

Partners for Active Living
(A Nonprofit Corporation)

Financial Statements
Year Ended June 30, 2017

Partners for Active Living

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Norman, Johnson & Co., PA

Certified Public Accountants

Independent Accountant's Review Report

To the Board of Directors
Partners for Active Living
Spartanburg, South Carolina

We have reviewed the accompanying financial statements of **Partners for Active Living** (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, 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 Organization 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.

Auditor'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 in order 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.

Norman, Johnson & Co., PA

Spartanburg, South Carolina
September 4, 2018

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South Carolina Association of Certified Public Accountants • North Carolina Association of Certified Public Accountants

Partners for Active Living

Statement of Financial Position
June 30, 2017

ASSETS

Current Assets	
Cash and cash equivalents	\$ 458,299
Total current assets	<u>458,299</u>
Property, Plant and Equipment	
Program service equipment	214,468
Office furniture and equipment	<u>11,771</u>
	226,239
Less accumulated depreciation	<u>(127,172)</u>
Net property and equipment	<u>99,067</u>
Other assets	
Beneficial interest - Spartanburg County Foundation accounts	<u>92,731</u>
Total assets	<u>\$ 650,097</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 400
Payroll taxes payable	4,660
Accrued payroll	7,944
Refundable advances	<u>260,333</u>
Total current liabilities	<u>273,337</u>
Net Assets	
Unrestricted	302,500
Temporarily restricted	<u>74,260</u>
Total net assets	<u>376,760</u>
Total liabilities and net assets	<u>\$ 650,097</u>

The accompanying notes are an integral part of these financial statements.

Partners for Active Living

Statement of Activities
Year Ended June 30, 2017

Changes in Unrestricted Net Assets	
Revenues and other support	
Contributions	\$ 113,362
Grants	431,422
Program service revenues	160,028
Other income	184
Dividends and interest income	2,315
Realized and unrealized gains (losses) on investments	6,418
Total unrestricted revenues and other support	<u>713,729</u>
Net assets released from restrictions	
Satisfaction of donor restrictions	-
Total unrestricted revenues and other support	<u>713,729</u>
Expenses	
Program services	600,262
Management and general	51,774
Fundraising	28,973
Total expenses	<u>681,009</u>
Increase (decrease) in unrestricted net assets	<u>32,720</u>
Changes in Temporarily Restricted Net Assets	
Contributions	<u>3,590</u>
Increase (decrease) in temporarily restricted net assets	<u>3,590</u>
Increase (decrease) in net assets	36,310
Net Assets	
Beginning of year	<u>340,450</u>
End of year	<u>\$ 376,760</u>

The accompanying notes are an integral part of these financial statements.

Partners for Active Living

Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services	Supporting Services		Total Expenses
		Management Services	Fundraising	
Salaries	\$ 161,626	\$ 24,865	\$ 20,721	\$ 207,212
Payroll taxes	12,178	1,873	1,561	15,612
Employee benefits	3,664	564	470	4,698
Total salaries and related expenses	177,468	27,302	22,752	227,522
Advertising and promotion	5,856	481	3,758	10,095
Bad debt expense		300		300
Board relations		2,494		2,494
Insurance	12,693	1,876		14,569
Investment fees		768		768
Occupancy	2,250	750		3,000
Other operational expenses	3,495	6,514	1,350	11,359
Professional services	5,779	5,506	482	11,767
Travel and staff development	5,084	1,582	631	7,297
Utilities, security, maintenance	7,601	2,631		10,232
VISTA expenses	4,580			4,580
Bicycle	15,181			15,181
Childhood obesity	2,850			2,850
Criterion	99,445			99,445
Hub Cycle	4,073			4,073
Other Bike Town expenses	4,989			4,989
Trails and parks	207,454			207,454
Turkey Day 8K	4,334			4,334
Womens Cycling Team	13,592	500		14,092
Total expenses before depreciation	576,724	50,704	28,973	656,401
Depreciation	23,538	1,070		24,608
Total expenses	\$ 600,262	\$ 51,774	\$ 28,973	\$ 681,009

The accompanying notes are an integral part of these financial statements.

Partners for Active Living

Statement of Cash Flows
Year Ended June 30, 2017

Cash Flows From Operating Activities	
Cash received from contributors	\$ 114,482
Cash received from grantors	231,222
Cash received from program services	166,138
Cash received from other income	184
Interest received	1,127
Cash paid to suppliers	(444,204)
Cash paid for benefit of employees	(223,301)
Net cash (used in) operating activities	<u>(154,352)</u>
Cash Flows From Investing Activities	
Transfer to investment accounts	(25,000)
Transfer from investment accounts	640
Purchases of property and equipment	(1,368)
Net cash (used in) investing activities	<u>(25,728)</u>
Net increase (decrease) in cash and cash equivalents	(180,080)
Cash and Cash Equivalents	
Beginning of year	<u>638,379</u>
End of year	<u>\$ 458,299</u>

The accompanying notes are an integral part of these financial statements.

Partners for Active Living

Statement of Cash Flows
Year Ended June 30, 2017

Reconciliation of Changes in Net Assets to Net Cash (Used In)
Operating Activities

Changes in Net Assets	<u>\$ 36,310</u>
Adjustments to Reconcile Changes in Net Assets to Net Cash (Used In) Operating Activities	
Depreciation	24,608
Realized and unrealized gain/loss on investments	(6,418)
Interest and dividends reinvested, net of fees	(421)
Contributions direct to investment accounts	(2,469)
Change in assets and liabilities	
(Increase) decrease in accounts receivable	6,110
Increase (decrease) in accounts payable	(16,093)
Increase (decrease) in accrued wages	3,139
Increase (decrease) in taxes payable	1,082
Increase (decrease) in unearned revenue	(200,200)
Total adjustments	<u>(190,662)</u>
Net cash (used in) operating activities	<u>\$ (154,352)</u>

The accompanying notes are an integral part of these financial statements.

Partners for Active Living

Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies

a. Nature of Activities

Partners for Active living was incorporated in 2003 in the State of South Carolina as a nonprofit corporation. The purpose of the Organization is to transform Spartanburg County into a vibrant, healthy, connected community where we live and grow. The Organization is supported primarily through government and other grants. Programs focus on 3 areas: Walking and Bicycling, Healthy Children and Trails and Park Development.

The Walking and Bicycling Programs are based on the idea that daily physical activity is critical for a healthy, sustained lifestyle. Partners for Active Living leads programs and events that encourage more walking, bicycling, physical activity and healthy eating. Programs include Hub Cycle, Spartanburg Bicycle, the Turkey Day 8K and the Downtown Criterium. These programs are primarily funded by participation fees.

The Healthy Children program recognizes that healthy lifestyles begin at an early age. The Organization works with childcare centers and Spartanburg County schools to ensure that healthy eating and active living are convenient and encouraged among the community's children with institutional partners. These programs are funded by grants and contributions.

The Trails and Park Development program spearheads the creation of a 32-mile connected trails network and a new community park on the Mary Black Foundation Rail Trail as well as other community park improvements. This program is funded by grants and contributions.

b. Tax Status

The Organization is exempt from taxation under Internal Revenue Code Sections 501(c)(3) and determined not to be a private foundation within the meaning of Section 509(a) of the Code.

c. Property, Plant and Equipment

Major expenditures, which extend the useful lives of property, plant or equipment, are capitalized. Repairs and maintenance are expensed when incurred. Fixed assets donated to the Organization are capitalized at their estimated fair market value when donated. Depreciation is provided on a straight-line basis over the estimated useful lives of assets as follows:

Office furniture and equipment	5-7 years
Program service equipment	5-15 years

d. Contributions

The Organization has adopted the provisions of Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, 958-605 "Accounting for Contributions Received and Contributions Made", whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Partners for Active Living

Notes to Financial Statements

Note 1 - (continued)

e. Donor-Imposed Restrictions

Donor-restricted contributions whose restrictions are met in the same reporting period as received are reported as unrestricted support instead of temporarily restricted.

f. Gifts of Long-lived Assets

The Organization does not imply a time restriction on gifts of long-lived assets that expires over the useful life of the asset; therefore, gifts of long-lived assets are reported as unrestricted support when received.

g. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid unrestricted debt instruments purchased with a maturity of three months or less to be cash equivalents.

h. Estimates

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

i. Expense Allocation

The costs of providing program and supporting services have been reported on a functional basis in the financial statements. Accordingly, certain costs have been allocated by management based on their estimate of the service area benefited.

j. Advertising

The Organization uses advertising to promote its programs through education and to promote its events. Advertising costs are expensed when incurred and totaled \$10,095 for the year ended June 30, 2017.

k. Promises to Give

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

l. Date Through Which Subsequent Events Have Been Evaluated

The Organization has evaluated subsequent events through September 4, 2018; the date financial statements were available to be issued.

Partners for Active Living

Notes to Financial Statements

Note 2 - Assets Held by Spartanburg County Foundation

Partners for Active Living signed an agreement on August 26, 2010, with the Spartanburg County Foundation establishing a "Special Fund" to be used primarily for the collection and distribution of community resources which promote and support the general purposes of Partners for Active Living. The funds are held, managed, administered, applied and disbursed under the general powers and duties of the Spartanburg County Foundation. Awards from the fund shall be made upon recommendation of an Awards Committee of the Foundation. The Foundation was granted variance powers under the terms of the agreement and, if in its judgment the charitable use of the fund becomes unnecessary, undesirable, impractical or no longer adapted to the needs of the community, it may terminate the agreement and transfer the residue of the Fund to some other charitable organization or hold the residue for the general purposes of the Foundation. The parties to the agreement also stated that their intention was to maintain a principal of \$2,000. In the event the fund drops below \$2,000, the Foundation reserves the right to terminate this agreement and have funds transferred elsewhere.

The Fund's reported activity for the year ended June 30, 2017 is detailed as follows:

Beginning balance	\$ 59,064
Contributions	1,469
Realized gains (losses)	(335)
Unrealized gains (losses)	6,444
Dividends and interest	1,131
Management fees	(734)
Grant expenditures	(502)
Transfers	20,000
Ending balance	<u>\$ 86,537</u>

Partners for Active Living signed an agreement on October 17, 2016 with the Spartanburg County Foundation establishing a "Designated Fund" to be used to provide financial support of the development, construction, maintenance and sustainability of its urban trails – first phase *The Daniel Morgan Trail Network aka The Dan*. The funds are held, managed, administered, applied and disbursed under the general powers and duties of the Spartanburg County Foundation. Awards from the Fund shall be made upon recommendation of an Awards Committee of the Foundation. The Foundation was granted variance powers under the terms of the agreement, and, if in its judgment the charitable use of the Fund becomes unnecessary, undesirable, impractical or no longer adapted to the needs of the community, it may terminate the agreement and transfer the residue of the Fund to some other charitable organization or hold the residue for the general purposes of the Foundation. The parties to the agreement also stated that their intention was to maintain a principal of \$5,000. In the event the fund drops below \$5,000, the Foundation reserves the right to terminate this agreement and have funds transferred elsewhere.

Partners for Active Living

Notes to Financial Statements

Note 2 - (continued)

The Fund's reported activity for the year ended June 30, 2017 is detailed as follows:

Beginning balance	\$	
Contributions		1,000
Realized gains (losses)		(18)
Unrealized gains (losses)		326
Dividends and interest		58
Management fees		(34)
Grant expenditures		(138)
Transfers		5,000
Ending balance	<u>\$</u>	<u>6,194</u>

Funds are currently invested in pooled investment funds maintained by the Foundation.

Note 3 - Fair Value Measurement of Investments

The Organization adopted FASB ASC 820, *Fair Value Measurements and Disclosures*. It defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosure about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

ASC, 820-10 establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets and liabilities, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level 3 inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Partners for Active Living

Notes to Financial Statements

Note 3 - (continued)

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table represents the financial instruments that are measured at fair value at June 30, 2017:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments at county foundations				
Spartanburg County	\$ 92,731	\$	\$ 92,731	\$
Total investments at fair value	<u>\$ 92,731</u>	<u>\$</u>	<u>\$ 92,731</u>	<u>\$</u>

The Spartanburg County Foundation accounts are joint investment accounts and their fair value is based on the average value of the underlying investments at least monthly. Note 2 provides a reconciliation of the beginning and ending balances of the Foundation accounts. Gains and losses (realized and unrealized) are included in investment income (loss) in the statement of activities. This includes \$6,771 change in unrealized gains (losses) for the year ended June 30, 2017.

Note 4 - Refundable Advances

Grant funds received in one year that will be utilized for activities in a future year and require reporting and refunding of any unexpended amounts are recorded as refundable advances. As of June 30, 2017, \$260,333 of grants received for the Rail Trail Park is shown as refundable advances.

Note 5 - Temporarily Restricted Net Assets

At June 30, 2017 temporarily restricted net assets consist of:

Rail Trail Park construction	\$ 74,260
	<u>\$ 74,260</u>

Note 6 - Contributed Services

A substantial number of volunteers have donated time in the administration and operation of programs of the Organization and its fundraising activities. This volunteer time is not considered requiring specialized skills and therefore is not recognized as revenue in the accompanying financial statements.

Note 7 - Concentration of Credit Risk

The Organization maintains cash balances at financial institutions which are presently insured up to \$250,000, in total, for interest bearing and non-interest-bearing accounts by the Federal Deposit Insurance Corporation. At times these amounts may exceed insured limits. The Organization has not experienced any losses on these accounts and does not believe it is exposed to substantial risk on these accounts.

Partners for Active Living

Notes to Financial Statements

Note 8 - Operating Lease

The Organization entered into a lease agreement on its offices dated January 21, 2005 for a period of fifteen years. The lease requires monthly payments of \$250 beginning when all upfit work is complete and the premises are occupied.

Future minimum lease payments under the terms of the lease are as follows:

Year Ended June 30,	
2018	\$ 3,000
2019	3,000
2020	1,500
	<u>\$ 7,500</u>

Lease expense for the year ended June 30, 2017, totaled \$3,000.