

Friends of Wheels, Inc.

Financial Report

June 30, 2018

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, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The financial statements as of June 30, 2017, were reviewed by other accountants who were not aware of any material modifications that should be made to those 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.

New York, New York
May 15, 2019

FRIENDS OF WHEELS, INC
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

Assets	June 30, 2018	June 30, 2017
Cash and cash equivalents	\$230,157	\$235,237
Pledge receivable	10,000	10,000
Total assets	\$240,157	\$245,237
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$88,689	\$100,382
Other liabilities	2,924	2,674
Total liabilities	91,613	103,056
Net assets		
Unrestricted	111,044	113,223
Temporarily restricted	37,500	28,958
Total net assets	148,544	142,181
Total liabilities and net assets	\$240,157	\$245,237

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, 2018 (WITH COMPARATIVE TOTAL FOR JUNE 30, 2017)

	Unrestricted	Temporarily restricted	June 30, 2018 Total	June 30, 2017 Total
Revenues and support				
Institutional support				
Foundations	\$2,040	\$250,000	\$252,040	\$234,500
Corporate sponsors	35,468	2,000	37,468	37,173
Individual support				
Individuals and board givings	63,153		63,153	44,377
Special Event (Net of event expenses of \$9,553)	29,332		29,332	52,397
In kind contributions	1,938		1,938	7,714
Other revenues	45		45	0
Net assets released from restrictions	243,458	(243,458)	0	0
Total revenues and other support	375,434	8,542	383,976	376,161
Expenses				
Program services	294,747		294,747	271,219
Management and general	39,513		39,513	51,457
Fundraising	43,353		43,353	47,739
Total expenses	377,613	0	377,613	370,415
Change in net assets	(2,179)	8,542	6,363	5,746
Net assets - beginning of year	113,223	28,958	142,181	136,435
Net assets - end of year	\$111,044	\$37,500	\$148,544	\$142,181

See independent accountant's review report
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SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTAL FOR JUNE 30, 2017)

	Program services	Management and general	Fund raising	June 30, 2018 Total	June 30, 2017 Total
Salaries	\$197,301	\$18,952	\$18,952	\$235,205	\$149,552
Payroll taxes and fringe benefits	55,465	5,496	5,496	66,457	40,379
Subtotal	252,766	24,448	24,448	301,662	189,931
Professional and consulting fees		10,855	6,720	17,575	24,347
Grants paid	13,127			13,127	105,622
Transportation for staffs and students	17,736			17,736	15,656
Lodging and meals for staffs and students	6,183			6,183	1,107
College and career programming	1,664			1,664	10,000
College activities and alumni supports	2,641	10		2,651	9,169
In kind contributions		1,938		1,938	0
Technology and software	240	2,219	11,742	14,201	11,730
Office expenses	77	43		120	708
Miscellaneous	313		443	756	2,145
Total	\$294,747	\$39,513	\$43,353	\$377,613	\$370,415

FRIENDS OF WHEELS, INC
 STATEMENTS OF CASH FLOWS
 YEARS ENDED JUNE 30, 2018 AND 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Cash flows from operating activities		
Change in net assets	\$6,363	\$5,746
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Decrease (increase) in assets		
Pledge receivable	0	26,209
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(11,693)	38,416
Other liabilities	250	(490)
Net cash provided (used) by operating activities	<u>(5,080)</u>	<u>69,881</u>
Net Increase (decrease) in cash and cash equivalents	(5,080)	69,881
Cash and cash equivalents - beginning of year	235,237	165,356
Cash and cash equivalents - end of year	<u>\$230,157</u>	<u>\$235,237</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, 2018

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 2015 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, 2018

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 temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary 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.

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:

Unrestricted

Unrestricted net assets represent those financial resources that are not subject to donor restrictions.

Temporarily restricted

Temporarily restricted net assets 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.

WHEELS has no permanently restricted assets.

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, 2017, from which the summarized information was derived.

FRIENDS OF WHEELS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

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 48% of WHEELS revenue for the year ended June 30, 2018 and 50% for the year ended June 30, 2017 were provided by three private foundations.

NOTE 5 - TEMPORARILY RESTRICTED FUND

As of June 30, 2018, temporarily restricted fund consists of the following:

	<u>July 1, 2017</u>	<u>Received</u>	<u>Released</u>	<u>June 30, 2018</u>
Maverick Capital Foundation	\$ 28,958	\$ 75,000	\$ 66,458	\$ 37,500
The Charles Hayden Foundation	0	60,000	60,000	0
Heckscher Foundation for Children	0	50,000	50,000	0
Meringoff Family Foundation	0	25,000	25,000	0
The Jeffrey H. and Shari L. Aronson Family Foundation	0	25,000	25,000	0
The Thomas Foundation	0	15,000	15,000	0
S & P	0	2,000	2,000	0
	<u>\$ 28,958</u>	<u>\$ 252,000</u>	<u>\$ 243,458</u>	<u>\$ 37,500</u>

NOTE 6 - IN KIND CONTRIBUTIONS

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

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

FRIENDS OF WHEELS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2018

NOTE 7 - SUBSEQUENT EVENTS

WHEELS evaluated subsequent events through May 15, 2019, 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.