

GREATER RICHMOND FIT4KIDS, INC.

Richmond, Virginia

FINANCIAL REPORT

June 30, 2017 and 2016

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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, 2017 and 2016, the related statements of activities 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statements of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Yount, Hyde & Barbour, P.C.

Richmond, Virginia
October 13, 2017

GREATER RICHMOND FIT4KIDS, INC.

Statements of Financial Position

June 30, 2017 and June 30, 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 381,714	\$ 208,659
Contributions receivable	15,801	3,890
Grants receivable, current	243,701	189,817
Prepaid expenses	6,799	4,199
Total current assets	<u>648,015</u>	<u>406,565</u>
 Grants receivable, non-current	 <u>- -</u>	 <u>48,309</u>
 Total assets	 <u>\$ 648,015</u>	 <u>\$ 454,874</u>
 Liabilities and Net Assets		
Current Liabilities,		
accounts payable	\$ 28,559	\$ 5,222
Net Assets		
Unrestricted	203,550	192,339
Temporarily restricted	415,906	257,313
Total net assets	<u>619,456</u>	<u>449,652</u>
 Total liabilities and net assets	 <u>\$ 648,015</u>	 <u>\$ 454,874</u>

See Notes to Financial Statements.

GREATER RICHMOND FIT4KIDS, INC.

Statements of Activities

For the Years Ended June 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
Receipts						
Contributions	\$ 188,133	\$ 50,640	\$ 238,773	\$ 150,447	\$ 14,602	\$ 165,049
Grants	25,000	690,074	715,074	50,000	281,912	331,912
Other	19,176	--	19,176	11,114	--	11,114
Net assets released from restriction	582,121	(582,121)	--	457,233	(457,233)	--
Total receipts	814,430	158,593	973,023	668,794	(160,719)	508,075
Expenses						
Program	678,378	--	678,378	635,225	--	635,225
Administrative	76,572	--	76,572	63,629	--	63,629
Development	48,269	--	48,269	26,330	--	26,330
Total expenses	803,219	--	803,219	725,184	--	725,184
Change in net assets	11,211	158,593	169,804	(56,390)	(160,719)	(217,109)
Net assets, beginning of year	192,339	257,313	449,652	248,729	418,032	666,761
Net assets, end of year	\$ 203,550	\$ 415,906	\$ 619,456	\$ 192,339	\$ 257,313	\$ 449,652

See Notes to Financial Statements.

GREATER RICHMOND FIT4KIDS, INC.

Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 169,804	\$ (217,109)
(Increase) decrease in contributions receivable	(11,911)	5,458
(Increase) in grants receivable	(5,575)	(38,162)
(Increase) in prepaid expenses	(2,600)	(214)
Increase (decrease) in accounts payable	<u>23,337</u>	<u>(1,296)</u>
Net cash provided by (used in) operating activities	<u>173,055</u>	<u>(251,323)</u>
 Cash and Cash Equivalents		
Beginning	<u>208,659</u>	<u>459,982</u>
 Ending	<u>\$ 381,714</u>	<u>\$ 208,659</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 three classes of net assets:

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

Temporarily restricted net assets - 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.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by Fit4Kids. The donors of such assets permit Fit4Kids to use the income earned on the assets. Fit4Kids did not have any permanently restricted net assets as of June 30, 2017 and 2016.

Cash and Cash Equivalents

Fit4Kids includes all cash accounts which are not subject to withdrawal restrictions or penalties, and all highly liquid debt 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.

GREATER RICHMOND FIT4KIDS, INC.

Notes to Financial Statements

Fair Value

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

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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributions Receivable

Receivables are stated at full value, less a discount. 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.

Note 2. Contributions and Grants Receivable

Receivables are stated at full value, less a discount. Management estimates that no allowance for doubtful accounts is required. Maturities of the contributions and grants receivable are as follows:

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 259,502	\$ 193,707
One to five years	--	50,000
Gross contributions and grants receivable	259,502	243,707
Less: unamortized discount	--	(1,691)
Net contributions and grants receivable	<u>\$ 259,502</u>	<u>\$ 242,016</u>

Contributions and grants receivable are discounted to the present value of estimated future cash flows. A discount rate of 3.5% was used for the year ended June 30, 2016. No discount was applied for the year ended June 30, 2017, as all receivables were considered current.

GREATER RICHMOND FIT4KIDS, INC.

Notes to Financial Statements

Note 3. Lease Agreement

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, 2017 and 2016 was \$11,574 and \$9,476, respectively. The lease is scheduled to terminate in April of 2020. Future minimum payments total \$59,400 before the lease terminates during fiscal year 2020.

Note 4. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2017 and 2016 are restricted for the following purposes:

	<u>2017</u>	<u>2016</u>
Coalition programming	\$ - -	\$ 30,459
Learning gardens	112,399	32,949
Wellness integration	240,150	186,463
Other	63,357	7,442
	<u>\$ 415,906</u>	<u>\$ 257,313</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>2017</u>	<u>2016</u>
Coalition programming	\$ 106,313	\$ 105,501
Learning gardens	148,830	154,918
Wellness integration	251,504	168,362
Other	75,474	28,452
	<u>\$ 582,121</u>	<u>\$ 457,233</u>

Note 5. 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 \$10,070 and \$4,145 for the years ended June 30, 2017 and 2016, respectively.

GREATER RICHMOND FIT4KIDS, INC.

Notes to Financial Statements

Note 6. Subsequent Events

Fit4Kids has evaluated all subsequent events through October 13, 2017, the date the financial statements were available to be issued. Fit4Kids has determined there are no subsequent events that require recognition or disclosure.

Note 7. New 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. Early adoption is permitted. Fit4Kids is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

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. 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. ASU No. 2016-14 is effective for Fit4Kids for its year ended June 30, 2019. Early adoption is permitted. Fit4Kids is currently evaluating the impact that the adoption of ASU 2016-14 will have on its financial statements.

GREATER RICHMOND FIT4KIDS, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2017

See Independent Auditor's Report

	<u>Program</u>	<u>Administrative</u>	<u>Development</u>	<u>Total</u>
Salaries and benefits	\$ 400,209	\$ 32,655	\$ 39,654	\$ 472,518
Staff training	1,709	--	557	2,266
Travel and meals	3,955	1,887	15	5,857
Occupancy	11,427	1,428	1,428	14,283
Insurance	4,715	1,834	--	6,549
Computers and equipment	41,597	4,681	--	46,278
Supplies and postage	1,646	1,862	364	3,872
Dues and subscriptions	--	152	--	152
Marketing and promotional	--	--	2,408	2,408
Professional / contractual fees	10,720	29,185	340	40,245
Other programs	<u>202,400</u>	<u>2,888</u>	<u>3,503</u>	<u>208,791</u>
	<u>\$ 678,378</u>	<u>\$ 76,572</u>	<u>\$ 48,269</u>	<u>\$ 803,219</u>

GREATER RICHMOND FIT4KIDS, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2016

See Independent Auditor's Report

	<u>Program</u>	<u>Administrative</u>	<u>Development</u>	<u>Total</u>
Salaries and benefits	\$ 385,299	\$ 27,312	\$ 21,045	\$ 433,656
Staff training	1,608	406	370	2,384
Travel and meals	4,284	1,406	50	5,740
Occupancy	10,587	1,176	--	11,763
Insurance	4,513	1,755	--	6,268
Computers and equipment	34,630	416	--	35,046
Supplies and postage	7,830	2,148	402	10,380
Dues and subscriptions	--	200	--	200
Marketing and promotional	--	1,006	4,463	5,469
Professional / contractual fees	--	27,804	--	27,804
Other programs	<u>186,474</u>	<u>--</u>	<u>--</u>	<u>186,474</u>
	<u>\$ 635,225</u>	<u>\$ 63,629</u>	<u>\$ 26,330</u>	<u>\$ 725,184</u>