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Meadows Urquhart Acree & Cook, LLP
Certified Public Accountants

- Kelli P. Meadows
- Douglas A. Urquhart
 - David C. Acree
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Independent Accountant's Review Report

To the Board of Directors
Richmond Friends of the Homeless, Ltd.

We have reviewed the accompanying financial statements of Richmond Friends of the Homeless, Ltd., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement 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.

Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Meadows Urquhart Acree & Cook, LLP

Henrico, Virginia
March 11, 2020

Richmond Friends of the Homeless, Ltd.

Statement of Financial Position

December 31, 2019

Assets	
Cash	\$ 64,434
Pledge receivable	50,000
Prepays	3,500
Property and equipment, net	1,728
Total assets	<u>\$ 119,662</u>
Liabilities	
None	<u>\$ -</u>
Total liabilities	<u>-</u>
Net Assets	
Net assets without donor restrictions	<u>119,662</u>
Net assets	<u>119,662</u>
Total liabilities and net assets	<u>\$ 119,662</u>

See Accompanying Notes to Financial Statements and Independent Accountant's Review Report.

Richmond Friends of the Homeless, Ltd.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2019

Revenues and other support:	
Contributions - direct	\$ 183,783
Contributions - indirect	908
Contributions - in-kind	1,553,640
Contributions - other	<u>96,840</u>
Total revenues and other support	<u>1,835,171</u>
Expenses:	
Program services	1,739,705
Management and general	48,056
Fundraising	<u>38,074</u>
Total expenses	<u>1,825,835</u>
Change in net assets	9,336
Net assets without donor restrictions, beginning of year	<u>110,326</u>
Net assets without donor restrictions, end of year	<u><u>\$ 119,662</u></u>

See Accompanying Notes to Financial Statements and Independent Accountant's Review Report.

Richmond Friends of the Homeless, Ltd.

Statement of Functional Expenses
Year ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Meals and food	\$ 775,638	\$ -	\$ -	\$ 775,638
Clothing	339,100	-	-	339,100
Desserts	172,400	-	-	172,400
Wages	114,310	20,930	25,760	161,000
Bread	75,600	-	-	75,600
Food baskets	50,170	-	-	50,170
Family & children's emergency services	47,345	-	-	47,345
Employee benefits	27,513	5,038	6,200	38,751
Blankets	25,300	-	-	25,300
Weekend lunch program	25,228	-	-	25,228
Supplies, paper goods	23,850	-	-	23,850
Produce	19,700	-	-	19,700
Rent	13,200	-	-	13,200
Professional fees	-	13,145	-	13,145
Taxes	8,745	1,601	1,971	12,317
Insurance - health	7,807	1,429	1,759	10,995
Vehicle gas, repairs, insurance	7,399	411	411	8,221
Depreciation	3,110	173	173	3,456
Security - janitorial - helpers	3,290	-	-	3,290
Newsletter	-	600	1,800	2,400
Telephone	-	2,160	-	2,160
Insurance - other	-	1,614	-	1,614
Office	-	955	-	955
	<u>\$ 1,739,705</u>	<u>\$ 48,056</u>	<u>\$ 38,074</u>	<u>\$ 1,825,835</u>

See Accompanying Notes to Financial Statements and Independent Accountant's Review Report.

Richmond Friends of the Homeless, Ltd.

Statement of Cash Flows

Year ended December 31, 2019

Cash Flows From Operating Activities	
Change in net assets	\$ 9,336
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	3,456
Increase in pledge receivable	(50,000)
Increase in prepaids	(750)
Net cash used in operating activities	<u>(37,958)</u>
Cash Flows From Investing Activities	
None	<u>-</u>
Net cash provided by investing activities	<u>-</u>
Cash Flows From Financing Activities	
None	<u>-</u>
Net cash provided by financing activities	<u>-</u>
Net decrease in cash	(37,958)
Cash, beginning of year	<u>102,392</u>
Cash, end of year	<u>\$ 64,434</u>

See Accompanying Notes to Financial Statements and Independent Accountant's Review Report.

Richmond Friends of the Homeless, Ltd.

Notes to Financial Statements

Note 1—Nature of Activities and Significant Accounting Policies

Nature of activities: Richmond Friends of the Homeless, Ltd. (the Organization) serves the homeless and underprivileged at three locations in Richmond, Virginia. Hot lunches are served five days a week at two locations and boxed lunches are served on weekends at a third separate location. Approximately 3,300 meals are served each week and over the course of a year over 1,000 individuals volunteer their services to assist the program. In addition to the daily hot meals, food baskets are provided to families in need.

Besides providing nutritional items, the Organization also provides clothing, blankets, shoes, and other comparable items. Items are distributed daily as they arrive and there are major coat and blanket drives.

Services are also provided to at risk children. This includes enrichment activities and mentoring, providing school supplies and book bags, both at back to school time and as needed. The Organization also provides funds for field trips and other school activities.

Basis of accounting: The financial statements of the Organization are prepared under the accrual method of accounting. Under this accounting method, income is recorded as earned and expenses are recorded as incurred.

Basis of presentation: The presentation of the accompanying financial statements follows accounting principles generally accepted in the United States of America (GAAP). Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets based upon the existence or absence of restrictions on use that are in place by its donors: net assets without donor restrictions and net assets with donor restrictions. All net assets of the Organization are without donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Promises to give: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire 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 are reclassified to net assets without donor restrictions.

The Organization received a promise to give in the amount of \$50,000. The promise to give does not have any donor restrictions and is reflected as a pledge receivable on the accompanying statement of financial position. The Organization expects to collect the pledge within a year.

Richmond Friends of the Homeless, Ltd.

Notes to Financial Statements

Note 1—Nature of Activities and Significant Accounting Policies (continued)

Property and equipment: The Organization capitalizes all property and equipment with a cost of \$1,000 if purchased, and a fair value of \$1,000 at date of donation if received by contribution. Property and equipment are depreciated using the straight-line method over five years.

Contributed services: No amounts have been reflected in the financial statements for donated services except for \$9,200 for professional accounting services. The Organization generally pays for services requiring specific expertise. However, the Organization benefits from the volunteer services of over 1,000 individuals. These volunteers come from churches, synagogues, businesses, civic groups, and the community in general to prepare and serve the hot meals on a daily basis.

In-kind valuation: In kind donations are the heart of the program. The hot meals that are prepared and served daily are valued at the estimated cost of the food without any value for preparation or other labor components. Donations of clothing, blankets, school supplies, bread, desserts, and other food stuffs are substantial. These items are valued at their estimated cost or low retail value depending on the category of items.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes: The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization has concluded it does not have any material uncertain tax positions to be accounted for in the financial statements as of December 31, 2019.

Functional allocation of expenses: The costs of providing various programs and activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the applicable programs.

Change in accounting principle: On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958)—Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Organization's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions. As a result of the ASU net assets – unrestricted of \$110,326 as of December 31, 2018 was changed to net assets without donor restrictions of \$110,326 as of December 31, 2018.
- The financial statements include a new disclosure about the liquidity and availability of resources (Note 2).

Richmond Friends of the Homeless, Ltd.

Notes to Financial Statements

Note 2—Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows as of December 31, 2019:

Financial assets available within one year:

Cash	\$ 64,434
Pledge receivable	50,000

Financial assets available to management for
general expenditures within one year

\$ 114,434

Note 3—Property and Equipment

Property and equipment consist of the following:

Vehicles	\$ 58,302
Accumulated depreciation	(56,574)
Net property and equipment	<u>\$ 1,728</u>

Note 4—Retirement Plan

The Organization provides a SEP retirement plan for all full time employees 21 years of age or older. Contributions are discretionary and have a limit of 25% of compensation. During 2019, contributions totaled \$38,751.

Note 5—Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued which was March 11, 2020.