

VAN GO, INC

FINANCIAL STATEMENTS

AND ACCOUNTANT'S COMPILATION REPORT

DECEMBER 31, 2015 & 2014



MIZE & HOUSER
& COMPANY P.A.

Independent Accountant's Compilation Report

Van Go, Inc.
715 New Jersey Street
Lawrence, KS 66044

Management is responsible for the accompanying financial statements of Van Go, Inc. (a Not for Profit Corporation), which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Mize Houser & Company PA

Mize Houser & Company P.A.
Certified Public Accountants
Lawrence, Kansas

July 24, 2016

VAN GO, INC.
Lawrence, Kansas

STATEMENTS OF FINANCIAL POSITION
As of December 31, 2015 and 2014

Assets	2015	2014
Current assets		
Cash and cash equivalents	\$ 139,846	\$ 93,695
Pledges receivable, net of allowance	176,877	115,901
Grants receivable	25,900	28,870
Other receivable	-	-
Total current assets	342,623	238,466
Noncurrent assets		
Pledges receivable, net of allowance	176,627	113,900
Beneficiary interest in assets held by others	302,205	172,022
Property and equipment, net of depreciation	1,239,909	1,282,174
Total assets	<u>\$ 2,061,364</u>	<u>\$ 1,806,562</u>
 Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 4,095	\$ 1,282
Note payable, current portion	15,547	12,881
Accrued expenses	13,566	15,296
Deferred revenue	3,500	7,900
Total current liabilities	36,708	37,359
Noncurrent liabilities		
Note payable, net of current portion	286,092	301,296
Total liabilities	322,800	338,655
Net Assets		
Unrestricted	1,120,675	1,008,738
Unrestricted - Board Designated	398,562	305,489
Temporarily restricted	219,327	153,680
Total net assets	1,738,564	1,467,907
Total liabilities and net assets	<u>\$ 2,061,364</u>	<u>\$ 1,806,562</u>

The accompanying notes to financial statements
are an integral part of this statement.

VAN GO, INC
Lawrence, Kansas

STATEMENTS OF ACTIVITIES
For the year ended December 31, 2015 and 2014

	2015				2014	
	Unrestricted	Unrestricted Board-Designated	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue						
Contributions	\$ 176,688	\$ 119,851	\$ 176,627	\$ -	\$ 473,166	\$ 526,601
Grants	371,074		42,700		413,774	463,429
Fundraising revenue	96,736				96,736	118,381
Program service revenue	62,189				62,189	61,518
Investment income	-				-	1
Rental income	13,050				13,050	11,065
Miscellaneous income	-	(4,651)			(4,651)	752
Assets released from restrictions	132,906	20,774	(153,680)		-	-
Total revenues	852,643	135,974	65,647	-	1,054,264	1,181,747
Expenditures						
Program services	475,353				475,353	452,037
Supporting services	161,732				161,732	170,723
Fundraising expenses	103,621	42,901			146,522	130,855
Total expenditures	740,706	42,901	-	-	783,607	753,615
Change in Net Assets	111,937	93,073	65,647	-	270,657	428,132
Net assets, beginning of year	1,008,738	305,489	153,680		1,467,907	1,039,775
Net assets, end of year	\$ 1,120,675	\$ 398,562	\$ 219,327	\$ -	\$ 1,738,564	\$ 1,467,907

The accompanying notes to financial statements
are an integral part of this statement.

VAN GO, INC.
Lawrence, Kansas

STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended December 31, 2015 and 2014

	2015				2014
	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Payroll	\$ 300,596	\$ 55,828	\$ 59,193	\$ 415,617	\$ 357,848
Payroll taxes and benefits	26,028	8,072	8,158	42,258	41,015
Advertising			2,892	2,892	2,159
Awards and gifts	-			-	-
Bad debt		-		-	5,330
Bank service charges			4,779	4,779	4,718
Contract labor	27,257	25,215	3,295	55,767	77,986
Depreciation	34,755	23,170		57,925	55,688
Dues and subscriptions		1,127	600	1,727	1,491
Equipment purchases and rentals	1,606	2,921	5,166	9,693	9,934
Food and beverage	10,167	961	7,932	19,060	22,314
Insurance	19,416	8,138	3,666	31,220	46,070
Interest		17,805	-	17,805	18,077
License and permits	1,500		2,060	3,560	4,590
Miscellaneous	247	385	-	632	768
Assistance and scholarships	449			449	1,196
Photography	149		150	299	1,265
Postage and delivery	203	1,016	5,180	6,399	5,156
Printing and reproduction	1,308	327	5,938	7,573	9,237
Professional fees	900	1,200	8,725	10,825	23,541
Repairs and maintenance	2,340	1,643		3,983	4,838
Supplies	38,901	4,056	28,787	71,744	39,393
Telephone		3,834		3,834	3,720
Travel and entertainment	479			479	713
Utilities	9,052	6,034	-	15,086	16,569
Total Expenses	<u>\$ 475,353</u>	<u>\$ 161,732</u>	<u>\$ 146,521</u>	<u>\$ 783,606</u>	<u>\$ 753,615</u>

The accompanying notes to financial statements
are an integral part of this statement

VAN GO, INC.
Lawrence, Kansas

STATEMENTS OF CASH FLOWS
For the year ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Reconciliation of changes in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in net assets	\$ 270,657	\$ 428,132
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	57,925	55,688
(Increase) decrease in assets		
Grants receivable	2,970	(4,539)
Pledges receivable	(123,703)	(226,851)
Other receivable	-	820
Prepaid expenses		
Increase (decrease) in assets		
Accounts payable	2,813	(22,844)
Accrued expenses	(1,730)	(12,706)
Deferred revenue	(4,400)	(2,348)
Net cash provided (used) by operating activities	<u>204,532</u>	<u>215,352</u>
Cash flows from investing activities		
Change in beneficiary interest	(130,183)	(172,022)
Purchase of fixed assets	(15,660)	(6,480)
Net cash provided (used) by investing activities	<u>(145,843)</u>	<u>(178,502)</u>
Cash flows from financing activities		
Payments of note payable	(12,538)	(11,703)
Net cash provided (used) by financing activities	<u>(12,538)</u>	<u>(11,703)</u>
Net increase (decrease) in cash for period	46,151	25,147
Cash as of beginning of period	<u>93,695</u>	<u>68,548</u>
Cash as of end of period	<u><u>\$ 139,846</u></u>	<u><u>\$ 93,695</u></u>
<u>Supplemental Information</u>		
Interest paid	<u><u>\$ 17,805</u></u>	<u><u>\$ 18,077</u></u>

The accompanying notes to financial statements
are an integral part of this statement

Van Go, Inc.
Notes to Financial Statements
YEARS ENDED DECEMBER 31, 2015 AND 2014

1. Organization and summary of significant accounting policies

(a) Nature of organization

Van Go, Inc. (the Organization) was incorporated in Kansas in 1995. The Organization was established as an arts-based social service agency that provides year-round after-school and summer job training programs to high needs and underserved youth, ages 14 to 21. The mission of the Organization is to improve the lives of high-needs youth using arts as the vehicle for self-expression, self-confidence and hope for the future.

(b) Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

(c) Financial statement presentation

The Organization has adopted generally accepted accounting principles as outlined in the Financial Accounting Standard Boards Accounting Standard Codification (FASB ASC) FASB ASC 958-205. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

(d) Cash and cash equivalents

Cash and cash equivalents include cash in checking, savings, and money market accounts.

(e) Pledges receivable

Pledges receivable represent legally enforceable pledges which are recorded at net realizable value. Pledges are written off at the time they are deemed uncollectible. An allowance for uncollectible pledges has been estimated based on an analysis of the account and historical experience.

(f) Property and equipment

Property and equipment are recorded at cost with depreciation computed using the straight line method over the estimated useful lives of the assets. The estimated useful life of the equipment in service ranges from three to five years and the useful life of the building and related improvements is thirty years.

(g) Deferred Revenue

Deferred revenue represents amounts received which had not been earned at the end of the year.

(h) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Van Go, Inc.
Notes to Financial Statements
YEARS ENDED DECEMBER 31, 2015 AND 2014

1. Organization and summary of significant accounting policies (continued)

(i) Income taxes

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code as provided by a determination letter received from the Internal Revenue Service.

The Organization has adopted the provisions of FIN 48, Accounting for Income Taxes, under the provisions of FSP FIN 48-3 as codified in FASB ASC 740-10. This standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This standard prescribes recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this standard had no impact on the Organization's financial statements.

The Organization's income tax returns are subject to review and examination by federal, state, and local authorities. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes. The tax returns for the years 2012 to 2014 and 2015, when filed, are open to examination by federal, state, and local authorities.

(j) Restricted support

The Organization reports gifts of cash as temporarily restricted net assets if they are received with donor stipulations that limit the use of the donated assets. If the donor restriction expires in the same year as the contribution, the contribution is reported as unrestricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or 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 for restrictions. Contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization are recorded as permanently restricted net assets. There were no permanently restricted net assets at December 31, 2015 or 2014.

(k) Transfer of Assets to a Not-for-Profit that holds Contributions for others

The Organization has adopted the provisions of FASB ASC 958-605 with respect to the monies transferred into a fund at Douglas County Community Foundation. The Organization provided the Foundation the power to modify the distribution of funds. The distribution of funds is limited to the income of the fund, net of the fees and expenses for purposes described in Code Section 170(c)(1) or (2)(B) that are consistent with the exempt status and purposes of the Foundation. Under FASB ASC 958-605, the transferring of assets is presumed reciprocal in nature even if the transferring entity explicitly grants the recipient entity variance power when the transferring entity specifies itself as the beneficiary. As a result, the Organization recognized in the Statement of Financial Position \$302,205 as an asset. The asset is considered a beneficiary interest in assets held by others.

(l) Functional expenses

Certain expenses have been allocated between program and supporting services based on the amount of time employees spend on each function or the percentages of the building used for each function.

Van Go, Inc.
Notes to Financial Statements
YEARS ENDED DECEMBER 31, 2015 AND 2014

2. Pledges receivable

Pledges receivable consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Less than one year	\$ 176,877	\$ 115,901
One year or more	176,627	113,900
Less allowance		
Pledges receivable, net	<u>\$ 353,504</u>	<u>\$ 229,801</u>

3. Fixed assets

Fixed assets as of December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Cost		
Land and land improvements	\$ 45,277	\$ 45,277
Buildings	1,618,666	1,618,666
Equipment	206,730	191,070
Loan Costs	2,180	2,180
Total Cost	<u>1,872,853</u>	<u>1,857,193</u>
Less accumulated depreciation and amortization	<u>(632,944)</u>	<u>(575,019)</u>
Net property and equipment	<u>\$ 1,239,909</u>	<u>\$ 1,282,174</u>

Depreciation for the years ended December 31, 2015 and 2014 was \$57,925 and \$55,688, respectively.

4. Net asset restrictions

As of December 31, 2015 and 2014, temporarily restricted net assets are restricted for the following purposes:

	<u>2015</u>	<u>2014</u>
Restricted as to use	\$ 42,700	\$ 39,780
Restricted as to time	176,627	113,900
	<u>\$ 219,327</u>	<u>\$ 153,680</u>

5. Retirement plan

The Organization has a SIMPLE IRA plan covering all employees receiving at least \$5,000 in compensation. The Organization matches participants' contributions to the plan up to 3% of the individual participant's salary. The Organization incurred \$6,892 and \$7,049 in retirement expenses for the years ended December 31, 2015 and 2014, respectively.

Van Go, Inc.
Notes to Financial Statements
YEARS ENDED DECEMBER 31, 2015 AND 2014

6. Line of credit

On September 21, 2011, the Organization entered into a line of credit agreement with Central National Bank. The line of credit limit is \$25,000 with an interest rate of 6.00% and a maturity date in September 2014. The credit line is secured by a real estate mortgage. As of December 31, 2015, the Organization had no outstanding borrowings on the line of credit.

7. Note payable

The Organization has a note with Central National Bank with a current interest rate of 5.15%. Under the terms of this loan agreement dated September 21, 2011, the interest rate will adjust every three years from the date of initiation to the previous month's average yield on US Treasury 3 month bonds. The note requires 119 payments beginning in October 2011 of monthly principal and interest payments of \$2,345, with a final payment of \$221,107 due in September 2021. The loan is secured by a real estate mortgage.

The future maturities on the note are as follows:

2016	\$ 15,547
2017	16,324
2018	17,141
2019	17,998
2020	18,897
2021 and thereafter	215,732
	<u>\$ 301,639</u>

7. Subsequent events

Management has evaluated subsequent events through July 24, 2016, the date which the financial statements were available to be issued.