

WHEELCHAIRS 4 KIDS, INC.

Financial Statements

May 31, 2018

(With Independent Auditor's Report Thereon)

WHEELCHAIRS 4 KIDS, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wheelchairs 4 Kids, Inc.:

We were engaged to audit the accompanying financial statements of Wheelchairs 4 Kids, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2018, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 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 Wheelchairs 4 Kids, Inc. as of May 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information Audited by a Predecessor Auditor

The financial statements of the Wheelchairs 4 Kids, Inc., as of and for the year ended May 31, 2017, were audited by predecessor auditor whose report dated February 8, 2018, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended May 31, 2017, has been derived from those financial statements.

A handwritten signature in blue ink that reads "Accountability Consulting Services, LLC". The signature is written in a cursive, flowing style.

Tampa, Florida
August 31, 2018

WHEELCHAIRS 4 KIDS, INC.

Statement of Financial Position

May 31, 2018

With Summarized Financial Information as of May 31, 2017

Assets	2018	2017
Current assets:		
Cash	\$ 204,040	211,327
Accounts receivable	-	7,998
Inventory	41,473	59,360
Prepaid expenses	7,411	9,060
Total current assets	252,924	287,745
Property and equipment, net of accumulated depreciation	5,313	6,474
Deposits	1,338	1,338
	<u>\$ 259,575</u>	<u>295,557</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,650	2,242
Accrued payroll	2,389	3,610
Total current liabilities	4,039	5,852
Total liabilities	4,039	5,852
Net assets:		
Unrestricted:		
Undesignated	221,072	251,236
Net investment in property and equipment	5,313	6,474
Total unrestricted net assets	226,385	257,710
Temporarily restricted	29,151	31,995
Total net assets	255,536	289,705
	<u>\$ 259,575</u>	<u>295,557</u>

See accompanying notes to financial statements.

WHEELCHAIRS 4 KIDS, INC.

Statement of Activities

Year Ended May 31, 2018

With Summarized Financial Information for the Year Ended May 31, 2017

			Total	
	Unrestricted	Temporarily Restricted	2018	2017
Support and revenue:				
In-kind revenue	\$ 201,446	-	201,446	170,979
Grants	130,227	43,500	173,727	148,735
Contributions	53,949	-	53,949	30,251
Special events, net of direct expenses expenses of \$53,443 and \$45,357	147,509	-	147,509	131,511
Net assets released from restrictions:				
Expiration of time/use restrictions	46,344	(46,344)	-	-
Total support and revenue	579,475	(2,844)	576,631	481,476
Expenses:				
Program services	503,507	-	503,507	368,291
Supporting services:				
Management and general	52,691	-	52,691	73,343
Fundraising	54,602	-	54,602	26,826
Total supporting services	107,293	-	107,293	100,169
Total expenses	610,800	-	610,800	468,460
Increase (decrease) in net assets	(31,325)	(2,844)	(34,169)	13,016
Net assets at beginning of the year	257,710	31,995	289,705	276,689
Net assets at the end of the year	\$ 226,385	29,151	255,536	289,705

See accompanying notes to financial statements.

WHEELCHAIRS 4 KIDS, INC.

Statement of Functional Expenses

Year Ended May 31, 2018
With Summarized Financial Information for the Year Ended May 31, 2017

	Supporting Services				Total	
	Program Services	Management and General	Fund-raising	Total	2018	2017
Salaries	\$ 85,183	24,521	32,747	57,268	142,451	123,179
Payroll taxes	8,807	2,535	3,386	5,921	14,728	9,571
Employee insurance	16,793	4,834	6,456	11,290	28,083	10,000
Total salaries and related expenses	110,783	31,890	42,589	74,479	185,262	142,750
Wheelchairs & other equipment	313,293	-	-	-	313,293	228,823
Wheely Fun Days	35,182	-	-	-	35,182	17,870
Occupancy	21,676	3,825	-	3,825	25,501	22,566
Insurance	3,924	693	-	693	4,617	3,407
Travel	2,201	-	388	388	2,589	3,620
Telephone and internet	4,772	281	561	842	5,614	5,333
Advertising and promotional	2,955	-	521	521	3,476	2,234
Office expense & supplies	2,799	560	373	933	3,732	6,583
Information and technology	3,023	605	403	1,008	4,031	3,304
Postage and printing	774	155	103	258	1,032	644
Accounting fees	-	14,200	-	14,200	14,200	9,963
Registration fees	-	-	2,076	2,076	2,076	2,520
Payroll fees	628	181	242	423	1,051	1,068
Repairs and maintenance	298	53	-	53	351	2,218
Training	-	-	4,369	4,369	4,369	475
Write-off due to obsolescence	-	-	-	-	-	7,570
Miscellaneous	328	74	2,861	2,935	3,263	6,072
Total expenses before depreciation	502,636	52,517	54,486	107,003	609,639	467,020
Depreciation	871	174	116	290	1,161	1,440
Total expenses	\$ 503,507	52,691	54,602	107,293	610,800	468,460

See accompanying notes to financial statements.

WHEELCHAIRS 4 KIDS, INC.

Statement of Cash Flows

Year Ended May 31, 2018

With Summarized Financial Information for the Year Ended May 31, 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (34,169)	13,016
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,161	1,440
Decrease (increase) in accounts receivable	7,998	(7,998)
Decrease (increase) in prepaid expenses	1,649	(9,060)
Decrease (increase) in inventory	17,887	(1,428)
Decrease in accounts payable and accrued expenses	(592)	(34)
Increase (decrease) in accrued payroll	<u>(1,221)</u>	<u>3,610</u>
Net cash used in operating activities	(7,287)	(454)
Cash flows from investing activities:		
Purchases of property and equipment	<u>-</u>	<u>(1,384)</u>
Net cash used in investing activities	<u>-</u>	<u>(1,384)</u>
Net change in cash	(7,287)	(1,838)
Cash at beginning of year	<u>211,327</u>	<u>213,165</u>
Cash at end of year	<u>\$ 204,040</u>	<u>211,327</u>

See accompanying notes to financial statements.

WHEELCHAIRS 4 KIDS, INC.

Notes to the Financial Statements

May 31, 2018

(1) Nature of Organization

Wheelchairs 4 Kids, Inc. (the Organization) is a not-for-profit organization located in Tarpon Springs, Florida and is dedicated to improving the lives of children with physical disabilities. The Organization operates primarily two programs – Wheely Fun Days and the Let’s Roll Program. Wheely Fun Days focuses on inclusion, allowing the children we serve to experience activities that we take for granted. Wheely Fun Days puts our children out in the community, improving their social skills and fostering acceptance of individual differences. The Let’s Roll Program provides wheelchairs, home and vehicle modifications as well as other assistive equipment at no charge to the families.

(2) Summary of Significant Accounting Policies and Practices

(a) Basis of Accounting

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present revenue, expenses, and net assets based on the existence or absences of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations

Temporarily restricted net assets – Net assets which are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Federal, state and local grants are considered exchange transactions and are recorded as unrestricted revenue when earned.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of the unrestricted net asset class. Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional.

(b) Property and Equipment

Property and equipment are stated at cost, if purchased, or at estimated fair value at the date of the receipt if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. Major renewals and betterments are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. It is the policy of the Organization to maintain all property and equipment in good condition.

WHEELCHAIRS 4 KIDS, INC.

Notes to the Financial Statements

May 31, 2018

(c) *Inventory*

Inventory consists of wheelchairs and other adaptive equipment. Inventory is valued at the estimated fair market value based on vendor invoices or current sale prices for similar equipment.

(d) *Donated Services and Materials*

Donated services are recorded at their estimated fair value if the services received create or enhance non-financial assets or the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated equipment is valued at the estimated fair market value based on vendor invoices or current sale prices for similar equipment.

(e) *Functional Allocation of Expenses*

The costs of providing the various program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct usage or management's estimates of the benefit derived by each activity.

(f) *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 increases or decreases in net assets during the period. Actual results could differ from those estimates.

(g) *Income Taxes*

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Income Tax Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Organization is subject to the accounting standards on accounting for uncertainty in income taxes. Management does not believe it has taken any tax positions that are subject to a significant degree of uncertainty. The Organization's federal returns are generally open for examination for three years following the date filed.

WHEELCHAIRS 4 KIDS, INC.

Notes to the Financial Statements

May 31, 2018

(h) Summarized Financial Information for 2017

The financial information for the year ended May 31, 2017, presented for comparative purposes, is not intended to be a complete presentation. Certain 2017 amounts have been reclassified to conform with the 2018 presentation.

(i) Fair Value of Financial Instruments

The fair value of the Organization's financial instruments which include cash and accounts payable are equal to their carrying amounts as presented in the accompanying statement of financial position.

(3) Property and Equipment

Property and equipment consists of the following at May 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Furniture, fixtures and equipment	\$ 12,312	12,312
Less accumulated depreciation	<u>(6,999)</u>	<u>(5,838)</u>
	<u>\$ 5,313</u>	<u>6,474</u>

(4) Temporarily Restricted Net Assets

Temporary restrictions on net assets as of May 31, 2018 and 2017 consists of grants, which are in essence donations, with restrictions on their purpose in the amount of \$29,151 and \$31,995, respectively.

WHEELCHAIRS 4 KIDS, INC.

Notes to the Financial Statements

May 31, 2018

(5) In-Kind Revenue and Expense

Certain services are provided to the Organization gratis or at a cost substantially less than fair market value. The difference between that actual charge and the estimated fair market value is reflected as in-kind revenue and expense in the accompanying financial statements. Also, certain equipment is donated to the Organization. In-kind revenue for the years ended May 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Wheelchairs & other equipment	\$ 162,851	155,001
Wheely Fun Days	30,331	10,478
Rent	6,900	5,500
Other	<u>1,364</u>	<u>-</u>
	<u>\$ 201,446</u>	<u>170,979</u>

Volunteers have donated substantial time to the Organization in various capacities. However, these services are not reflected in the financial statements since the services do not require specialized skills.

The value of other contributed services meeting the requirements for recognition in the financial statements was not material and has not been reflected in the financial statements.

(6) Leases

The Organization leases its office under an operating lease that expires July 31, 2019. Total rent expense associated with this lease was \$21,600 and \$18,700 for the years ended May 31, 2018 and May 31, 2017, respectively.

The following is a schedule of future minimum lease payments:

<u>Year Ending May 31,</u>	
2019	\$ 16,800
2020	<u>2,800</u>
Total minimum lease payments	<u>\$ 19,600</u>

WHEELCHAIRS 4 KIDS, INC.

Notes to the Financial Statements

May 31, 2018

(7) Commitments and Contingencies

The Organization may be subject to audit examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes the Organization is in compliance with the terms of its grant agreements.

(8) Subsequent Events

Management has evaluated subsequent events through August 31, 2018, the date which the financial statements were available for issue.
