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## Contents

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Independent Accountant's Review Report .....	1
Financial Statements	
Statement of Financial Position .....	2
Statement of Activities and Changes in Net Assets .....	3
Statement of Functional Expenses .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	6 - 8

- Kelli P. Meadows
- Douglas A. Urquhart
- David C. Acree
- Shannon W. Cook

## Independent Accountant's Review Report

To the Board of Directors  
Richmond Friends of the Homeless, Ltd.

We have reviewed the accompanying financial statements of Richmond Friends of the Homeless, Ltd., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Henrico, Virginia  
February 26, 2019

Richmond Friends of the Homeless, Ltd.

Statement of Financial Position

December 31, 2018

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Assets	
Cash	\$ 102,392
Prepays	2,750
Property and equipment, net	<u>5,184</u>
Total assets	<u>\$ 110,326</u>
Liabilities	
None	<u>\$ -</u>
Total liabilities	<u>-</u>
Net Assets	
Unrestricted	<u>110,326</u>
Net assets	<u>110,326</u>
Total liabilities and net assets	<u>\$ 110,326</u>

See Notes to Financial Statements and Independent Accountant's Review Report.

Richmond Friends of the Homeless, Ltd.

Statement of Activities and Changes in Net Assets  
Year ended December 31, 2018

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Revenues and other support:	
Contributions - direct	\$ 179,302
Contributions - in-kind	1,526,411
Contributions - other	59,870
Total revenues and other support	<u>1,765,583</u>
Expenses:	
Program services	1,710,699
Management and general	44,783
Fundraising	37,561
Total expenses	<u>1,793,043</u>
Change in net assets	(27,460)
Unrestricted net assets, beginning of year	<u>137,786</u>
Unrestricted net assets, end of year	<u><u>\$ 110,326</u></u>

See Notes to Financial Statements and Independent Accountant's Review Report.

Richmond Friends of the Homeless, Ltd.

Statement of Functional Expenses  
Year ended December 31, 2018

	Program Services	Management and General	Fundraising	Total
Meals and food	\$ 768,612	\$ -	\$ -	\$ 768,612
Clothing	338,700	-	-	338,700
Desserts	181,150	-	-	181,150
Wages	108,630	19,890	24,480	153,000
Bread	76,110	-	-	76,110
Food baskets	41,407	-	-	41,407
Family & children's emergency services	40,922	-	-	40,922
Employee benefits	27,158	4,972	6,120	38,250
Weekend lunch program	24,814	-	-	24,814
Supplies, paper goods	23,381	-	-	23,381
Blankets	20,940	-	-	20,940
Insurance - health	12,112	2,218	2,729	17,059
Rent	13,200	-	-	13,200
Taxes	8,311	1,521	1,873	11,705
Produce	10,800	-	-	10,800
Professional fees	-	9,350	-	9,350
Vehicle gas, repairs, insurance	6,942	386	386	7,714
Security - janitorial - helpers	4,400	-	-	4,400
Depreciation	3,110	173	173	3,456
Office	-	2,632	-	2,632
Newsletter	-	600	1,800	2,400
Telephone	-	1,980	-	1,980
Insurance - other	-	1,061	-	1,061
	<u>\$ 1,710,699</u>	<u>\$ 44,783</u>	<u>\$ 37,561</u>	<u>\$ 1,793,043</u>

See Notes to Financial Statements and Independent Accountant's Review Report.

Richmond Friends of the Homeless, Ltd.

Statement of Cash Flows  
Year ended December 31, 2018

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Cash Flows From Operating Activities	
Change in net assets	\$ (27,460)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	3,456
Increase in prepaids	(250)
Net cash used in operating activities	<u>(24,254)</u>
Cash Flows From Investing Activities	
None	-
Net cash provided by investing activities	<u>-</u>
Cash Flows From Financing Activities	
None	-
Net cash provided by financing activities	<u>-</u>
Net decrease in cash	(24,254)
Cash, beginning of year	<u>126,646</u>
Cash, end of year	<u><u>\$ 102,392</u></u>

See Notes to Financial Statements and Independent Accountant's Review Report.

Richmond Friends of the Homeless, Ltd.

Notes to Financial Statements

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Note 1—Nature of Activities and Significant Accounting Policies

Nature of activities: Richmond Friends of the Homeless, Ltd. (the Organization) serves the homeless and underprivileged at three locations in Richmond, Virginia. Hot lunches are served five days a week at two locations and boxed lunches are served on weekends at a third separate location. Approximately 3,300 meals are served each week and over the course of a year over 1,000 individuals volunteer their services to assist the program. In addition to the daily hot meals, food baskets are provided to families in need.

Besides providing nutritional items, the Organization also provides clothing, blankets, shoes, and other comparable items. Items are distributed daily as they arrive and there are major coat and blanket drives.

Services are also provided to at risk children. This includes enrichment activities and mentoring, providing school supplies and book bags, both at back to school time and as needed. The Organization also provides funds for field trips and other school activities.

Basis of accounting: The financial statements of the Organization are prepared under the accrual method of accounting. Under this accounting method, income is recorded as earned and expenses are recorded as incurred.

Basis of presentation: The presentation of the accompanying financial statements follows accounting principles generally accepted in the United States of America (GAAP). Under GAAP, the Organization is required to report 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.

*Unrestricted net assets* are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed restrictions.

*Temporarily restricted net assets* result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations. Net assets may be restricted for various purposes, such as use in future periods or for specified purposes. The Organization has no temporarily restricted net assets as of December 31, 2018.

*Permanently restricted net assets* consist of an endowment fund. Income earned from the fund is restricted for use as designated by the donors. The Organization has no permanently restricted net assets as of December 31, 2018.

Promises to give: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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.

There were no promises to give that were recorded in 2018 and no donations were received with any restrictions. At this time, the Organization does not have any temporarily or permanently restricted net assets.

Richmond Friends of the Homeless, Ltd.

Notes to Financial Statements

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Note 1—Nature of Activities and Significant Accounting Policies (continued)

Property and equipment: The Organization capitalizes all property and equipment with a cost of \$1,000 if purchased, and a fair value of \$1,000 at date of donation if received by contribution. Property and equipment are depreciated using the straight line method over five years.

Contributed services: No amounts have been reflected in the financial statements for donated services except for \$6,000 for professional accounting services. The Organization generally pays for services requiring specific expertise. However, the Organization benefits from the volunteer services of over 1,000 individuals. These volunteers come from churches, synagogues, businesses, civic groups, and the community in general to prepare and serve the hot meals on a daily basis.

In-kind valuation: In kind donations are the heart of the program. The hot meals that are prepared and served daily are valued at the estimated cost of the food without any value for preparation or other labor components. Donations of clothing, blankets, school supplies, bread, desserts, and other food stuffs are substantial. These items are valued at their estimated cost or low retail value depending on the category of items.

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.

Income taxes: 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.

The Organization has concluded it does not have any material uncertain tax positions to be accounted for in the financial statements as of December 31, 2018.

Functional allocation of expenses: The costs of providing various programs and activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the applicable programs.

Note 2—Property and Equipment

Property and equipment consist of the following:

Vehicles	\$ 58,302
Accumulated depreciation	(53,118)
	<hr/>
Net property and equipment	<u>\$ 5,184</u>

Note 3—Retirement Plan

The Organization provides a SEP retirement plan for all full time employees 21 years of age or older. Contributions are discretionary and have a limit of 25% of compensation. During 2018, contributions totaled \$38,250.

Richmond Friends of the Homeless, Ltd.

Notes to Financial Statements

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Note 4—Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued which was February 26, 2019.