

Friends of Wheels, Inc.

Financial Report

June 30, 2019

GRACE NEGGIE
CERTIFIED PUBLIC ACCOUNTANT



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**TO THE BOARD OF DIRECTORS OF
FRIENDS OF WHEELS, INC.
NEW YORK, NY**

We have reviewed the accompanying financial statements of Friends of Wheels, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Grace Neggie CPA

New York, New York
March 24, 2020

FRIENDS OF WHEELS, INC
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2019 AND 2018

Assets	June 30, 2019	June 30, 2018
Cash and cash equivalents	\$179,214	\$230,157
Accounts receivable	7,139	10,000
Prepaid expenses	5,858	0
Other assets	2,303	0
Total assets	\$194,514	\$240,157
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$108,017	\$88,689
Other liabilities	0	2,924
Total liabilities	108,017	91,613
Net assets		
Without donor restrictions	41,497	111,044
With donor restrictions	45,000	37,500
Total net assets	86,497	148,544
Total liabilities and net assets	\$194,514	\$240,157

See independent accountant's review report
 The accompanying notes are an integral part of these statements

FRIENDS OF WHEELS, INC
 STATEMENTS OF ACTIVITIES
 YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTAL FOR JUNE 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	June 30, 2019 Total	June 30, 2018 Total
Revenues and support				
Institutional support				
Foundations	\$26,238	\$242,500	\$268,738	\$252,040
Corporate sponsors	38,108		38,108	37,468
Individual support				
Individuals and board givings	33,644		33,644	63,153
Special Event (Net of event expenses of \$12,497)	54,204		54,204	29,332
In kind contributions	10,438		10,438	1,938
Other revenues	625		625	45
Net assets released from restrictions	235,000	(235,000)	0	0
Total revenues and other support	398,257	7,500	405,757	383,976
Expenses				
Program services	324,391		324,391	294,747
Management and general	82,883		82,883	39,513
Fundraising	60,530		60,530	43,353
Total expenses	467,804	0	467,804	377,613
Change in net assets	(69,547)	7,500	(62,047)	6,363
Net assets - beginning of year	111,044	37,500	148,544	142,181
Net assets - end of year	\$41,497	\$45,000	\$86,497	\$148,544

See independent accountant's review report
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FRIENDS OF WHEELS, INC

5

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTAL FOR JUNE 30, 2018)

	Program services	Management and general	Fund raising	June 30, 2019 Total	June 30, 2018 Total
Salaries	\$211,347	\$25,960	\$25,960	\$263,267	\$235,205
Payroll taxes and fringe benefits	59,558	7,663	7,138	74,359	66,457
Subtotal	270,905	33,623	33,098	337,626	301,662
Professional and consulting fees	9,226	37,567	9,192	55,985	17,575
Grants paid				0	13,127
Transportation for staffs and students	15,668	400		16,068	17,736
Lodging and meals for staffs and students	5,680	1,099	475	7,254	6,183
College and career programming	6,230			6,230	1,664
College activities and alumni supports	717	129	435	1,281	2,651
In kind contributions	8,500	1,938		10,438	1,938
Technology and software	1,306	3,825	7,254	12,385	14,201
Student events	2,846			2,846	0
Fundraising expenses	65	1,537	9,496	11,098	0
Office expenses	229	1,280	71	1,580	120
Bad debt expenses	2,107	259	259	2,625	0
Miscellaneous	912	1,226	250	2,388	756
Total	\$324,391	\$82,883	\$60,530	\$467,804	\$377,613

FRIENDS OF WHEELS, INC
 STATEMENTS OF CASH FLOWS
 YEARS ENDED JUNE 30, 2019 AND 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Cash flows from operating activities		
Change in net assets	(\$62,047)	\$6,363
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Decrease (increase) in assets		
Pledge receivable	2,861	0
Prepaid expenses	(5,858)	0
Other	(2,303)	0
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	19,328	(11,693)
Other liabilities	(2,924)	250
Net cash provided (used) by operating activities	<u>(50,943)</u>	<u>(5,080)</u>
Net Increase (decrease) in cash and cash equivalents	(50,943)	(5,080)
Cash and cash equivalents - beginning of year	230,157	235,237
Cash and cash equivalents - end of year	<u>\$179,214</u>	<u>\$230,157</u>

See independent accountant's review report
 The accompanying notes are an integral part of these statements

FRIENDS OF WHEELS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - NATURE AND PURPOSE OF THE ORGANIZATION

Friends of Wheels, Inc. ("WHEELS") is a not-for-profit corporation incorporated in the State of New York in 2013. It conducts charitable activities aimed at providing New York City Public School students in underserved communities with life-altering, college-preparation opportunities and other educational programs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting basis

The accompanying financial statements of WHEELS have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

Income taxes

WHEELS is exempt from federal taxes under Section 501(c) (3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws. WHEELS adopted the provisions of FASB ASC 740, Income Taxes, which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. WHEELS does not believe its financial statements include any uncertain income tax positions. The organization's tax return for the fiscal year 2016 and forward are subject to the usual review by the appropriate taxing authorities.

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 at the date of the financial statement and the reported amounts of revenue and expenses and disclosure of contingencies during the reporting period. Actual results may differ from those estimates.

Cash and cash equivalents

For the purpose of the accompanying statements, highly liquid investments purchased with original maturities of three months or less are considered to be cash equivalents.

Contributions and receivables

Unconditional promises to give are recorded as receivables and revenues and are recognized when the promises are made. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Receivables are reported at their

FRIENDS OF WHEELS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

outstanding unpaid principal balances reduced by an allowance for uncollectible accounts, which is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional expenses

The costs of providing the programs and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

Employee agreement

WHEELS has an agreement with a not-for-profit organization to pay its employees payroll, payroll taxes and employee fringe benefits. The total amount paid under this agreement is reflected in the statement of functional expenses as salary compensation and related payroll taxes and fringe benefits.

Net assets

The net assets of WHEELS are classified and reported as follows:

Net assets without donor restrictions

Net assets without donor restrictions represent those financial resources that are not subject to donor restrictions.

Net assets with donor restrictions

Net assets with donor restrictions represent those financial resources that may be utilized only in accordance with donor stipulations that will be met by either actions of WHEELS and/or the passage of time. Net assets released from restrictions represent the satisfaction of the restricted purposes.

Prior-year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

FRIENDS OF WHEELS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2019

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

WHEELS does not have a material concentration of credit risk with respect to its cash accounts as its balances are below the federal insurance limits.

NOTE 4 - CONCENTRATIONS OF GRANTS AND CONTRIBUTIONS

Approximately 44% of WHEELS revenue for the year ended June 30, 2019 and 48% for the year ended June 30, 2018 were provided by three private foundations.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2019, net assets with donor restrictions consists of the following:

	<u>July 1, 2018</u>	<u>Received</u>	<u>Released</u>	<u>June 30, 2019</u>
Maverick Capital Foundation	\$ 37,500	\$ 50,000	\$ 87,500	\$ 0
The Charles Hayden Foundation	0	75,000	60,000	15,000
Heckscher Foundation for Children	0	50,000	45,000	5,000
Meringoff Family Foundation	0	52,500	27,500	25,000
The Barker Welfare Foundation	0	15,000	15,000	0
	<u>\$ 37,500</u>	<u>\$ 242,500</u>	<u>\$ 235,000</u>	<u>\$ 45,000</u>

NOTE 6 - IN KIND CONTRIBUTIONS

During the year ended June 30, 2019 and 2018, the value of in-kind contributions meeting the requirements for recognition in the financial statements were \$10,438 and \$1,938 respectively. The in-kind contributions for the years ended June 30, 2019 and 2018 are summarized as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Donated Services	\$ 10,438	\$ 1,938

FRIENDS OF WHEELS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2019

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

WHEELS financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and Cash Equivalents	\$	179,214
Accounts Receivable		7,139
	\$	<u>186,353</u>

None of the financial assets in the amount of \$186,353 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The accounts receivable is subject to implied time restrictions but are expected to be collected in the amount of \$7,139 within one year.

NOTE 8 - SUBSEQUENT EVENTS

WHEELS evaluated subsequent events through March 24, 2020, which was the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.