

**GREATER RICHMOND FIT4KIDS, INC.**

**Richmond, Virginia**

**FINANCIAL REPORT**

**June 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Greater Richmond Fit4Kids, Inc.  
Richmond, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of Greater Richmond Fit4Kids, Inc. (Fit4Kids), which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 from 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 Fit4Kids' 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 Fit4Kids' 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 Greater Richmond Fit4Kids, Inc. as of June 30, 2019 and 2018, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Yount, Hyde & Barbour, P.C.*

Richmond, Virginia  
October 25, 2019

**GREATER RICHMOND FIT4KIDS, INC.**

**Statements of Financial Position**

June 30, 2019 and June 30, 2018

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 469,832	\$ 362,973
Contributions receivable	8,272	3,771
Grants receivable	114,330	156,039
Other receivables	166	--
Prepaid expenses	8,111	7,709
Total current assets	<u>600,711</u>	<u>530,492</u>
Total assets	<u>\$ 600,711</u>	<u>\$ 530,492</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities,</b>		
accounts payable	\$ 22,971	\$ 12,972
<b>Net Assets</b>		
Without donor restrictions	340,657	246,393
With donor restrictions	<u>237,083</u>	<u>271,127</u>
Total net assets	<u>577,740</u>	<u>517,520</u>
Total liabilities and net assets	<u>\$ 600,711</u>	<u>\$ 530,492</u>

See Notes to Financial Statements.

**GREATER RICHMOND FIT4KIDS, INC.**

**Statements of Activities**  
For the Years Ended June 30, 2019 and 2018

	<b>2019</b>			<b>2018</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
<b>Revenue</b>						
Contributions	\$ 186,397	\$ --	\$ 186,397	\$ 144,281	\$ --	\$ 144,281
Grants	10,000	505,371	515,371	17,500	484,094	501,594
Other	195,535	--	195,535	110,239	5,000	115,239
Net assets released from restriction	539,415	(539,415)	--	633,873	(633,873)	--
Total revenue	<u>931,347</u>	<u>(34,044)</u>	<u>897,303</u>	<u>905,893</u>	<u>(144,779)</u>	<u>761,114</u>
<b>Expenses</b>						
Program	661,936	--	661,936	709,120	--	709,120
Administrative	79,278	--	79,278	53,963	--	53,963
Development	95,869	--	95,869	99,967	--	99,967
Total expenses	837,083	--	837,083	863,050	--	863,050
Change in net assets	94,264	(34,044)	60,220	42,843	(144,779)	(101,936)
<b>Net assets, beginning of year</b>	<u>246,393</u>	<u>271,127</u>	<u>517,520</u>	<u>203,550</u>	<u>415,906</u>	<u>619,456</u>
<b>Net assets, end of year</b>	<u>\$ 340,657</u>	<u>\$ 237,083</u>	<u>\$ 577,740</u>	<u>\$ 246,393</u>	<u>\$ 271,127</u>	<u>\$ 517,520</u>

See Notes to Financial Statements.

**GREATER RICHMOND FIT4KIDS, INC.**

**Statement of Functional Expenses**  
For the Year Ended June 30, 2019

	<u>Program</u>	<u>Administrative</u>	<u>Development</u>	<u>Total</u>
Salaries and benefits	\$ 459,009	\$ 33,394	\$ 77,813	\$ 570,216
Staff training	9,701	89	1,298	11,088
Travel and meals	15,443	2,019	26	17,488
Occupancy	21,147	2,643	2,643	26,433
Insurance	4,673	1,817	--	6,490
Computers and equipment	28,511	2,283	--	30,794
Supplies and postage	1,865	990	747	3,602
Dues and subscriptions	--	--	329	329
Printing and copying	3,330	--	1,346	4,676
Marketing and promotional	--	--	3,253	3,253
Professional / contractual fees	--	35,424	--	35,424
Other programs	<u>118,257</u>	<u>619</u>	<u>8,414</u>	<u>127,290</u>
	<u>\$ 661,936</u>	<u>\$ 79,278</u>	<u>\$ 95,869</u>	<u>\$ 837,083</u>

See Notes to Financial Statements.

**GREATER RICHMOND FIT4KIDS, INC.**

**Statement of Functional Expenses**

For the Year Ended June 30, 2018

	<u>Program</u>	<u>Administrative</u>	<u>Development</u>	<u>Total</u>
Salaries and benefits	\$ 413,682	\$ 33,771	\$ 83,862	\$ 531,315
Staff training	382	--	567	949
Travel and meals	5,911	1,519	249	7,679
Occupancy	20,489	2,561	2,561	25,611
Insurance	4,370	1,699	--	6,069
Computers and equipment	50,909	2,367	--	53,276
Supplies and postage	1,462	1,669	585	3,716
Dues and subscriptions	--	250	345	595
Printing and copying	2,863	--	806	3,669
Marketing and promotional	--	--	2,652	2,652
Professional / contractual fees	23,810	9,487	--	33,297
Other programs	<u>185,242</u>	<u>640</u>	<u>8,340</u>	<u>194,222</u>
	<u>\$ 709,120</u>	<u>\$ 53,963</u>	<u>\$ 99,967</u>	<u>\$ 863,050</u>

See Notes to Financial Statements.



**GREATER RICHMOND FIT4KIDS, INC.**

**Statements of Cash Flows**  
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 60,220	\$ (101,936)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in contributions receivable	(4,501)	12,030
Decrease in grants receivable	41,709	87,662
(Increase) in other receivables	(166)	--
(Increase) in prepaid expenses	(402)	(910)
Increase (decrease) in accounts payable	9,999	(15,587)
Net cash provided by (used in) operating activities	<u>106,859</u>	<u>(18,741)</u>
 <b>Cash and Cash Equivalents</b>		
Beginning	<u>362,973</u>	<u>381,714</u>
 Ending	<u>\$ 469,832</u>	<u>\$ 362,973</u>

See Notes to Financial Statements.

# GREATER RICHMOND FIT4KIDS, INC.

## Notes to Financial Statements

### Note 1. Summary of Significant Accounting Policies

#### Nature of Activities

The mission of Greater Richmond Fit4Kids, Inc. (Fit4Kids) is to improve the health and wellness of children by increasing physical activity and promoting healthy eating. Fit4Kids is focused on improving children's health and reducing childhood obesity. Fit4Kids is funded through foundation support and donations from corporations and individuals.

#### Basis of Accounting

The financial statements of Fit4Kids have been prepared on the accrual basis of accounting.

#### Classification of Net Assets

Fit4Kids is required to report information regarding the financial position and activities according to the two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that can be filled by actions of Fit4Kids pursuant to those stipulations or that expire by the passage of time or net assets that must be maintained in perpetuity by Fit4Kids.

#### Cash and Cash Equivalents

Fit4Kids includes all cash accounts which are not subject to withdrawal restrictions or penalties, and all highly liquid instruments purchased with maturities of three months or less as cash and cash equivalents. Fit4Kids' cash balances at times may exceed federally insured limits. Fit4Kids has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Fair Value

The carrying amounts of Fit4Kids' financial instruments arise in the ordinary course of business and approximate fair value.

## Notes to Financial Statements

### Contributions

Fit4Kids recognizes contributions in the year they are received or granted.

Contributions are recognized as restricted if they are received with donor stipulations that limit the use of the donated assets. 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 statements of activities as net assets released from restrictions.

### Contributions and Grants Receivable

Receivables are stated at full value. No discount is applicable as all receivables are considered current. Management estimates that no allowance for doubtful accounts is required.

### Income Taxes

Fit4Kids is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

### Allocation Methodology for the Statements of Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Certain costs have been allocated among program, management and general and fundraising. Such allocations have been made by management on an equitable basis. Allocations are as follows:

<u>Expense</u>	<u>Allocation Methodology</u>
Salaries and benefits	Time and Effort and Direct Allocation
Staff training	Direct Allocation
Travel and meals	Direct Allocation
Occupancy	Time and Effort
Insurance	Time and Effort
Computers and equipment	Direct Allocation
Supplies and postage	Direct Allocation
Dues and subscriptions	Direct Allocation
Printing and copying	Direct Allocation
Marketing and promotional	Direct Allocation
Professional / contractual fees	Time and Effort and Direct Allocation
Other programs	Direct Allocation

## Notes to Financial Statements

### Note 2. Liquidity and Availability of Resources

Fit4Kids has the following financial assets within one year of the statement of financial position date to meet cash needs for general expenditure. In the case of an unexpected liquidity need, Fit4Kids has access to reserve funds held in a money market account. Balance of the money market account as of June 30, 2019 was \$258,880, which is included in the amount available of \$355,517.

Financial assets, at year-end:

Cash and cash equivalents	\$ 469,832
Contributions receivable	8,272
Grants receivable	114,330
Other receivables	166
	<u>592,600</u>

Less those unavailable for general expenditure within one year, due to donor-imposed restrictions	<u>237,083</u>
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Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 355,517</u>
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### Note 3. Contributions and Grants Receivable

Contributions and grants receivable as of June 30, 2019 and 2018 were \$122,602 and \$159,810, respectively.

### Note 4. Lease Agreement and Subsequent Event

Fit4Kids entered into a new lease for office space on April 1, 2017. The lease is a three-year lease at a flat rate. Required monthly payments are \$1,800. Rental expense for the year ended June 30, 2019 and 2018 was \$21,600 for both years. The lease is scheduled to terminate in April of 2020. Future minimum payments total \$16,200 before the lease terminates during fiscal year 2020.

Subsequent to year end, Fit4Kids entered into a shared space lease agreement beginning August 1, 2019 and terminating on July 31, 2020. Fit4Kids elected to pay at the signing of the agreement an amount of \$9,384 and received an eight percent discount.

## Notes to Financial Statements

### Note 5. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2019 and 2018 were restricted for the following purposes:

	<u>2019</u>	<u>2018</u>
Learning gardens	\$ 69,028	\$ 155,892
Wellness integration	80,674	52,314
Other	<u>87,381</u>	<u>62,921</u>
	<u>\$ 237,083</u>	<u>\$ 271,127</u>

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>2019</u>	<u>2018</u>
Coalition programming	\$ 166,903	\$ 77,657
Learning gardens	155,329	125,002
Wellness integration	141,641	337,836
Other	<u>75,542</u>	<u>93,378</u>
	<u>\$ 539,415</u>	<u>\$ 633,873</u>

Fit4Kids adjusted its June 30, 2018 net asset additions and releases to conform to the current year presentation. This resulted in a decrease in June 30, 2018 additions and releases of \$51,790. Furthermore, for the year ended June 30, 2018, Fit4Kids reclassified \$6,048 in net asset releases from Other to Coalition Programming to conform to the current year presentation. There was no effect on the balance of net assets with donor restrictions as of June 30, 2018 as a result of the changes.

### Note 6. Retirement Plan

Fit4Kids started a retirement plan during the fiscal year 2016. All employees are eligible to participate in the Plan. Fit4Kids matches contributions up to 3%. Fit4Kids contributed \$8,915 and \$11,187 for the years ended June 30, 2019 and 2018, respectively.

## Notes to Financial Statements

### **Note 7. Concentration of Revenue**

For the year ended June 30, 2019 and 2018, Fit4Kids received 13% and 12%, respectively, of its total support from one grantor.

### **Note 8. Subsequent Events**

Fit4Kids has evaluated all subsequent events through October 25, 2019, the date the financial statements were available to be issued. Fit4Kids has determined there are no additional subsequent events that require recognition or disclosure.

### **Note 9. Upcoming Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in the lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for Fit4Kids for its year ended June 30, 2021. FASB proposed a one-year extension to the effective date, which would make the effective date for the year ended June 30, 2022. The proposed extension is currently open for public comment. Early adoption is permitted. Fit4Kids is currently evaluating the impact that the adoption of Topic 842 will have on its financial statements.

In June 2018, the FASB issued Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958), which clarifies the scope and the accounting guidance for contributions received and contributions made. Specifically, the update assists entities in determining whether a transaction should be accounted for as a contribution or an exchange transaction. If a transaction is accounted for as an exchange transaction, other accounting guidance, for example, in Topic 606, Revenue from Contracts with Customers, should be followed. If, however, a transaction is accounted for as a contribution, guidance in Subtopic 958-605 should be followed. Additionally, the update assists entities in determining whether a contribution is conditional. ASU 2018-08 is effective for contributions received by Fit4Kids for its year ended June 30, 2020. ASU 2018-08 is effective for contributions made, if applicable, by Fit4Kids for its year ended June 30, 2021. Early adoption is permitted. Fit4Kids is currently evaluating the impact that the adoption of Topic 958 will have on its financial statements.

## Notes to Financial Statements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for recognizing revenue from contracts with customers. The core principle of ASU 2014-09 is that revenue will be recognized when promised goods or services are transferred to customers in an amount that reflects consideration for which entitlement is expected in exchange for those goods or services. Generally, the ASU states that revenue should be recognized by following a five step process which include identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligation in the contract, and recognizing revenue as the entity satisfies a performance obligation. ASU 2014-09 is effective for Fit4Kids for its year ended June 30, 2020. Fit4Kids is currently evaluating the impact that the adoption of Topic 606 will have on its financial statements.

### **Note 10. New Accounting Pronouncement**

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk (Note 2). The guidance requires all not-for-profit entities to present expenses by both their natural and functional classifications in a single location in the financial statements as well as disclose the allocation methodology for the statements of functional expenses (Note 1). Fit4Kids adopted the standard in the current year. Adoption of this new standard had no effect on the change in net assets or in total.