

SIDE BY SIDE VA, INC.
Richmond, Virginia

FINANCIAL STATEMENTS
Year Ended June 30, 2017

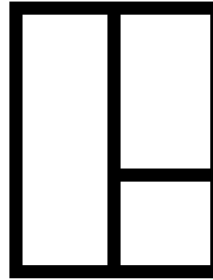
SIDE BY SIDE VA, INC.
FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

Rame G Associates, P.C.

Certified Public Accountants
Richmond, Virginia
November 1, 2017

SIDE BY SIDE VA, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2017

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ASSETS

Current assets		
Cash and cash equivalents	\$ 352,258	
Unconditional promises to give, net	7,452	
Grants receivable	7,250	
Other receivable	2,800	
Gift cards	4,821	
Prepaid expenses	<u>9,228</u>	
Total current assets		\$ 383,809
Property and equipment		
Property and equipment	454,082	
Less accumulated depreciation and amortization	<u>90,652</u>	
Property and equipment, net		<u>363,430</u>
Total assets		<u><u>\$ 747,239</u></u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 8,524	
Security deposit	1,000	
Other short-term liabilities	199	
Current portion, long-term notes payable	11,032	
Current portion, capital lease payable	<u>1,804</u>	
Total current liabilities		\$ 22,559
Long-term debt		
Notes payable, net of current portion	192,384	
Capital lease payable, net of current portion	<u>6,024</u>	
Total long-term debt		<u>198,408</u>
Total liabilities		220,967
Net assets		
Unrestricted	469,798	
Temporarily restricted	<u>56,474</u>	
Total net assets		<u>526,272</u>
Total liabilities and net assets		<u><u>\$ 747,239</u></u>

SEE ACCOMPANYING NOTES

SIDE BY SIDE VA, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and other support			
Contributions	\$ 153,443	\$ -	\$ 153,443
Grants	9,880	132,100	141,980
Noncash contributions	7,332	-	7,332
Special events, net of costs of \$69,917	101,897	-	101,897
United Way	19,308	4,067	23,375
Earned income	8,302	-	8,302
Sublease rental revenue	4,800	-	4,800
Interest income	729	-	729
Net assets released from restrictions	173,441	(173,441)	-
Total revenue and other support	<u>479,132</u>	<u>(37,274)</u>	<u>441,858</u>
Expenses and losses			
Expenses			
Program services	<u>303,794</u>	<u>-</u>	<u>303,794</u>
Support services			
General administration	43,275	-	43,275
Fund raising	<u>32,240</u>	<u>-</u>	<u>32,240</u>
Total support services	<u>75,515</u>	<u>-</u>	<u>75,515</u>
Total expenses	379,309	-	379,309
Losses			
Loss on disposal of assets	<u>1,370</u>	<u>-</u>	<u>1,370</u>
Total expenses and losses	<u>380,679</u>	<u>-</u>	<u>380,679</u>
Change in net assets	98,453	(37,274)	61,179
Net assets at beginning of year	<u>371,345</u>	<u>93,748</u>	<u>465,093</u>
Net assets at end of year	<u>\$ 469,798</u>	<u>\$ 56,474</u>	<u>\$ 526,272</u>

SEE ACCOMPANYING NOTES

SIDE BY SIDE VA, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2017

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Cash flows from operating activities:		
Change in net assets		\$ 61,179
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	\$ 14,598	
Realized loss on disposal of fixed assets	1,370	
(Increase) decrease in operating assets		
Unconditional promises to give, net	3,103	
Grants receivable	22,750	
Other receivable	(2,800)	
Gift cards	(4,821)	
Prepaid expenses	115	
Increase (decrease) in operating liabilities		
Accounts payable	(2,933)	
Other short term liabilities	99	
Total adjustments to net income		<u>31,481</u>
Net cash provided by operating activities		92,660
Cash flows from investing activities		
Purchases of fixed assets	<u>(11,057)</u>	
Net cash used by investing activities		(11,057)
Cash flows from financing activities		
Payments on long-term notes payable	(10,452)	
Payments on capital leases	<u>(1,657)</u>	
Net cash used by financing activities		<u>(12,109)</u>
Net increase in cash and cash equivalents		69,494
Cash and cash equivalents at beginning of year		<u>282,764</u>
Cash and cash equivalents at end of year		<u><u>\$ 352,258</u></u>

Supplemental cash flow information:

Cash paid during the year for interest was \$9,755
No cash paid for income taxes during the year.

SIDE BY SIDE VA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2017

	Program	Support Services			Total
		Management	Fundraising	Total	
Salaries and employee benefits	\$ 211,883	\$ 8,604	\$ 20,781	\$ 29,385	\$ 241,268
Advertising and promotion	8,247	-	-	-	8,247
Occupancy	31,355	1,743	1,743	3,486	34,841
Program supplies and expenses	13,392	-	-	-	13,392
Scholarships awarded	5,100	-	-	-	5,100
Staff and volunteer expenses	7,774	28	28	56	7,830
Office and administrative expenses	18,063	749	2,278	3,027	21,090
General insurance	6,878	1,444	95	1,539	8,417
Professional and consulting	-	22,617	6,945	29,562	29,562
Taxes and licenses	-	1,288	-	1,288	1,288
Bad debt expense	-	6,741	-	6,741	6,741
Other expenses	1,102	61	370	431	1,533
Total expenses	<u>\$ 303,794</u>	<u>\$ 43,275</u>	<u>\$ 32,240</u>	<u>\$ 75,515</u>	<u>\$ 379,309</u>

SEE ACCOMPANYING NOTES

SIDE BY SIDE VA, INC.
FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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:** 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.

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- 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 doubtful 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 tuition receivable. Because of the inherent uncertainties in estimating the allowances for doubtful accounts, it is at least reasonably possible that the estimates used will change within the near term.

Other pledges and grants receivables are stated at the full amount of the commitment under the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts;

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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. Generally accepted accounting principles require that the allowance method be used to recognize bad debts on non-pledge receivables; 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.
- H. 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 advertising revenue, could be subject to taxation as unrelated business income, which would be reported on a Form 990-T Exempt Organization Income Tax Return.

The Organization believes that it has appropriate support for any tax positions taken, and, accordingly, does not have any uncertain tax positions that are material to the financial statements. Any interest and penalties assessed by taxing authorities or associated with unrecognized tax positions would be included as such in operating expenses.

The Organization's Forms 990 and 990-T remain subject to examination for tax years 2013 through 2015.

- I. Functional Expenses: Functional expenses are determined by allocating total expenses incurred to functions.
- J. 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.

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FINANCIAL STATEMENTS
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3. CASH AND CASH EQUIVALENTS

As of June 30, 2017, the Organization's balances of cash and cash equivalents consisted of cash on hand, checking, and money market accounts at a bank. The deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2017, the Organization's balances in bank accounts exceeded the FDIC limits by \$102,258.

4. PROPERTY AND EQUIPMENT

As of June 30, 2017, property and equipment consisted of the following:

Building	\$ 305,677
Building improvements	50,942
Land	59,917
Signs	1,165
Furniture and equipment	9,915
Computers	9,841
Software	6,808
Assets under capital leases	<u>9,817</u>
Total property and equipment	454,082
Less: Accumulated depreciation and amortization	<u>90,652</u>
Total property and equipment, net	<u>\$ 363,420</u>

Depreciation and amortization expense for the year was \$14,598.

5. UNCONDITIONAL PROMISES TO GIVE FROM UNITED WAY

The Organization receives unconditional promises to give from various United Way Campaigns. Outstanding unconditional promises to give as of June 30, 2017 were:

United Way Campaigns	\$ 15,015
Less allowance for uncollectible pledges	<u>(7,563)</u>
Unconditional promises to give, net	<u>\$ 7,452</u>

6. CONCENTRATION OF SUPPORT AND GRANTS RECEIVABLE

During the Year Ended June 30, 2017, support received from four contributors made up 36.1% of the Organization's total support and revenue. As of June 30, 2017, 100% of the Organization's grants receivable of \$7,250 was due within one year and 86% was from one contributor.

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7. TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2017, temporarily restricted net assets were available for the following purposes:

Purpose restricted net assets		
Youth programs	\$ 5,000	
Youth Engaged in Leadership	1,515	
On site counseling	5,450	
HVAC upgrades	<u>311</u>	
Total purpose restricted net assets		\$ 12,277
Time restricted net assets (pledges and grants receivable)		<u>44,197</u>
Total temporarily restricted net assets		<u>\$ 56,474</u>

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, 2017 with an imputed interest rate of 8.5% was \$9,817 and accumulated amortization was \$2,291.

Future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of June 30, 2017 are as follows:

Year ending June 30	
2018	\$ 2,400
2019	2,400
2020	2,400
2021	<u>2,000</u>
Total minimum lease payments	9,200
Less: Amount representing interest	<u>(1,372)</u>
Present value of net minimum lease payments	7,828
Less: current maturities of capital lease obligations	<u>(1,804)</u>
Long-term capital lease obligations	<u>\$ 6,024</u>

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9. NOTES PAYABLE

As of June 30, 2017, 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.	\$ 203,416
Less current portion	<u>11,032</u>
Long-term debt, net of current	<u>\$ 192,384</u>

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	
2018	\$ 11,032
2019	11,510
2020	<u>180,874</u>
	<u>\$ 203,416</u>

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		\$ 33,248
Other expenses		
Professional services	\$ 6,500	
Event space rental	250	
Clothing and books	217	
Equipment	80	
IT services	<u>285</u>	
Total other expenses		<u>7,332</u>
Total noncash contributions		<u>\$ 40,580</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

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FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

statements because it does not meet the recognition criteria for inclusion in the financial statements. Total contributed volunteer time during the year was 7,419 hours, which the Organization values at \$ 126,123.

11. INCOME TAX

Unrelated business income was \$231 for the year ending June 30, 2017 resulting in Federal income tax expense and payable of \$35 and State income tax expense and payable of \$14.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 1, 2017, the date which the financial statements were available to be issued.