

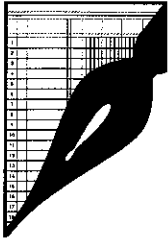
Partners for Active Living
(A Nonprofit Corporation)

Financial Statements
Year Ended June 30, 2019

Partners for Active Living

TABLE OF CONTENTS

| | <u>Page</u> |
|-------------------------------------|-------------|
| Independent Auditor's Report | 2 |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6-7 |
| Notes to Financial Statements | 8-13 |



Norman, Johnson & Co., PA

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of **Partners for Active Living** (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2019, 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 Partners for Active Living as of June 30, 2019, 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.

Norman, Johnson & Co., PA

Spartanburg, South Carolina
December 16, 2019

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Member: American Institute of Certified Public Accountants

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

Partners for Active Living

Statement of Financial Position
June 30, 2019

ASSETS

| | |
|--|-------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 251,033 |
| Accounts Receivable | 8,244 |
| Total current assets | <u>259,277</u> |
| Property, Plant and Equipment | |
| Program service equipment | 243,114 |
| Office furniture and equipment | 17,033 |
| | <u>260,147</u> |
| Less accumulated depreciation | (163,734) |
| Net property and equipment | <u>96,413</u> |
| Other assets | |
| Beneficial interest - Spartanburg County Foundation accounts | <u>302,839</u> |
| Total assets | <u>\$ 658,529</u> |

LIABILITIES AND NET ASSETS

| | |
|----------------------------------|-------------------|
| Current Liabilities | |
| Accounts payable | \$ 5,500 |
| Accrued payroll | 10,973 |
| Total current liabilities | <u>16,473</u> |
| Net Assets | |
| Without donor restrictions | |
| Undesignated | 351,260 |
| Designated | 198,296 |
| With donor restrictions | 92,500 |
| Total net assets | <u>642,056</u> |
| Total liabilities and net assets | <u>\$ 658,529</u> |

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

Partners for Active Living

Statement of Activities
Year Ended June 30, 2019

| | |
|--|-------------------|
| Changes in Net Assets Without Donor Restrictions | |
| Revenues and other support | |
| Contributions | \$ 209,696 |
| Grants | 614,504 |
| Program service revenues | 214,144 |
| Other income | 100 |
| Dividends and interest income | 3,458 |
| Realized and unrealized gains (losses) on investments | 4,434 |
| Total revenues and other support | <u>1,046,336</u> |
| Expenses | |
| Program services | 637,842 |
| Management and general | 70,485 |
| Fundraising | 33,628 |
| Total expenses | <u>741,955</u> |
| Increase (decrease) in net assets without donor restrictions | <u>304,381</u> |
| Changes in Net Assets With Donor Restrictions | |
| Grants | <u>92,500</u> |
| Increase (decrease) in net assets with donor restrictions | <u>92,500</u> |
| Increase (decrease) in net assets | 396,881 |
| Net Assets | |
| Beginning of year | <u>245,175</u> |
| End of year | <u>\$ 642,056</u> |

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

Partners for Active Living

Statement of Functional Expenses
Year Ended June 30, 2019

| | Program Services | | | Supporting Services | | | Total Expenses |
|-------------------------------------|------------------|-----------------|---------------|---------------------|-------------|------------|----------------|
| | Active Programs | Active Policies | Active Places | Management Services | Fundraising | Total | |
| Salaries | \$ 41,887 | \$ 75,474 | \$ 78,867 | \$ 34,551 | \$ 20,193 | \$ 250,972 | |
| Payroll taxes | 3,170 | 5,712 | 5,968 | 2,615 | 1,528 | 18,993 | |
| Employee benefits | 3,171 | 3,859 | 5,566 | 2,003 | 1,401 | 16,000 | |
| Total salaries and related expenses | 48,228 | 85,045 | 90,401 | 39,169 | 23,122 | 285,965 | |
| Advertising and promotion | 1,570 | 2,198 | 2,343 | 588 | 5,633 | 12,332 | |
| Bad debt expense | (45) | | | | 1,195 | 1,150 | |
| Board relations | | 194 | | 1,824 | 162 | 2,180 | |
| Insurance | 4,200 | 3,761 | 4,200 | 1,540 | | 13,701 | |
| Occupancy | 2,010 | 840 | 840 | 840 | | 4,530 | |
| Other operational expenses | 168 | 371 | 2,702 | 3,779 | 2,486 | 9,506 | |
| Professional services | 1,666 | 1,941 | 1,956 | 15,210 | 653 | 21,426 | |
| Travel and staff development | 254 | 6,354 | 677 | 2,050 | 310 | 9,645 | |
| Utilities, security, maintenance | 3,051 | 2,942 | 3,083 | 5,242 | | 14,318 | |
| Bicycle | | | 16,126 | | | 16,126 | |
| Childhood obesity | | 352 | | | | 352 | |
| Criterion | 132,239 | | | | | 132,239 | |
| Other Bike Town expenses | 5,398 | 2,037 | 164 | | | 7,599 | |
| Trails and parks | 518 | | 173,678 | | | 174,196 | |
| Turkey Day 8K | 8,819 | | | | | 8,819 | |
| Womens Cycling Team | 7,800 | | | | | 7,800 | |
| Total expenses before depreciation | 215,876 | 106,035 | 296,170 | 70,242 | 33,561 | 721,884 | |
| Depreciation | 18,696 | 625 | 440 | 243 | 67 | 20,071 | |
| Total expenses | \$ 234,572 | \$ 106,660 | \$ 296,610 | \$ 70,485 | \$ 33,628 | \$ 741,955 | |

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

Partners for Active Living

Statement of Cash Flows
Year Ended June 30, 2019

| | |
|--|-------------------|
| Cash Flows From Operating Activities | |
| Cash received from contributors | \$ 201,624 |
| Cash received from grantors | 468,404 |
| Cash received from program services | 217,107 |
| Cash received from other income | 100 |
| Interest received | 241 |
| Cash paid to suppliers | (442,674) |
| Cash paid for benefit of employees | (283,261) |
| Net cash provided by (used in) operating activities | <u>161,541</u> |
| Cash Flows From Investing Activities | |
| Transfer from investment accounts | 52,031 |
| Transfer to investment accounts | (5,000) |
| Purchases of property and equipment | (39,191) |
| Net cash provided by (used in) investing activities | <u>7,840</u> |
| Net increase (decrease) in cash and cash equivalents | 169,381 |
| Cash and Cash Equivalents | |
| Beginning of year | <u>81,652</u> |
| End of year | <u>\$ 251,033</u> |

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

Partners for Active Living

Statement of Cash Flows
Year Ended June 30, 2019Reconciliation of Changes in Net Assets to Net Cash Provided By (Used In)
Operating Activities

| | |
|--|--------------------------|
| Changes in Net Assets | <u>\$ 396,881</u> |
| Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By (Used In) Operating Activities | |
| Depreciation | 20,071 |
| Realized and unrealized gain/loss on investments | (4,434) |
| Interest and dividends reinvested, net of fees | (3,217) |
| Contributions direct to investment accounts | (242,831) |
| Change in assets and liabilities | |
| (Increase) decrease in accounts receivable | (878) |
| Increase (decrease) in accounts payable | (6,755) |
| Increase (decrease) in accrued wages | <u>2,704</u> |
| Total adjustments | <u>(235,340)</u> |
| Net cash provided by (used in) operating activities | <u><u>\$ 161,541</u></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: Active Programs, Active Policies, and Active Places.

The Active 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 Bcycle, the Turkey Day 8K and the Downtown Criterium. These programs are primarily funded by participation fees.

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

b. Basis of Presentation

The Organization has adopted the provisions of Financial Accounting Standards Board, or FASB, Accounting Standards Codification (ASC), 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide). (ASC) 958-205 was effective January 1, 2018. Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed restrictions may be expended for the purpose of performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity by the Organization.

c. 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.

Partners for Active Living

Notes to Financial Statements

Note 1 - (continued)

d. 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 | 5-10 years |
| Program service equipment | 5-15 years |

Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restrictions upon acquisition of the assets and the assets are placed in service.

e. Donor-Imposed Restrictions

Donor-restricted contributions whose restrictions are met in the same reporting period as received are reported as net assets without restrictions instead of net assets with restrictions.

f. Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, fund-raising activities, and various committee assignments.

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 among the programs and supporting services benefited either based on time estimates, space utilization, or actual costs for the program.

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 \$12,333 for the year ended June 30, 2019.

Partners for Active Living

Notes to Financial Statements

Note 1 - (continued)

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. New Accounting Standard

On August 18, 2016 FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and the availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Partners for Active Living has adjusted the presentation of these financial statements accordingly.

m. Date Through Which Subsequent Events Have Been Evaluated

The Organization has evaluated subsequent events through December 16, 2019; the date financial statements were available to be issued.

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, 2019 is detailed as follows:

| | |
|---------------------------|-------------------|
| Beginning balance | \$ 91,598 |
| Contributions | 4,230 |
| Transfer from operations | 5,000 |
| Realized gains (losses) | (315) |
| Unrealized gains (losses) | 3,077 |
| Dividends and interest | 1,924 |
| Management fees | (971) |
| Ending balance | <u>\$ 104,543</u> |

Partners for Active Living

Notes to Financial Statements

Note 2 - (continued)

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.

The Fund's reported activity for the year ended June 30, 2019 is detailed as follows:

| | |
|---------------------------|-------------------|
| Beginning balance | \$ 7,790 |
| Contributions | 238,600 |
| Realized gains (losses) | (627) |
| Unrealized gains (losses) | 2,299 |
| Dividends and interest | 4,222 |
| Management fees | (1,957) |
| Grant expenditures | (52,031) |
| Ending balance | <u>\$ 198,296</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.

Partners for Active Living

Notes to Financial Statements

Note 3 - (continued)

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.

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, 2019:

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|------------------------------------|-------------------|----------------|-------------------|----------------|
| Investments at county foundations | | | | |
| Spartanburg County | \$ 302,839 | \$ | \$ 302,839 | \$ |
| Total investments at fair value | <u>\$ 302,839</u> | <u>\$</u> | <u>\$ 302,839</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 \$4,428 change in unrealized gains (losses) for the year ended June 30, 2018.

Note 4 - 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 \$350 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 <u>June 30,</u> 2020 | <u>\$ 2,100</u> |
| | <u>\$ 2,100</u> |

Lease expense for the year ended June 30, 2019, totaled \$4,530.

Partners for Active Living

Notes to Financial Statements

Note 5 - Net Assets With Donor Restrictions

At June 30, 2019, net assets with donor restrictions consisted of the following purpose restriction:

| | |
|------------------------|------------------|
| Bike Park construction | \$ 92,500 |
| | <u>\$ 92,500</u> |

Note 6 - Availability and Liquidity of Resources

As of June 30, 2019, the following financial assets could be made readily available within one year of the statement of financial position date to meet general expenditures:

| | |
|---|-------------------|
| Financial assets at year end | |
| Cash and cash equivalents | \$ 251,033 |
| Accounts receivable | 8,244 |
| Beneficial interest - Spartanburg County Foundation accounts | <u>302,839</u> |
| Total financial assets at year end | 562,116 |
| Less amounts not available to be used for general expenditures within one year | |
| Contractual or donor imposed restrictions | (92,500) |
| Board designated net assets | <u>(198,296)</u> |
| Financial assets available to meet general expenditures within one year | <u>\$ 271,320</u> |

Except for available funding for special programs, the Organization generally operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Organization does not presently have a line of credit or any other form of debt available to assist with general expenditures.