

The Sub-Zero Mission

Financial Statements
December 31, 2018



THE SUB-ZERO MISSION
FINANCIAL STATEMENTS

Independent Auditors' Report

Financial Statements

Statements of Financial Position

Statement of Activities

Notes to Financial Statements

Report on Internal Control over Financial Reporting and on
Compliance and other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards

Kolita & Company

Certified Public Accountants & Certified Valuation Analysts

8039 BROADMOOR RD. - MENTOR OH 44060 - (440) 205-TAXX (8299) - KOLITA.COM



INDEPENDENT AUDITORS' REPORT

The Sub-Zero Mission
1760 N Ridge Rd.
Painesville, OH 44077

To the Board of Directors and Stakeholders:

We have audited the accompanying statement of financial position of The Sub-Zero Mission (a nonprofit corporation) as of December 31, 2018, and the related statement of activities for the year then ended. These financial statements are the responsibility of the management of The Sub-Zero Mission. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Sub-Zero Mission as of December 31, 2018, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019, on our consideration of The Sub-Zero Mission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in accessing the results of our audit.

We conducted our audit to opine on the financial statements that collectively comprise The Sub-Zero Mission's basic financial statements taken as a whole. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kolita & Company

November 15, 2019

The Sub Zero Mission
Statement of Financial Position
December 31, 2018

ASSETS

Current Assets		
Checking Account	\$	84,667.85
Inventory Warming Supplies		47,100.00
Inventory Merchandise		15,000.00
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Total Current Assets		146,767.85
Property and Equipment		
Automobiles		37,300.00
Leasehold Improvements		5,104.62
Accum. Depreciation - Automobi		(12,500.00)
Accum. Depreciation - Leasehol		(340.00)
		<hr/>
Total Property and Equipment		29,564.62
Other Assets		
Prepaid Insurance		1,590.00
		<hr/>
Total Other Assets		1,590.00
		<hr/>
Total Assets	\$	<u><u>177,922.47</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
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Total Current Liabilities		0.00
Long-Term Liabilities		
		<hr/>
Total Long-Term Liabilities		0.00
		<hr/>
Total Liabilities		0.00
Net Assets		
Unrestricted Net Assets	\$	105,168.21
Change in Net Position		72,754.26
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Total Net Position		177,922.47
		<hr/>
Total Liabilities & Net Position	\$	<u><u>177,922.47</u></u>

The Sub Zero Mission
Statement of Activities
For the Year Ending December 31, 2018

	2018	
Revenues		
Merchandise Income	\$ 24,783.55	8.09
Event Income	50,223.21	16.40
Corporate Donations	41,658.41	13.60
Individual Donations	73,805.66	24.10
Grant Income	1,350.00	0.44
Warming Supply Donations	109,409.55	35.73
Vehicle Donations	<u>5,000.00</u>	1.63
Total Revenues	<u>306,230.38</u>	100.00
Expenses		
Warming Supplies Donated	122,150.00	39.89
Merchandise Expense	19,072.39	6.23
Advertising Expense	3,763.94	1.23
Legal Expense	1,748.00	0.57
Event Expense	13,268.57	4.33
Liability Insurance Expense	1,562.00	0.51
Vehicle Insurance Expense	3,795.19	1.24
Bank Fee Expense	13.00	0.00
Internet Expense	2,257.55	0.74
Occupancy Expense	8,895.00	2.90
Utilities Expense-Electric	3,220.45	1.05
Utilities Expense-Gas	1,258.87	0.41
Utilities Expense-Trash	360.00	0.12
Security Expense	635.52	0.21
Vehicle Repair Expense	4,103.03	1.34
Office Expense	12,602.30	4.12
Postage Expense	734.38	0.24
Fuel Expense	2,199.70	0.72
Lodging Expense	2,545.26	0.83
Meal Expense	1,726.98	0.56
Depreciation Expense	6,540.00	2.14
Contribution Expense	7,362.00	2.40
Gift Expense	515.29	0.17
Contract Service Expense	12,605.50	4.12
Grant Writing Expense	200.00	0.07
Licenses and Fees Expense	206.20	0.07
Dues and Subscriptions Expense	<u>135.00</u>	0.04
Total Expenses	<u>(72,754.26)</u>	(23.76)
Change in Net Position	<u>\$ 72,754.26</u>	23.76

THE SUB-ZERO MISSION.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note A – DESCRIPTION OF THE ENTITY

Nature of Activities

The Sub-Zero Mission (the Organization) is a nonprofit corporation established to prevent freezing and injury caused by extreme weather exposure to the homeless and financially destitute Americans. They have a special focus on military veterans.

Note B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents

Promises To Give

Contributions are recognized when the donor makes an unconditional promise to give to The Sub-Zero Mission. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services

No amounts have been reported in the statements for donated services. The Organization pays for most services requiring specific expertise. However, a number of volunteers have donated amounts of their time to the Organization's program services.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Inventory

Inventory is valued using Salvation Army Donation Valuation Guide and consists of coats, blankets, and sleeping bags.

See accompanying independent auditors' report.

THE SUB-ZERO MISSION.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Sub-Zero Mission is a nonprofit corporation exempt from income taxes under Internal Revenue Code Section 501(c)(3).

Fund Raising

The Sub-Zero Mission has taken part in fund raising through the Annual Sub Zero Mission Charity Golf Outing, Reverse Raffle, and Bike Run.

Note C – RISK MANAGEMENT

Property and Liability

The Organization is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year 2018, the Organization contracted with Progressive Insurance Company and Philadelphia Insurance Companies for all of its insurance needs.

Note D – DEPOSITS

Deposits with Financial Institutions

The Organization maintains its cash balances at one financial institution located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, per qualifying account. At December 31, 2018, the book amount of the Organization's bank balance was \$84,668.

The Organization had no investments at December 31, 2018.

See accompanying independent auditors' report.

Kolita & Company

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

The Sub-Zero Mission
1760 N Ridge Rd.
Painesville, OH 44077

To the Board of Directors:

We have audited the financial statements of The Sub-Zero Mission (a Non Profit) as of and for the year ended December 31, 2018, and have issued our report thereon dated November 15, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Sub-Zero Mission's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, for the purpose of opining on the effectiveness of The Sub-Zero Mission's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of The Sub-Zero Mission's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct any misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of The Sub-Zero Mission's financial statements will not be prevented, or detected and timely corrected.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of these sections and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider a material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assuring whether The Sub-Zero Mission's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters not requiring inclusion in this report that we report to The Sub-Zero Mission's management in a separate letter dated November 15, 2019.

This report is intended solely for the information and use of the Board of Directors, management, and awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Kolita & Company

November 15, 2019