



Financial Statements

December 31, 2018



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RICHMOND OPPORTUNITIES, INC.

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors
Richmond Opportunities, Inc.
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Richmond Opportunities, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2018, 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; 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. 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 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 Richmond Opportunities, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.



April 24, 2019
Glen Allen, Virginia

RICHMOND OPPORTUNITIES, INC.

Statement of Financial Position
December 31, 2018

Assets

Cash	\$ 530,280
Prepaid expenses and other assets	<u>1,230</u>
Total assets	<u>\$ 531,510</u>

Liabilities and Net Assets

Accounts payable and accrued expenses	<u>\$ 13,305</u>
Total liabilities	<u>13,305</u>
Net assets:	
Without donor restrictions	384,009
With donor restrictions	<u>134,196</u>
Total net assets	<u>518,205</u>
Total liabilities and net assets	<u>\$ 531,510</u>

See accompanying notes to financial statements.

RICHMOND OPPORTUNITIES, INC.

Statement of Activities
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions and grants	\$ 134,429	\$ 134,196	\$ 268,625
Contributions, in-kind	368,435	-	368,435
Total revenue and support	502,864	134,196	637,060
Net assets released from restriction	25,000	(25,000)	-
Expenditures:			
Direct program services:			
Family transition coaching	75,000	-	75,000
Family transition coaching, in-kind	245,414	-	245,414
Scholarships	23,500	-	23,500
Resident Assistance	2,781	-	2,781
Program expenses	74,397	-	74,397
Total program expenses	421,092	-	421,092
Supporting services:			
Management and general	77,915	-	77,915
Fundraising	30,509	-	30,509
Total supporting services	108,424	-	108,424
Total expenditures	529,516	-	529,516
Change in net assets	(1,652)	109,196	107,544
Net assets:			
Beginning of year	385,661	25,000	410,661
End of year	\$ 384,009	\$ 134,196	\$ 518,205

See accompanying notes to financial statements.

RICHMOND OPPORTUNITIES, INC.

Statement of Functional Expenses
Year Ended December 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Professional services, in-kind	\$ 245,414	\$ 20,000	\$ -	\$ 265,414
Salaries and benefits, in-kind	36,057	41,208	25,755	103,020
Professional services	84,568	1,465	-	86,033
Scholarships	23,500	-	-	23,500
Marketing and development	7,731	5,408	1,908	15,047
Salaries and benefits	2,755	3,148	1,968	7,871
Training and seminars	7,530	-	-	7,530
Office equipment and setup	5,627	1,465	-	7,092
Insurance	-	3,002	-	3,002
Office expenses	1,163	1,173	595	2,931
Occupancy	2,124	425	283	2,832
Resident assistance	2,781	-	-	2,781
Meeting expenses	<u>1,842</u>	<u>621</u>	<u>-</u>	<u>2,463</u>
	<u>\$ 421,092</u>	<u>\$ 77,915</u>	<u>\$ 30,509</u>	<u>\$ 529,516</u>

See accompanying notes to financial statements.

RICHMOND OPPORTUNITIES, INC.

Statement of Cash Flows
Year Ended December 31, 2018

Cash flows from operating activities:	
Change in net assets	\$ 107,544
Adjustments to reconcile change in net assets to net cash from operating activities:	
Changes in operating assets and liabilities:	
Prepaid expenses and other assets	(1,230)
Accounts payable and accrued expenses	<u>13,071</u>
Net cash provided by operating activities	119,385
Change in cash	119,385
Cash:	
Beginning of year	<u>410,895</u>
End of year	<u><u>\$ 530,280</u></u>

See accompanying notes to financial statements.

RICHMOND OPPORTUNITIES, INC.

Notes to Financial Statements

1. **Organization:**

Richmond Opportunities, Inc. (the "Organization") was formed in 1992 to lessen the burden of government by promoting economic self-sufficiency and capacity building opportunities, facilitating business and/or employment development and advancement, determining the availability and coordinating the use of resources, developing partnerships which promote academic and life skills development to achieve self-sufficiency and enhanced quality of life, and developing direct and indirect administrative support systems for economic independence programs for families and individuals residing in Richmond Redevelopment and Housing Authority ("RRHA") properties or receiving housing assistance from RRHA.

2. **Summary of Significant Accounting Policies:**

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of the 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.

Net Assets: The Organization classifies its net assets into two categories: net assets with donor restrictions and net assets without donor restrictions.

Net assets with donor restrictions include funds that are subject to donor or grant-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time. When a restriction expires, the net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. See Note 3 for information regarding the composition of the Organization's net assets at December 31, 2018.

Net assets without donor restrictions include funds that have no donor-imposed restrictions on the Organization as to their use, purpose, or timing. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction.

Revenue and Support Recognition: Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

RICHMOND OPPORTUNITIES, INC.

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

In-Kind Contributions: Donated services are reflected as contributions, in-kind, on the accompanying statement of activities. During 2018, services totaling \$368,435 were contributed for salaries, family transition coaches, and accounting services.

Functional Allocation of Expenses: The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated based on time and effort.

Income Taxes: The Organization is organized and operated exclusively for charitable purposes and is exempt from federal and state income taxes under Section 501(c) 3 of the Internal Revenue Code.

As a result of certain activities, the Organization may be subject to unrelated business income tax. Management has evaluated the effect of guidance surrounding uncertain income tax positions and concluded that the Organization has no significant financial statement exposure to uncertain income tax positions at December 31, 2018. The Organization is not currently under audit by any tax jurisdiction.

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash and cash equivalents with financial institutions located in Richmond, Virginia. At times, these balances may exceed FDIC insurance limits.

Grants, contributions, and contributions, in-kind are from individuals, foundations, and organizations. In 2018, approximately 70% of total support and revenue is from two donors.

Subsequent Events: Management has evaluated subsequent events through April 24, 2019, the date the financial statements were available to be issued, and has determined there are no events requiring disclosure.

RICHMOND OPPORTUNITIES, INC.

Notes to Financial Statements, Continued

3. Net Assets with Donor Restrictions:

Net assets with donor restrictions are available for the following purposes at December 31, 2018:

Program assistant	\$ 50,000
Creighton People Plan	78,866
Scholarships	1,000
Other	4,330
	<u>\$ 134,196</u>

Net assets with donor restrictions for family transition coaches totaling \$25,000 were released during 2018 when the purpose restriction was met.

4. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, include the following:

Financial assets - Cash	\$ 530,280
Less those unavailable for general expenditure within one year due to donor imposed restrictions	<u>(134,196)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 396,084</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

5. Indemnification:

The Organization has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Organization's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The Organization has insurance policies that serve to limit its exposure and believes that the estimated fair value of these indemnification obligations is minimal.