

**WHEELCHAIRS 4 KIDS, INC.**

**Financial Statements**

**May 31, 2020**

**(With Independent Auditor's Report Thereon)**

**WHEELCHAIRS 4 KIDS, INC.**

Table of Contents

Independent Auditor’s Report.....1

Financial Statements:

    Statement of Financial Position .....3

    Statement of Activities.....4

    Statement of Functional Expenses .....5

    Statement of Cash Flows .....6

    Notes to Financial Statements.....7



SAS ACCOUNTING SOLUTIONS, INC.  
CERTIFIED PUBLIC ACCOUNTANT

---

STEPHANIE A. SMITH, CPA

---

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of Wheelchairs 4 Kids, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 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, 2020, 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.

*SAS Accounting Solutions, Inc.*

Palm Harbor, Florida  
October 12, 2020

**WHEELCHAIRS 4 KIDS, INC.**

Statement of Financial Position

May 31, 2020

**Assets**

Current assets:	
Cash	\$ 318,570
Contribution receivable	6,000
Donated adaptive equipment inventory	8,402
Prepaid expenses	<u>5,763</u>
Total current assets	338,735
Property and equipment, net of accumulated depreciation	3,054
Deposits	<u>1,338</u>
	\$ <u>343,127</u>

**Liabilities and Net Assets**

Current liabilities:	
Accounts payable and accrued expenses	\$ 2,435
Accrued payroll	3,839
Paycheck Protection Program loan	42,920
Other current liabilities	<u>3,675</u>
Total current liabilities	<u>52,869</u>
Total liabilities	<u>52,869</u>
Net assets:	
Without donor restrictions:	
Undesignated	221,694
Net investment in property and equipment	<u>3,054</u>
Total unrestricted net assets	224,748
With donor restrictions	<u>65,510</u>
Total net assets	<u>290,258</u>
	\$ <u>343,127</u>

See accompanying independent auditor's report and notes to financial statements.

**WHEELCHAIRS 4 KIDS, INC.**

## Statement of Activities

Year Ended May 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
In-kind revenue	\$ 310,374	-	310,374
Corporate and foundation grants	365,160	101,520	466,680
Contributions	50,192	-	50,192
Special events, net of direct expenses of \$73,461	152,883	-	152,883
Other revenue	4,568	-	4,568
Net assets released from restrictions:			
Expiration of time/use restrictions	<u>88,721</u>	<u>(88,721)</u>	<u>-</u>
Total support and revenue	<u>971,898</u>	<u>12,799</u>	<u>984,697</u>
Expenses:			
Program services	936,928	-	936,928
Supporting services:			
Management and general	61,500	-	61,500
Fundraising	<u>60,801</u>	<u>-</u>	<u>60,801</u>
Total supporting services	<u>122,301</u>	<u>-</u>	<u>122,301</u>
Total expenses	1,059,229	-	1,059,229
Increase (decrease) in net assets	(87,331)	12,799	(74,532)
Net assets at beginning of the year	<u>312,079</u>	<u>52,711</u>	<u>364,790</u>
Net assets at the end of the year	<u>\$ 224,748</u>	<u>65,510</u>	<u>290,258</u>

See accompanying independent auditor's report and notes to financial statements.

## WHEELCHAIRS 4 KIDS, INC.

### Statement of Functional Expenses

Year Ended May 31, 2020

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Total	
Salaries	\$ 134,792	28,089	37,498	65,587	200,379
Payroll taxes	10,167	2,119	2,828	4,947	15,114
Employee insurance	20,319	4,234	5,652	9,886	30,205
 Total salaries and related expenses	 165,278	 34,442	 45,978	 80,420	 245,698
Wheelchairs and other equipment	683,096	-	-	-	683,096
Wheely Fun Days	36,956	-	-	-	36,956
Occupancy	21,533	3,800	-	3,800	25,333
Insurance	4,538	801	-	801	5,339
Travel	2,654	-	468	468	3,122
Telephone and internet	5,713	336	672	1,008	6,721
Advertising and promotional	7,331	-	1,294	1,294	8,625
Office expense and supplies	2,723	545	363	908	3,631
Information and technology	3,293	659	439	1,098	4,391
Postage and printing	1,656	331	221	552	2,208
Accounting fees	-	20,152	-	20,152	20,152
Registration fees	-	-	5,460	5,460	5,460
Payroll fees	1,047	218	291	509	1,556
Repairs and maintenance	267	47	-	47	314
Training	-	-	316	316	316
Program networking	-	-	3,055	3,055	3,055
Bank and merchant fees	-	-	2,132	2,132	2,132
 Total expenses before depreciation	 936,085	 61,331	 60,689	 122,020	 1,058,105
Depreciation	843	169	112	281	1,124
 Total expenses	 \$ 936,928	 61,500	 60,801	 122,301	 1,059,229

See accompanying independent auditor's report and notes to financial statements.

# WHEELCHAIRS 4 KIDS, INC.

## Statement of Cash Flows

Year Ended May 31, 2020

Cash flows from operating activities:	
Decrease in net assets	\$ (74,532)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:	
Depreciation	1,124
Increase in contribution receivable	(6,000)
Decrease in prepaid expenses	5,614
Decrease in inventory	49,194
Increase in accounts payable and accrued expenses	2,114
Increase in accrued payroll	37
Increase in other liabilities	<u>134</u>
Net cash provided by operating activities	<u>(22,315)</u>
Cash flows from financing activities:	
Proceeds from Paycheck Protection Program loan	<u>42,920</u>
Net cash provided by financing activities	<u>42,920</u>
Net increase in cash and cash equivalents	20,605
Cash and cash equivalents at beginning of year	<u>297,965</u>
Cash and cash equivalents at end of year	\$ <u><u>318,570</u></u>

See accompanying independent auditor's report and notes to financial statements.



# WHEELCHAIRS 4 KIDS, INC.

## Notes to the Financial Statements

May 31, 2020

### (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. The Organization is supported primarily through donor contributions and grants.

### (2) **Summary of Significant Accounting Policies and Practices**

#### (a) **Basis of Accounting**

The 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 Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. These include restricted contributions whose restrictions are met in the same reporting period.

Net assets with donor restrictions are subject to donor-imposed restrictions. The Organization's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

(Continued)

# WHEELCHAIRS 4 KIDS, INC.

## Notes to the Financial Statements

May 31, 2020

**(c) Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents are defined as restricted and unrestricted cash in depository and money market accounts at the bank.

**(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.

**(e) 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.

**(f) Contributed Goods and Services**

Contributed professional services are recognized at fair value if the services received require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets and materials are recognized at fair market value when received. Donated rent is recognized at fair value when the space is made available. Those amounts, when reflected in the accompanying financial statements as contributions in-kind, are offset by like amounts included in expenses.

In addition, numerous volunteers have donated significant amounts of their time and performed a variety of tasks that assist the Organization in meeting its objectives, but these services do not meet the criteria for recognition as contributed services.

(Continued)

# WHEELCHAIRS 4 KIDS, INC.

## Notes to the Financial Statements

May 31, 2020

The Organization received the following goods and services recognized as in-kind support for the year ended May 31, 2020:

	<u>2020</u>	<u>2019</u>
Wheelchairs & other equipment	\$ 272,483	155,001
Wheely Fun Days - event tickets, supplies and related services	26,138	10,478
Rent	2,100	5,500
Professional fees	<u>9,653</u>	<u>-</u>
	<u>\$ 310,374</u>	<u>170,979</u>

### **(g) Grants and Contributions**

Grants and contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions, if the restrictions expire or are otherwise satisfied in the fiscal year in which the contributions are 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.

### **(h) Paycheck Protection Program Loan**

During April 2020, the Organization obtained a loan under the Small Business Administration's Paycheck Protection Program (PPP) totaling \$42,920. The Organization has accounted for the PPP loan as a financial liability in accordance with ASC 470, *Debt*. Until the liability is forgiven, ASC Subtopic 405-20 Liabilities – Extinguishments of Liabilities the proceeds from the loan would remain recorded as a liability until either the loan is, in part or wholly, forgiven and the Organization has legally been released or the loan has been repaid. Once formal forgiveness has been received, the Organization would reduce the liability and record a gain on extinguishment.

### **(i) Fair Value of Financial Instruments**

The fair value of certain of the Organization's financial instruments, including cash and cash equivalents, contribution receivable, prepaid expenses, accounts payable and other short-term liabilities approximate cost because of their short-term nature.

(Continued)

# WHEELCHAIRS 4 KIDS, INC.

## Notes to the Financial Statements

May 31, 2020

### **(j) Functional Allocation of Expenses**

Expenses are shown by natural expense classification and function in the accompanying statement of functional expenses for each year presented. Expenses that are attributable to more than one program or supporting function are allocated on a reasonable basis that is consistently applied. Allocations are based on direct usage or management's estimate of the benefit derived by each activity. Management's estimates are based on factors such as time and effort or direct costs. Personnel costs and payroll fees are allocated based on time and effort. Occupancy and insurance are allocated on a square footage basis.

### **(k) Income Taxes**

The Organization has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. Income earned in furtherance of the Organization's tax-exempt purpose is exempt from Federal and State income taxes. The Organization is treated as a publicly supported organization, and not as a private foundation. The Organization has adopted the provisions of ASC Topic 740, Income Taxes, and does not believe it has any material income tax exposure relating to uncertain tax positions. The Organization's income tax filings for periods after the fiscal year ended May 31, 2016 remain subject to examination.

### **(l) 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.

(Continued)

# WHEELCHAIRS 4 KIDS, INC.

## Notes to the Financial Statements

May 31, 2020

### **(m) Recent Accounting Pronouncements**

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). This ASU clarifies the definition of an exchange transactions and contribution and the related accounting. The standard is effective for nonpublic companies for fiscal years beginning after December 15, 2018 and the ASU has been adopted by the Organization for the year ended May 31, 2020.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This ASU requires lessees to recognize all leasing activity with initial terms greater than twelve months on the statement of financial position with a right to use asset and a lease liability. The ASU requires entities to classify leases as either a finance or operating lease based on the contractual terms of the lease. This amends the current guidance which only requires capital lease obligations to be recognized on the statement of financial position. The implementation dates were amended by ASU No. 2020-05 – *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*. The standard is effective for fiscal years beginning on or after December 15, 2021. The Organization plans to adopt the ASU for the year ended May 31, 2023.

### **(3) Liquidity**

Wheelchairs 4 Kids, Inc. regularly monitors liquidity required to meet its operating costs and other financial commitments. Excess cash is invested in a money market account and is available for operations. Currently all cash is held in one financial institution and the Organization does not have any investment accounts.

The Organization has certain donor-restricted net assets that are available for general expenditures within one year of May 31, 2020, because the restrictions on the net assets are expected to be met by conducting the normal activities of its programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures in one year. The Organization operates with a balanced budget and anticipates collecting adequate unrestricted support to cover general expenditures not covered by donor-restricted resources.

As of May 31, 2019, financial assets available to meet general expenditures over the next twelve months include cash and cash equivalents of \$ 318,570 and the expected payment of \$6,000 on contributions receivable. No amounts are unavailable for general expenditures as of May 31, 2020.

(Continued)

**WHEELCHAIRS 4 KIDS, INC.**

Notes to the Financial Statements

May 31, 2020

**(4) Contribution Receivable**

Contribution receivable at May 31, 2020 consists of a golf tournament sponsorship due to the Organization for the event that was held in January 2020. The amount was collected subsequent to year end.

**(5) Property and Equipment**

Property and equipment consists of the following at May 31, 2020

Furniture, fixtures and equipment	\$ 12,312
Less accumulated depreciation	<u>(9,258)</u>
	<u>\$ 3,054</u>

**(6) Net Assets with Donor Restrictions**

Net assets with donor restrictions as of May 31, 2020 totaled \$65,510 and were comprised of grants and contributions restricted to the Let's Roll program. The program provides wheelchairs and other adaptive equipment to children whose families would otherwise not be able to afford them. In addition, certain amounts included in the total are also restricted to provide program services to residents of certain counties in Florida and Texas.

**(7) Leases**

The Organization leases its office under an operating lease that expires July 31, 2023. Total rent expense associated with this lease was approximately \$21,500 for the year ended May 31, 2020.

The following is a schedule of future minimum lease payments:

<u>Year Ending May 31,</u>	
2021	\$ 21,911
2022	22,249
2023	<u>3,719</u>
Total minimum lease payments	<u>\$ 47,879</u>

(Continued)

**WHEELCHAIRS 4 KIDS, INC.**

Notes to the Financial Statements

May 31, 2020

**(8) Concentration of Credit Risk**

The Organization maintains significant deposit accounts at a large commercial bank. At May 31, 2020, the Organization's deposits exceeded the amounts insured by the Federal Deposit Insurance Corporation by approximately \$72,000.

**(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) Subsequent Events**

Management has evaluated subsequent events through October 12, 2020, the date which the financial statements were available for issue.

As a result of the spread of the COVID-19 Coronavirus and the stay-at-home orders issued by the State of Florida in which the Organization operates, the Organization cancelled one of its three major fundraisers, originally scheduled in April 2020. The event was subsequently held in August 2020 and raised approximately \$90,000. The Organization continues to evaluate its response to COVID-19 and the ability to raise funds in the current environment. There could be additional impact to the Organization which is unknown at this point in time.

\*\*\*\*\*