



Wheelchairs 4 Kids, Inc.

Financial Statements

May 31, 2019

(With Independent Auditor's Report Thereon)



CPAs & Consultants

WHEELCHAIRS 4 KIDS, INC.

Table of Contents

Independent Auditor’s Report.....1

Financial Statements:

- Statements of Financial Position.....3
- Statements of Activities4
- Statements of Functional Expenses5
- Statements of Cash Flows.....6
- Notes to Financial Statements.....7



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, 2019, 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, 2019, 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.

A handwritten signature in blue ink that reads "Accountability Consulting Services, LLC". The signature is written in a cursive style and is enclosed in a light blue rectangular box.

Tampa, Florida
September 6, 2019

WHEELCHAIRS 4 KIDS, INC.

Statement of Financial Position

May 31, 2019

With Summarized Financial Information as of May 31, 2018

Assets	2019	2018
Current assets:		
Cash	\$ 297,965	204,040
Inventory	57,596	41,473
Prepaid expenses	<u>11,377</u>	<u>7,411</u>
Total current assets	366,938	252,924
Property and equipment, net of accumulated depreciation	4,178	5,313
Deposits	<u>1,338</u>	<u>1,338</u>
	<u>\$ 372,454</u>	<u>259,575</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 321	1,650
Accrued payroll	3,802	2,389
Other current liabilities	<u>3,541</u>	<u>-</u>
Total current liabilities	<u>7,664</u>	<u>4,039</u>
Total liabilities	<u>7,664</u>	<u>4,039</u>
Net assets:		
Without donor restrictions:		
Undesignated	307,901	221,072
Net investment in property and equipment	<u>4,178</u>	<u>5,313</u>
Total net assets without donor restrictions	312,079	226,385
With donor restrictions (time-restricted)	<u>52,711</u>	<u>29,151</u>
Total net assets	<u>364,790</u>	<u>255,536</u>
	<u>\$ 372,454</u>	<u>259,575</u>

See accompanying notes to financial statements.

WHEELCHAIRS 4 KIDS, INC.

Statement of Activities

Year Ended May 31, 2019

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

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Support and revenue:				
In-kind revenue	\$ 329,341	-	329,341	201,446
Corporate and foundation grants	123,312	115,000	238,312	148,727
Contributions	158,810	-	158,810	78,949
Special events, net of direct expenses expenses of \$83,916 and \$53,443	217,726	-	217,726	147,509
Net assets released from restrictions:				
Expiration of time/use restrictions	91,440	(91,440)	-	-
Total support and revenue	<u>920,629</u>	<u>23,560</u>	<u>944,189</u>	<u>576,631</u>
Expenses:				
Program services	718,993	-	718,993	503,507
Supporting services:				
Management and general	49,892	-	49,892	52,691
Fundraising	66,050	-	66,050	54,602
Total supporting services	<u>115,942</u>	<u>-</u>	<u>115,942</u>	<u>107,293</u>
Total expenses	834,935	-	834,935	610,800
Increase (decrease) in net assets	85,694	23,560	109,254	(34,169)
Net assets at beginning of the year	<u>226,385</u>	<u>29,151</u>	<u>255,536</u>	<u>289,705</u>
Net assets at the end of the year	<u>\$ 312,079</u>	<u>52,711</u>	<u>364,790</u>	<u>255,536</u>

See accompanying notes to financial statements.

WHEELCHAIRS 4 KIDS, INC.

Statement of Functional Expenses

Year Ended May 31, 2019

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

	Program Services	Supporting Services			Total	
		Management and General	Fund-raising	Total	2019	2018
Salaries	\$ 107,136	22,001	43,339	65,340	172,476	142,451
Payroll taxes	10,467	2,149	4,234	6,383	16,850	14,728
Employee insurance	16,862	3,463	6,821	10,284	27,146	28,083
Total salaries and related expenses	134,465	27,613	54,394	82,007	216,472	185,262
Wheelchairs & other equipment	484,717	-	-	-	484,717	313,293
Wheely Fun Days	42,274	-	-	-	42,274	35,182
Occupancy	21,802	3,847	-	3,847	25,649	25,501
Insurance	3,913	690	-	690	4,603	4,617
Travel	3,835	-	677	677	4,512	2,589
Telephone and internet	5,477	322	644	966	6,443	5,614
Advertising and promotional	5,573	-	983	983	6,556	3,476
Office expense & supplies	4,406	881	587	1,468	5,874	3,732
Information and technology	2,855	571	381	952	3,807	4,031
Postage and printing	1,017	203	136	339	1,356	1,032
Accounting fees	-	14,031	-	14,031	14,031	14,200
Registration fees	-	-	2,519	2,519	2,519	2,076
Payroll fees	757	218	291	509	1,266	1,051
Repairs and maintenance	139	24	-	24	163	351
Training	430	-	99	99	529	4,369
Program Networking	2,260	538	359	897	3,157	1,111
Bank & Merchant Fees	-	513	4,866	5,379	5,379	2,122
Write-off due to obsolescence	4,222	-	-	-	4,222	-
Miscellaneous	-	271	-	271	271	30
Total expenses before depreciation	718,142	49,722	65,936	115,658	833,800	609,639
Depreciation	851	170	114	284	1,135	1,161
Total expenses	\$ 718,993	49,892	66,050	115,942	834,935	610,800

WHEELCHAIRS 4 KIDS, INC.

Statement of Cash Flows

Year Ended May 31, 2019

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

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 109,254	(34,169)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,135	1,161
Decrease (increase) in accounts receivable	-	7,998
Decrease (increase) in prepaid expenses	(3,966)	1,649
Decrease (increase) in inventory	(16,123)	17,887
Decrease in accounts payable and accrued expenses	(1,329)	(592)
Increase (decrease) in accrued payroll	1,413	(1,221)
Increase (decrease) in other current liabilities	<u>3,541</u>	<u>-</u>
Net cash used in operating activities	93,925	(7,287)
Net change in cash	93,925	(7,287)
Cash at beginning of year	<u>204,040</u>	<u>211,327</u>
Cash at end of year	<u>\$ 297,965</u>	<u>204,040</u>

See accompanying notes to financial statements.

WHEELCHAIRS 4 KIDS, INC.

Notes to the Financial Statements

May 31, 2019

(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 served to experience activities that people take for granted. Wheely Fun Days puts these 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 have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

(b) Basis of Presentation

The financial statements focus on the Organization as a whole and presents 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:

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed stipulations that are available for general use to support operations.

Net Assets With Donor Restrictions – 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.

(c) 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.

(d) 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. A perpetual inventory list is maintained and a physical inventory is performed annually.

WHEELCHAIRS 4 KIDS, INC.

Notes to the Financial Statements

May 31, 2019

(e) Contributions and grants

Contributions and grants received are reported at their net realizable values and include grants considered non-reciprocal transactions and individual and corporate donations. Gifts of cash and other assets are reported as with donor restrictions if they are received with donor stipulations that limit their use or if they are intended to support activities in future periods.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire, that is when a stipulated time restriction ends or purpose restriction is accomplished, in the same period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions.

(f) Donated Services and Materials

Donated services are recognized as contributions and expenses 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. Approximately \$35,000 and \$12,000, respectively, of in-kind services was received during the years ended May 31, 2019 and 2018. Most of the in-kind services received relate to services that required specialized construction skills to adapt areas for allowing physical access by children with wheelchair equipment and other specialized services for program events such as Wheely Fun Days.

Donated equipment is valued at the estimated fair market value based on vendor invoices or current sale prices for similar equipment. These gifts in-kind are recognized as contributions on the date of receipt and recognize as expense when utilized.

(g) 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.

(h) 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

WHEELCHAIRS 4 KIDS, INC.

Notes to the Financial Statements

May 31, 2019

subject to a significant degree of uncertainty. The Organization's federal returns are generally open for examination for three years following the date filed.

(i) *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.

(j) *Change in Accounting Principles*

In August 2016, The Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 amends the current reporting model for non-profit organization and enhances their required disclosures. The major changes impacting Wheelchairs 4Kids, Inc. include: (1) requiring the presentation of only two classes of net assets now titled "net assets with donor restriction" and "net assets without donor restriction", (2) requiring that all non-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (3) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (4) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of non-profit financial statements. The Organization has adopted ASU 2016-14 as of and for the year ended May 31, 2019, with retrospective application for the 2018 financial statements. As a result, the Organization changed its presentation of net asset classes and expanded footnote disclosures as required by ASU 2016-14.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance, and requires expanded disclosures about revenue recognition. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also requires enhanced disclosures related to the disaggregation of revenue and significant judgments made in measurement and recognition. The Organization determined ASU 2014-09 has no impact on its financial statements as of and for the year ended May 31, 2019 and 2018 since its sources of revenue are nonexchange transactions.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958).

WHEELCHAIRS 4 KIDS, INC.

Notes to the Financial Statements

May 31, 2019

This ASU intends to clarify and improve current accounting guidance ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The Organization has adopted ASU 2018-08 as of and for the year ended May 31, 2019, with retrospective application for the 2018 financial statements. As a result, the Organization continues to apply the contribution accounting model's guidance based on ASU No. 2018-08.

(k) Summarized Financial Information for 2018

The financial information for the year ended May 31, 2018, presented for comparative purposes, is not intended to be a complete presentation.

(l) Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

(3) Liquidity and availability

Wheelchairs 4 Kids, Inc. regularly monitors liquidity required to meet its operating needs and other financial commitments. The Organization invests available cash in short-term investments, specifically interest-bearing checking accounts. Currently all cash is held in one financial institution and the Organization does not currently have any investment accounts. The Organization has various sources of liquidity at its disposal, including cash, to help manage unanticipated liquidity needs.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities, as well as the services undertaken to fund and support those activities, to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of May 31, 2019, the following tables show the total financial assets held by the Organization that could readily be made available within one year of the balance sheet date to meet general expenditures:

Financial assets available to meet general expenditures over the next 12 months:

Cash	\$ <u>297,965</u>
Total	\$ <u>297,965</u>

WHEELCHAIRS 4 KIDS, INC.

Notes to the Financial Statements

May 31, 2019

(4) Property and Equipment

Property and equipment consist of the following at May 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Furniture, fixtures and equipment	\$ 12,312	12,312
Less accumulated depreciation	<u>(8,134)</u>	<u>(6,999)</u>
	<u>\$ 4,178</u>	<u>5,313</u>

(5) Net Assets With Donor Restrictions

Donor restrictions on net assets as of May 31, 2019 and 2018 consists of grants, that are considered nonexchange transactions, with restrictions on their purpose in the amount of \$52,711 and \$29,151, respectively.

(6) Allocation Method of Functional Expenses

The Organization allocates expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or supporting service are reported accordingly. Other expenses that are common to several functions are allocated by various statistical basis which attribute the cost to functional categories.

Certain expenses are attributable to more than one program or supporting function. Depreciation is allocated based on a square-footage basis. Salaries, benefits, professional services, office expenses, information technology and insurance, are allocated based on estimates of time and effort. The Organization has estimated time and effort in relation to salaries, benefits, and payroll taxes based on employees records of their weekly time that allocates hours between program and supporting activities.

WHEELCHAIRS 4 KIDS, INC.

Notes to the Financial Statements

May 31, 2019

(7) 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, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Wheelchairs & other equipment	\$ 285,390	162,851
Wheely Fun Days	32,902	30,331
Rent	4,900	6,900
Other	<u>6,149</u>	<u>1,364</u>
	<u>\$ 329,341</u>	<u>201,446</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.

(8) Leases

The Organization leases its office under an operating lease that expires July 31, 2022. Total rent expense associated with this lease was \$21,600 for each year ended May 31, 2019 and May 31, 2018.

The following is a schedule of future minimum lease payments:

<u>Year Ending May 31,</u>	
2020	\$ 21,859
2021	22,249
2022	<u>3,719</u>
Total minimum lease payments	<u>\$ 47,827</u>

WHEELCHAIRS 4 KIDS, INC.

Notes to the Financial Statements

May 31, 2019

(9) 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.

(10) Concentration of Credit Risk

Wheelchairs 4 Kids, Inc. maintains its cash and cash equivalents with one large financial institution in the United States. Accounts at this financial institution are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. Wheelchairs 4 Kids, Inc. from time to time may have amounts of deposits in excess of the insured limits. Management does not anticipate nonperformance by these financial institutions. Wheelchairs 4 Kids, Inc. had aggregate bank statement balances of approximately \$305,000 which exceeded these insured amounts at May 31, 2019.

(11) Subsequent Events

Management has evaluated subsequent events through September 6th, 2019, the date which the financial statements were available for issue.

(12) Upcoming accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU requires lessees to recognize assets and liabilities on the balance sheet for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. This amends current guidance that requires only capital leases to be recognized on the lessee balance sheet. ASU 2016-02 will also require additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. The impact on adoption on the financial statements will be an increase in assets to record a right-of-use asset and an increase in liabilities to record lease obligations. Recognition of expense for a finance lease will be similar to the current treatment of capital leases and for an operating lease will be on a straight-line basis. The requirements of ASU 2016-02 are effective for Wheelchair 4 Kids's fiscal year ending May 31, 2020. The Organization is currently evaluating the impact of this pronouncing.

WHEELCHAIRS 4 KIDS, INC.

Notes to the Financial Statements

May 31, 2019

In June 2016, FASB issued ASU 2016-13, *Credit Losses (Topic 32): Measurement of Credit Losses on Financial Instruments*, which (1) significantly changes the impairment model for most financial assets that are measure at amortized cost and certain other instruments from an incurred loss model to an expected loss model, and (2) provides the recording credit losses on available for sale debt securities through an allowance account. The update requires credit losses on most financial assets measured at amortized cost and certain other instruments to be measure using an expected credit loss model. The guidance will be effective for the Organization beginning in fiscal year 2021. The Organization is currently assessing the impact this will have on their financial statements.
