

SIDE BY SIDE VA, INC.
Richmond, Virginia

FINANCIAL STATEMENTS
Year Ended June 30, 2019

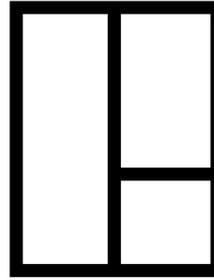
SIDE BY SIDE VA, INC.
FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Side by Side VA, Inc.
Richmond, Virginia

We have audited the accompanying financial statements of Side by Side VA, Inc. (a not-for-profit organization) which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, cash flows, and functional expenses 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 Side by Side VA, 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.

Rame & Associates, P.C.

Certified Public Accountants
Richmond, Virginia
November 13, 2019

SIDE BY SIDE VA, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2019

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ASSETS

Current assets		
Cash and cash equivalents	\$ 373,329	
Unconditional promises to give, net	4,563	
Grants receivable	126,600	
Accounts receivable	2,693	
Gift cards	348	
Prepaid expenses	<u>16,796</u>	
Total current assets		\$ 524,329
Long-term grants receivable		75,000
Property and equipment, net		<u>347,732</u>
Total assets		<u><u>\$ 947,061</u></u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 21,669	
Accrued payroll liabilities	11,880	
Deferred revenue	10,000	
Other short-term liabilities	87	
Current portion, long-term notes payable	181,114	
Current portion, capital lease payable	<u>2,137</u>	
Total current liabilities		\$ 226,887
Long-term debt		
Capital lease payable, net of current portion	<u>1,924</u>	
Total long-term debt		<u>1,924</u>
Total liabilities		228,811
Net assets		
Without donor restrictions	521,051	
With donor restrictions	<u>197,199</u>	
Total net assets		<u>718,250</u>
Total liabilities and net assets		<u><u>\$ 947,061</u></u>

SEE ACCOMPANYING NOTES

SIDE BY SIDE VA, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

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r	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Contributions	\$ 157,018	\$ -	\$ 157,018
Grants, net	-	220,482	220,482
Noncash contributions	8,259	-	8,259
Special events	233,043	-	233,043
Less direct benefit to donor	92,784	-	92,784
Total special event revenue	<u>140,259</u>	<u>-</u>	<u>140,259</u>
United Way	2,350	5,676	8,026
Earned income	21,834	-	21,834
Sublease rental revenue	2,000	-	2,000
Interest income	1,830	-	1,830
Recovery of uncollectible amounts	192	-	192
Net assets released from restrictions	<u>285,123</u>	<u>(285,123)</u>	<u>-</u>
Total revenue and other support	<u>618,865</u>	<u>(58,965)</u>	<u>559,900</u>
Expenses and losses			
Expenses			
Program services	<u>542,640</u>	<u>-</u>	<u>542,640</u>
Support services			
General administration	52,696	-	52,696
Fund raising	<u>42,166</u>	<u>-</u>	<u>42,166</u>
Total support services	<u>94,862</u>	<u>-</u>	<u>94,862</u>
Total expenses	637,502	-	637,502
Losses			
Loss on disposal of assets	<u>100</u>	<u>-</u>	<u>100</u>
Total expenses and losses	<u>637,602</u>	<u>-</u>	<u>637,602</u>
Change in net assets	(18,737)	(58,965)	(77,702)
Net assets at beginning of year	<u>539,788</u>	<u>256,164</u>	<u>795,952</u>
Net assets at end of year	<u>\$ 521,051</u>	<u>\$ 197,199</u>	<u>\$ 718,250</u>

SEE ACCOMPANYING NOTES

SIDE BY SIDE VA, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

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Cash flows from operating activities:		
Change in net assets		\$ (77,702)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	\$ 16,322	
Realized loss on disposal of assets	100	
Donated stock	(3,104)	
Donated computers	(4,850)	
(Increase) decrease in operating assets		
Unconditional promises to give, net	(1,258)	
Grants receivable	49,431	
Other receivable	(2,693)	
Gift cards	1,279	
Prepaid expenses	(5,501)	
Increase (decrease) in operating liabilities		
Accounts payable	10,018	
Security deposits	(1,000)	
Accrued payroll liabilities	11,880	
Deferred revenue	10,000	
Other short term liabilities	(200)	
Total adjustments to net income		<u>80,424</u>
Net cash provided by operating activities		<u>2,722</u>
Cash flows from investing activities		
Proceeds on sale of investments	3,004	
Purchases of fixed assets	(4,948)	
Net cash used by investing activities		(1,944)
Cash flows from financing activities		
Payments on long-term notes payable	(11,392)	
Payments on capital leases	(1,962)	
Net cash used by financing activities		<u>(13,354)</u>
Net decrease in cash and cash equivalents		(12,576)
Cash and cash equivalents at beginning of year		<u>385,905</u>
Cash and cash equivalents at end of year		<u><u>\$ 373,329</u></u>

Supplemental cash flow information:

Cash paid during the year for interest was \$8,745
Cash paid during the year for income taxes was \$287.

SEE ACCOMPANYING NOTES

SIDE BY SIDE VA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Support Services			Total Support Services	Direct Benefit to Donor	Total Expenses
	Program Services	Management and General	Fundraising			
Salaries and employee benefits	\$ 373,278	\$ 16,582	\$ 20,828	\$ 37,410	\$ -	\$ 410,688
Advertising and promotion	13,738	-	-	-	724	14,462
Occupancy	37,760	2,517	1,679	4,196	7,040	48,996
Supplies	13,591	2,644	-	2,644	51,518	67,753
Youth assistance and scholarships	21,724	-	-	-	-	21,724
Travel	20,429	615	615	1,230	-	21,659
Food and beverage	23,838	13	4,504	4,517	27,990	56,345
Entertainment	-	-	92	92	4,015	4,107
Office and administrative expenses	11,855	3,509	2,559	6,068	-	17,923
General insurance	3,503	1,095	1,101	2,196	-	5,699
Professional and consulting	13,277	24,251	10,457	34,708	-	47,985
Taxes and licenses	-	1,021	-	1,021	-	1,021
Printing and mailing	9,647	449	331	780	1,497	11,924
Total expenses by function	542,640	52,696	42,166	94,862	92,784	730,286
Less expenses included with revenues on the statement of activities						
Direct benefit to donors	-	-	-	-	(92,784)	(92,784)
Total expenses included in the expense section on the statement of activities	\$ 542,640	\$ 52,696	\$ 42,166	\$ 94,862	\$ -	\$ 637,502

SEE ACCOMPANYING NOTES

SIDE BY SIDE VA, INC.
FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

1. NATURE OF ACTIVITIES

Side by Side VA, Inc. (formerly ROSMY) (the Organization) is a not-for-profit organization that addresses the specific needs of lesbian, gay, bisexual, transgender, and questioning youth aged eleven through twenty. The core of the Organization's Youth Support Programs is the weekly adult-facilitated support groups in both Richmond and Charlottesville. Other major programs include a 24/7 toll-free youth support hotline, educational resources, a youth leadership program, and youth center drop in hours. Through the Institute for Equality, the Organization trains youth service providers throughout Central Virginia to effectively assess and respond to the needs of LGBTQ youth in a safe and supportive manner. The Organization receives support from contributions, grants, special events, and allocations from the United Way.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **Basis of Accounting:** The financial statements of the Organization have been prepared in accordance with generally accepted accounting principles. This basis of accounting involves the application of accrual accounting; consequently, revenues are recognized when earned and expenses are recognized when incurred.
- B. **Net Assets revenues, gains, and losses** are classified on the existence or absence of donor or grantor imposed restrictions. The Organization classifies its net assets as follows:

Net assets without donor restrictions-Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions- Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

- C. **Cash and Cash Equivalents:** The Organization considers all highly liquid investments which are not subject to withdrawal restrictions and have a maturity of three months or less when purchased to be cash or cash equivalents.
- D. **Property and Equipment:** Property and equipment are stated at cost if purchased and fair market value if donated. Expenditures for assets in excess of \$1,000 are

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FINANCIAL STATEMENTS
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capitalized. Depreciation and amortization is computed by the straight-line method based on estimated useful lives of from 5 to 40 years. It is at least reasonably possible that estimates of remaining useful lives will change in the near term. Amortization of capital leases and loan origination fees is included in depreciation expense.

- E. Contributions: All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a 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.

Unconditional promises to give are recorded when pledged. The value of unconditional promises to give not expected to be received within one year of the date of the financial statements is based upon the present value of the expected future cash flows unless the present value adjustment is immaterial.

Contributions of donated non-cash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

- F. United Way, Pledges, and Grants Receivable: United Way Pledges for which award letters have been provided are stated net of an allowance for uncollectible accounts. The Organization provides for probable uncollectible amounts through a provision for bad debt expense and adjustment to a valuation allowance based on historical activity. Balances that are still outstanding at the conclusion of each campaign year are written off through a charge to the valuation allowance and a reduction to pledges or receivables. Because of the inherent uncertainties in estimating the allowances for uncollectible accounts, it is at least reasonably possible that the estimates will change within the near term.

Other pledges and grants receivables are stated at the full amount of the commitment and are adjusted for collectability under the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts; however, due to the infrequency of bad debts, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

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FINANCIAL STATEMENTS
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The organization has chosen not to record a discount for pledges and grants receivable with due dates of more than one year. Generally accepted accounting principles require that a discount be recorded for long-term pledges; however the effect of not recording a discount is not materially different from the results that would have been obtained by recording a discount.

- G. Tax Status: The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. However, income from certain activities not directly related to the Organization's tax-exempt purpose, in particular sublease rental income and employee parking benefits, could be subject to taxation as unrelated business taxable income, which would be reported on Form 990-T Exempt Organization Income Tax Return.
- H. Functional Expenses: The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expense presents the natural classification detail of expenses by function. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Payroll and other employment expenses are allocated on the basis of estimates of time and effort, and occupancy costs are allocated based on square footage. All other costs are separately identified and reported accordingly.
- I. 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.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's cash management policy funds in excess of general operating expenses are invested in money market accounts. The financial goal is to have one year of operating expenses in reserve and the remaining funds are reviewed for short term investment to meet expanding program needs.

SIDE BY SIDE VA, INC.
FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

The Organization has the following assets available within one year of the balance sheet date for general expenditures without donor or other restrictions limiting their use:

Financial assets at June 30, 2019:	
Cash and cash equivalents	\$ 373,329
Grants receivable	201,600
Unconditional promises to give, net	4,563
Other assets	<u>3,041</u>
Total financial assets	<u>582,533</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	311
Grant receivable, long term	<u>75,000</u>
Total unavailable	<u>75,311</u>
Financial assets to meet general expenditures during the next year	<u>\$ 507,222</u>

4. CASH AND CASH EQUIVALENTS

As of June 30, 2019, the Organization's balances of cash and cash equivalents consisted of cash on hand, checking, and money market accounts at a bank as follows:

Money market account	\$ 367,735
Cash in checking account	5,204
Cash on hand	<u>390</u>
Total	<u>\$ 373,329</u>

The deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019, the Organization's balances in bank accounts exceeded the FDIC limits by \$122,939.

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5. PROPERTY AND EQUIPMENT

As of June 30, 2019, property and equipment consisted of the following:

Building	\$ 305,677
Building improvements	50,942
Land	59,917
Signs	2,672
Furniture and equipment	12,565
Computers	16,106
Software	4,583
Assets under capital leases	<u>9,817</u>
Total property and equipment	462,279
Less: Accumulated depreciation and amortization	<u>114,547</u>
Total property and equipment, net	<u>\$ 347,732</u>

Depreciation and amortization expense for the year was \$16,322.

6. UNCONDITIONAL PROMISES TO GIVE

The Organization receives unconditional promises to give directly from donors and from various United Way Campaigns over multiple years. Outstanding unconditional promises to give as of June 30, 2019 were:

	Due < 1 year	Due 1-5 years
Grants	\$ 86,600	\$ 75,000
United Way Campaigns	6,734	0
Less allowance for uncollectible pledges	<u>(2,171)</u>	<u>0</u>
Unconditional promises to give, net	<u>\$ 131,163</u>	<u>\$ 75,000</u>

7. CONCENTRATION OF SUPPORT AND GRANTS RECEIVABLE

During the Year Ended June 30, 2019, support received from six contributors made up 47% of the Organization's total support and revenue. As of June 30, 2019, 87% of the grant receivables was from one contributor.

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FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

8. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2019, net assets were available for the following purposes:

Purpose restricted net assets		
Binder Program	\$ 725	
HVAC upgrades	<u>311</u>	
Total purpose restricted net assets		\$ 1,036
Time restricted net assets (pledges and grants receivable)		<u>196,162</u>
Total net assets with temporary donor restrictions		<u>\$ 197,198</u>

The Organization has no net assets with restrictions that are permanent.

9. CAPITAL LEASE

The organization leases office equipment under capital leases. The cost of equipment under capital leases included in the statement of position at June 30, 2019 with an imputed interest rate of 8.5% was \$9,817 and accumulated amortization was \$6,218.

Future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of June 30, 2019 are as follows:

Year ending June 30	
2020	\$ 2,400
2021	<u>2,000</u>
Total minimum lease payments	4,400
Less: Amount representing interest	<u>(339)</u>
Present value of net minimum lease payments	4,061
Less: current maturities of capital lease obligations	<u>(2,137)</u>
Long-term capital lease obligations	<u>\$ 1,924</u>

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FINANCIAL STATEMENTS
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10. NOTES PAYABLE

As of June 30, 2019, long-term notes payable consisted of:

Bank mortgage on building	
Annual rate of 4.25% fixed rate, secured by the Organization's building and improvements, original loan amount \$224,655, monthly payments of principal and interest of \$1,622, loan amount fully due and payable May 1, 2020.	\$ 181,114

Mortgage interest paid was \$8,073 for the year ended June 30, 2019.

11. NONCASH CONTRIBUTIONS

The Organization recognizes contribution revenue for contributed goods and services. Contribution revenue was measured based on the estimated value of those goods and services, and the amounts recognized in the year were as follows:

Special events supplies and services		\$ 48,585
Other expenses		
Computers and software	\$ 5,030	
Food and beverage	30	
Other supplies and equipment	<u>3,199</u>	
Total other expenses		<u>8,259</u>
Total noncash contributions		<u>\$ 56,844</u>

Noncash contribution revenue for special events is included in gross special events revenue, and not in noncash contributions, on the statement of activities.

The Organization receives a significant amount of donated volunteer time in program and support functions. No value has been recognized for this time in the financial statements because it does not meet the recognition criteria for inclusion in the financial statements. Total contributed volunteer time during the year was 7,341 hours, which the Organization values at \$ 146,820.

12. INCOME TAX

Unrelated business taxable income from employee parking benefit and debt-financed sublease income was \$1,322 for the year ending June 30, 2019 resulting in Federal income tax expense and payable of \$68 and State income tax expense and payable of \$19.

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FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

13. NEW ACCOUNTING STANDARD

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* for organizations with fiscal years beginning after December 15, 2017. The Organization has adjusted the presentation of its consolidated financial statements accordingly, by applying the changes to the period presented. The new standards change the following aspects of the Organization's consolidated financial statements:

A statement of functional expenses has been presented.

The unrestricted net asset class has been renamed net assets without donor restrictions. Temporarily and permanently restricted net assets are now presented together as net assets with donor restrictions.

The financial statements include a new disclosure about liquidity and availability of resources (Note 3).

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2019, the date which the financial statements were available to be issued.