SIDE BY SIDE VA, INC.
Richmond, Virginia

FINANCIAL STATEMENTS
Year Ended June 30, 2018

SIDE BY SIDE VA, INC.
FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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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 statements of financial position as of June 30, 2018 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 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 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, 2018, and the changes in its net assets, cash flows, and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Lane & Associates, P.C.

Certified Public Accountants
Richmond, Virginia
October 18, 2018

SIDE BY SIDE VA, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS

Current assets		
Cash and cash equivalents	$ 385,905	
Unconditional promises to give, net	3,305	
Grants receivable	101,031	
Gift cards	1,627	
Prepaid expenses	11,295	
Total current assets		$ 503,163
Long-term grants receivable		150,000
Property and equipment, net		354,257
Total assets		$ 1,007,420

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	$ 11,651	
Security deposit	1,000	
Other short-term liabilities	287	
Current portion, long-term notes payable	11,506	
Current portion, capital lease payable	1,963	
Total current liabilities		$ 26,407
Long-term debt		
Notes payable, net of current portion	181,000	
Capital lease payable, net of current portion	4,061	
Total long-term debt		185,061
Total liabilities		211,468
Net assets		
Unrestricted	539,788	
Temporarily restricted	256,164	
Total net assets		795,952
Total liabilities and net assets		$ 1,007,420

SIDE BY SIDE VA, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue and other support			
Contributions	$ 160,041	$ -	$ 160,041
Grants	-	441,556	441,556
Noncash contributions	1,224	-	1,224
Special events, net of costs of $105,284	124,696	-	124,696
United Way	7,562	1,118	8,680
Earned income	8,348	-	8,348
Sublease rental revenue	4,800	-	4,800
Interest income	906	-	906
Recovery of uncollectible amounts	2,261		2,261
Net assets released from restrictions	242,984	(242,984)	-
Total revenue and other support	552,822	199,690	752,512
Expenses and losses			
Expenses			
Program services	411,214	-	411,214
Support services			
General administration	40,358	-	40,358
Fund raising	30,755	-	30,755
Total support services	71,113	-	71,113
Total expenses	482,327	-	482,327
Losses			
Loss on disposal of assets	505	-	505
Total expenses and losses	482,832	-	482,832
Change in net assets	69,990	199,690	269,680
Net assets at beginning of year	469,798	56,474	526,272
Net assets at end of year	$ 539,788	$ 256,164	$ 795,952

SIDE BY SIDE VA, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018

Cash flows from operating activities:		
Change in net assets		$ 269,680
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	$ 15,040	
Realized loss on disposal of fixed assets	505	
(Increase) decrease in operating assets		
Unconditional promises to give, net	4,147	
Grants receivable	(93,781)	
Other receivable	2,800	
Gift cards	3,194	
Prepaid expenses	(2,067)	
Increase (decrease) in operating liabilities		
Accounts payable	3,127	
Other short term liabilities	88	
Total adjustments to net income		(66,947)
Net cash provided by operating activities		202,733
Cash flows from investing activities		
Purchases of fixed assets	(6,372)	
Net cash used by investing activities		(6,372)
Cash flows from financing activities		
Payments on long-term notes payable	(10,910)	
Payments on capital leases	(1,804)	
Net cash used by fiancing activities		(12,714)
Net increase in cash and cash equivalents		183,647
Cash and cash equivalents at beginning of year		352,258
Cash and cash equivalents at end of year		$ 535,905

Supplemental cash flow information:

Cash paid during the year for interest was $9,755

Cash paid during the year for income taxes was $49.

SIDE BY SIDE VA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

		Support Services			
	Program	Management	Fundraising	Total	Total
Salaries and employee benefits	$ 272,771	$ 7,434	$ 18,597	$ 26,031	$ 298,802
Advertising and promotion	10,056	-	-	-	10,056
Occupancy	34,437	1,914	1,914	3,828	38,265
Program supplies and expenses	37,138	-	-	-	37,138
Scholarships awarded	3,500	-	-	-	3,500
Staff and volunteer expenses	21,907	161	161	322	22,229
Office and administrative expenses	23,299	769	1,088	1,857	25,156
General insurance	6,461	1,690	56	1,746	8,207
Professional and consulting	-	27,570	4,406	31,976	31,976
Taxes and licenses	-	677	-	677	677
Other expenses	1,645	143	4,533	4,676	6,321
Total expenses	$ 411,214	$ 40,358	$ 30,755	$ 71,113	$ 482,327

SEE ACCOMPANYING NOTES

SIDE BY SIDE VA, INC.
FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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. SUMARY 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: The Organization reports information regarding its financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets of the Association and changes are classified as follows:

Unrestricted net asset are net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization does not currently have permanently restricted net assets.

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 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 unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets 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.

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: Functional expenses are determined by allocating total expenses incurred to functions.

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. CASH AND CASH EQUIVALENTS

As of June 30, 2018, 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	$ 375,016
Cash in checking account	9,924
Cash on hand	965
Total	$ 385,905

The deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2018, the Organization's balances in bank accounts exceeded the FDIC limits by $134,940.

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FINANCIAL STATEMENTS
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4. PROPERTY AND EQUIPMENT

As of June 30, 2018, property and equipment consisted of the following:

Building	$ 305,677
Building improvements	50,942
Land	59,917
Signs	2,672
Furniture and equipment	9,915
Computers	11,256
Software	5,683
Assets under capital leases	9,817
Total property and equipment	455,879
Less: Accumulated depreciation and amortization	101,622
Total property and equipment, net	$ 354,257

Depreciation and amortization expense for the year was $15,040.

5. 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, 2018 were:

	Due < 1 year	Due 1-5 years
Grants	$ 101,031	$ 150,000
United Way Campaigns	5,656	0
Less allowance for uncollectible pledges	(2,351)	0
Unconditional promises to give, net	$ 104,336	$ 150,000

6. CONCENTRATION OF SUPPORT AND GRANTS RECEIVABLE

During the Year Ended June 30, 2018, support received from four contributors made up 56.7% of the Organization’s total support and revenue. As of June 30, 2018,. 89.6% of the grants receivable was from one contributor.

SIDE BY SIDE VA, INC.
FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

7. TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2018, temporarily restricted net assets were available for the following purposes:

Purpose restricted net assets		
Youth Engaged in Leadership	$ 1,516	
HVAC upgrades	311	
Total purpose restricted net assets		$ 1,827
Time restricted net assets (pledges and grants receivable)		254,337
Total temporarily restricted net assets		$ 256,164

8. 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, 2018 with an imputed interest rate of 8.5% was $9,817 and accumulated amortization was $4,254.

Future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of June 30, 2018 are as follows:

Year ending June 30	
2019	$ 2,400
2020	2,400
2021	2,000
Total minimum lease payments	6,800
Less: Amount representing interest	(776)
Present value of net minimum lease payments	6,024
Less: current maturities of capital lease obligations	(1,963)
Long-term capital lease obligations	$ 4,061

SIDE BY SIDE VA, INC.
FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

9. NOTES PAYABLE

As of June 30, 2018, 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.	$ 192,505
Less current portion	11,505
Long-term debt, net of current	$ 181,000

Mortgage interest paid was $9,012 for the year ended June 30, 2017.

Future annual maturities of long-term debt are:

Year ending June 30	
2019	$ 11,505
2020	181,000
	$ 192,505

10. 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		$ 39,573
Other expenses		
Advertising	$ 10,000	
Event space rental	2,864	
Food and beverage	2,651	
Photography services	1,500	
Postage	774	
Total other expenses		17,789
Total noncash contributions		$ 57,362

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 7,547 hours, which the Organization values at $ 150,940.

11. INCOME TAX

Unrelated business taxable income from employee parking benefit and debt-financed sublease income was $1,194 for the year ending June 30, 2018 resulting in Federal income tax expense and payable of $214 and State income tax expense and payable of $72.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 18, 2018, the date which the financial statements were available to be issued.