>78,660</u>
Total functional expenses	<u>1,013,812</u>	<u>-</u>	<u>1,013,812</u>
Change in net assets from operating activities	161,149	10,142	171,291
<b>NET ASSETS:</b>			
Beginning of year	<u>136,199</u>	<u>-</u>	<u>136,199</u>
End of year	<u>\$ 297,348</u>	<u>\$ 10,142</u>	<u>\$ 307,490</u>

See Notes to Financial Statements

**BEST CHRISTMAS EVER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Supporting services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	
Operating expenses:				
Salaries, employee benefits and payroll taxes	\$ 34,758	\$ 16,377	\$ 32,628	\$ 83,763
Family support	837,417	-	-	837,417
Advertising	4,329	-	-	4,329
Insurance	-	1,806	-	1,806
Legal and accounting	-	2,103	-	2,103
Miscellaneous	2,257	-	-	2,257
Office expense	10,998	-	-	10,998
Professional Fees	19,464	-	-	19,464
Special events	-	-	46,032	46,032
Travel	5,643	-	-	5,643
	<u>5,643</u>	<u>-</u>	<u>-</u>	<u>5,643</u>
 Total Expenses	 <u>\$ 914,866</u>	 <u>\$ 20,286</u>	 <u>\$ 78,660</u>	 <u>\$ 1,013,812</u>

See Notes to Financial Statements

**BEST CHRISTMAS EVER, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from contributions for operations	\$ 713,267
Cash received from other revenues	163,545
Cash paid to employees and suppliers	<u>(707,142)</u>
Net cash provided by operating activities	<u>169,670</u>
NET INCREASE IN CASH	169,670
CASH - Beginning of year	<u>152,176</u>
CASH - End of year	<u><u>\$ 321,846</u></u>
Reconciliation of change in net assets to net cash provided	
by operating activities:	
Change in net assets	\$ 171,291
Adjustments to reconcile to net cash provided:	
Changes in operating assets and liabilities—	
Accounts receivable	(5,000)
Accounts payable and accrued liabilities	<u>3,379</u>
Net cash provided by operating activities	<u><u>\$ 169,670</u></u>

See Notes to Financial Statements



**BEST CHRISTMAS EVER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
JUNE 30,2019

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:**

***Organization -***

Best Christmas Ever, Inc. (the Organization) is a non-profit Minnesota corporation which serves families who have fallen upon tough times, through no fault of their own. The Organization partners with local leaders and businesses to bless each family served with a custom and unique Best Christmas Ever, tailored to the family situation. The Organization is funded primarily by contributions and in-kind donations.

***Basis of Presentation -***

The Organization records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions:* Net assets available for use in general operations and not subject to donor or grantor restrictions.

*Net assets with donor restrictions:* Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

***Cash and Cash Equivalents –***

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. At June 30, 2019 the Organization had no cash equivalents.

***Accounts Receivable -***

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management's has concluded all accounts receivable are collectable.

***Revenue Recognition -***

The Organization reports gifts of cash and other assets as unrestricted support unless there is a donor stipulation that limits the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**BEST CHRISTMAS EVER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30,2019**

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):**

***Donated Services -***

Donated services are recognized as contributions in accordance with generally accepted accounting principles (GAAP), if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no donated services recognized for the year ending June 30, 2019. Volunteers also provided program and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under GAAP was not met.

***Donated Gifts -***

Donations of gifts are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions. All donated gifts are provided to the families being served.

***Functional Expenses -***

Expenses incurred for a specific function are assigned directly to that function by management. Expenses that affect more than one specific function are allocated among the functions on a reasonable basis and consistently applied.

***Advertising -***

Costs for advertising are expensed as incurred. During the period the Organization incurred advertising costs of \$4,329.

***Income Taxes -***

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and similar provisions of Minnesota statutes. There was no required provision for income taxes for the year ended June 30, 2019.

***Uncertain Tax Positions -***

The Organization follows the recognition requirements of uncertain tax positions, if any, as required by generally accepted accounting principles. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates and, as of June 30, 2019, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization is no longer subject to U.S. federal, state or local income tax examinations by tax authorities generally for tax years before 2016.

***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.

**BEST CHRISTMAS EVER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
 JUNE 30, 2019

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
 (CONTINUED):**

*Subsequent Events -*

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 14, 2020, which is the date the financial statements were issued.

**2. FINANCIAL ASSETS AND LIQUIDITY RESOURCES:**

The Organization raises the majority of its revenue during the holiday season, typically from November through January. As part of the Organization's liquidity management, it retains enough cash to support operations outside of its primary revenue raising season along with additional support for families, should the need arise. As of June 30, 2019, financial assets due within one year of the balance sheet date for general expenditures are as follows:

Cash	\$ 321,846
Accounts receivable	5,000
Less: Donor-imposed restriction making financial assets unavailable for general expenditure	<u>(10,142)</u>
Financial assets available within one year to meet cash needs for general expenditures	<u>\$ 316,704</u>

**3. CONCENTRATION OF CREDIT RISK:**

The Organization maintains its cash balances at two financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. For the year ended June 30, 2019 the Organization's cash balance was in excess of this limit by \$20,792 at one of the financial institutions.

**4. RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES:**

Net assets with donor restrictions consist of the following as of June 30, 2019:

Subject to expenditure for specific purpose:	
Family support	<u>\$ 10,142</u>
Total net assets with donor restriction	<u>\$ 10,142</u>

**BEST CHRISTMAS EVER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30,2019**

**5. IN-KIND INCOME:**

The value of in-kind revenue included in these financial statements for the year ending June 30, 2019 are as follows:

In-kind income:	
Clothes and shoes	\$ 33,414
Furniture and home goods	62,120
Gift cards and tickets to events	125,004
Toys and books	59,221
Miscellaneous	<u>23,532</u>
 Total in-kind income	 <u>\$ 303,291</u>

**6. SUBSEQUENT EVENT:**

As a result of the spread of the coronavirus (COVID-19), which has been classified as a pandemic by the World Health Organization on March 11, 2020, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated these impacts will continue for an undetermined period of time. There has been no immediate impact to the Organization's operations. Future potential impacts may include decreases in support and increases in families to be served. However, the financial impact is unknown at this time.