VAN GO, INC.

FINANCIAL STATEMENTS
AND ACCOUNTANT'S COMPILATION REPORT

DECEMBER 31, 2019 AND 2018

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, 2019 and 2018 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements 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.

Kindred CPA, LLC

Kindred CPA, LLC
Lawrence, KS

October 28, 2020

VAN GO, INC.
Lawrence, Kansas

STATEMENTS OF FINANCIAL POSITION
As of December 31, 2019 and 2018

Assets	**2019**	**2018**
Current assets		
Cash and cash equivalents	$ 169,292	$ 189,418
Promises to give, net	97,025	194,492
Grants receivable	14,249	25,495
Other receivable	-	105
Total current assets	280,565	409,510
Noncurrent assets		
Beneficiary interest in assets held by others	1,213,313	800,913
Property and equipment, net of depreciation	1,033,903	1,082,831
Total assets	$ 2,527,781	$ 2,293,254

Liabilities and Net Assets	**2019**	**2018**
Current Liabilities		
Accounts payable	$ 4,825	$ 9,871
Note payable, current portion	-	19,303
Accrued expenses	10,667	19,171
Deferred revenue	450	4,350
Total current liabilities	15,942	52,695
Noncurrent liabilities		
Note payable, net of current portion	-	201,443
Total liabilities	15,942	254,138
Net Assets		
Without donor restrictions		
Undesignated	1,468,007	1,068,199
Designated by the Board for operating reserve	488,768	466,460
Designated by the Board for endowment	488,767	466,459
With donor restrictions		
Purpose restrictions	66,297	38,000
Total net assets	2,511,839	2,039,118
Total liabilities and net assets	$ 2,527,781	$ 2,293,254

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

VAN GO, INC
Lawrence, Kansas

STATEMENTS OF ACTIVITIES
For the years ended December 31, 2019 and 2018

	2019				2018
	Without donor restrictions		With donor		
	Undesignated	Board-Designated	restrictions	Total	Total
Revenue					
Contributions	$ 502,307	$ 5,276	$ -	$ 507,583	$ 274,909
Grants	411,919	-	66,297	478,216	480,660
Fundraising revenue	155,844	-	-	155,844	142,387
Program service revenue	69,946	-		69,946	73,818
Investment income	6	-	-	6	-
Rental income	8,700	-	-	8,700	15,350
Miscellaneous income	20,541	128,525	-	149,066	(47,874)
Assets released from restrictions	127,185	(89,185)	(38,000)	-	-
Total revenues	1,296,448	44,616	28,297	1,369,361	939,250
Expenditures					
Program services	550,877	-	-	550,877	535,836
Management and general	182,799	-	-	182,799	193,589
Fundraising expenses	162,964	-	-	162,964	154,557
Total expenditures	896,640	-	-	896,640	883,982
Change in Net Assets	399,808	44,616	28,297	472,721	55,268
Net assets, beginning of year	1,068,199	932,919	38,000	2,039,118	1,983,850
Net assets, end of year	$ 1,468,007	$ 977,535	$ 66,297	$ 2,511,839	$ 2,039,118

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

VAN GO, INC.
Lawrence, Kansas

STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended December 31, 2019 and 2018

	2019				2018
	Program Services	Management and General	Fundraising	Total	Total
Payroll	$ 348,531	$ 52,311	$ 68,843	$ 469,685	$ 450,810
Payroll taxes and benefits	29,750	6,360	8,370	44,480	42,069
Advertising	-	-	3,161	3,161	4,847
Bank service charges	-	-	5,310	5,310	4,906
Contract labor	24,880	38,804	11,688	75,372	66,270
Depreciation	36,727	24,485	-	61,212	66,368
Dues and subscriptions		2,397	959	3,356	1,921
Equipment purchases and rentals	528	9,203	15,827	25,558	27,061
Food and beverage	10,945	2,438	12,610	25,993	20,590
Insurance	33,885	9,761	5,805	49,451	47,656
Interest		9,487	-	9,487	14,195
License and permits	2,159	-	5,937	8,096	4,624
Miscellaneous	298	167	-	465	218
Assistance and scholarships	2,197	-	-	2,197	1,260
Photography	296	-	300	596	1,152
Postage and delivery	137	687	2,833	3,657	3,678
Printing and reproduction	1,246	311	6,648	8,205	7,143
Professional fees	926	10,376	4,290	15,592	19,109
Repairs and maintenance	3,771	2,075	-	5,846	18,222
Supplies	37,619	5,355	10,383	53,357	59,660
Telephone	3,417	2,278	-	5,695	4,317
Travel and entertainment	4,108	-	-	4,108	1,349
Utilities	9,457	6,304	-	15,761	16,557
Total Expenses	$ 550,877	$ 182,799	$ 162,964	$ 896,640	$ 883,982

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

VAN GO, INC.
Lawrence, Kansas

STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Reconciliation of changes in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in net assets	$ 472,721	$ 55,268
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	61,212	66,368
Change in beneficiary interest	(412,400)	(86,001)
(Increase) decrease in assets		
Grants receivable	11,246	(9,598)
Pledges receivable	97,467	5,696
Other receivable	105	420
Increase (decrease) in liabilities		
Accounts payable	(5,046)	7,635
Accrued expenses	(8,504)	8,495
Deferred revenue	(3,900)	3,314
Net cash provided (used) by operating activities	212,901	51,596
Cash flows from investing activities		
Purchase of fixed assets	(12,281)	-
Net cash provided (used) by investing activities	(12,281)	-
Cash flows from financing activities		
Payments of note payable	(220,746)	(11,691)
Net cash provided (used) by financing activities	(220,746)	(11,691)
Net increase (decrease) in cash for period	(20,126)	39,905
Cash as of beginning of period	189,418	149,513
Cash as of end of period	$ 169,292	$ 189,418
Supplemental Information		
Interest paid	$ 9,487	$ 14,195

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

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) Comparative financial information

The accompanying 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 accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our compiled financial statements for the year ended December 31, 2019, from which the summarized information was derived.

(c) Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payable and other liabilities.

(d) Basis of presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(e) Revenue and revenue recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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

(f) In-kind contributions

The Organization records various types of in-kind contributions. Donations of property and equipment are recorded at estimated fair value at the date of donation and are included in contributions as received. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals have volunteered over 6,500 hours to the Organization's program and support services, which do not meet the criteria for recognition in the financial statements.

(g) Cash and cash equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

(h) Promise to give

We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

(i) Beneficial interest in assets held by others

The Organization established a fund held by Douglas County Community Foundation (DCCF). The balance consists of the funds allocation of the pooled investment account held by DCCF. The Organization granted variance power to DCCF, which allows DCCF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the DCCF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by DCCF for our benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

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

(j) Fair value measurements – definition of hierarchy

The Organization has adopted the provisions of FASB ASC 820-10. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Organization uses various valuation approaches. FASB ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization.

Unobservable inputs are those that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to instruments at Level 1. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree for judgment exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Organization's own assumptions are set to reflect those that the Organization believes market participants would use in pricing the asset or liability at the measurement date.

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

(k) 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.

(l) Deferred Revenue

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

(m) Income taxes

The Organization is organized as a Kansas nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined the Organization is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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.

(n) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

(o) 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.

(p) Subsequent events

Management has evaluated subsequent events through October 28, 2020, the date which the financial statements were available to be issued.

2. Change in accounting principle

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenues from Contracts with Customers,* and has modified the standard thereafter. This standard replaces existing revenue recognition rules with a comprehensive revenue measurement and recognition standard and expanded disclosure requirements. ASU 2014-09 is effective for annual reporting periods in fiscal years that begin after December 15, 2018. Accordingly, the Organization has adopted this guidance as of January 1, 2019 and management does not believe there is a material impact on revenue recognition.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Made.* The guidance should assist entities in (1) evaluating whether transactions should be accounted for as contributions or as exchange transactions and (2) determining whether a contribution is conditional. The new standard is effective for fiscal years beginning after December 31, 2019, including interim periods within those fiscal years. It is management's responsibility to ensure appropriate adoption of ASU 2018-08. Accordingly, the Organization has adopted this guidance as of January 1, 2019.

3. Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2019	2018
Cash and cash equivalents	$ 169,292	$ 189,418
Grants receivable	14,249	25,495
Total financial assets available within one year	183,541	214,913
Less those generally unavailable for expenditure due to:		
Donor-imposed purpose restrictions	(66,297)	(38,000)
	$ 117,244	$ 176,913

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

4. Promises to give

Unconditional promises to give are estimated to be collected as follows at December 31, 2019 and 2018:

4. Promises to give (continued)

	2019	2018
Less than one year	$ 97,025	$ 194,492
One year or more	-	-
Less allowance	-	-
Pledges receivable, net	$ 97,025	$ 194,492

5. Property and equipment

Property and equipment consists of the following at December 31, 2019 and 2018:

Cost	2019	2018
Land and land improvements	$ 45,277	$ 45,277
Buildings	1,633,865	1,633,865
Equipment	196,060	183,776
Loan Costs	2,180	2,180
Total Cost	1,877,382	1,865,098
Less accumulated depreciation and amortization	(843,479)	(782,267)
Net property and equipment	$1,033,903	$1,082,831

Depreciation for the years ended December 31, 2019 and 2018 was $61,212 and $66,368, respectively.

6. Fair value disclosure

As discussed in Note 2, the Organization has a beneficial interest in the DCCF pooled investment fund. The investment policy governing the underlying investments is established by the Board of the Douglas County Community Foundation. These assets are measured at fair value on a recurring basis, and at December 31, 2019 and 2018 are classified as Level 3 in the fair value hierarchy.

Unobservable inputs reflect DCCF's assumptions that market participants would use in pricing the pooled investments, developed on the best information available in the circumstances, including assumptions about risk. Inputs may include market price information, volatility statistics, specific broad credit data, liquidity statistics, and other factors.

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant inputs (Level 3) for the years ended December 31, 2019 and 2018:

6. Fair value disclosure (continued)

December 31, 2017	$ 714,912
Contributions/additions	159,927
Total dividend income and gains/losses	(40,335)
Fees	(7,539)
Grants made	(26,052)
December 31, 2018	$ 800,913
December 31, 2018	$ 800,913
Contributions/additions	479,403
Total dividend income and gains/losses	158,259
Fees	(10,263)
Grants made	(215,000)
December 31, 2019	$1,213,313

7. Net asset with donor restrictions

Net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for a specified purpose:	2019	2018
Unfunded youth wages	$ 26,000	$ 20,000
Computer lab	10,000	-
Strategic planning	25,000	-
Go-Healthy program	5,297	18,000
	$ 66,297	$ 38,000

8. Endowment funds

As of December 31, 2019, the Board of Trustees had designated $977,535 of net assets without donor restrictions as general endowment and reserve fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

The Organization has a spending policy of appropriating for distribution each year the average net investment income over the previous twelve quarters of its board-designated endowment fund's fair value as of September 30 preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its general endowment and reserve fund to grow beyond the annual amount appropriated for distribution. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

8. Endowment funds (continued)

To achieve that objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the fund. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Composition of and changes in endowment net assets for the year ended December 31, 2019 were as follows:

	2019	2018
Board-designated endowments net assets, beg of year	$ 932,919	$ 904,689
Investment return, net	128,525	(55,689)
Contributions	5,276	111,044
Distribution pursant to distribution policy	(89,186)	(27,125)
Board-designated endowments net assets, end of year	$ 977,535	$ 932,919

9. Functionalized expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and others, which are allocated by full time equivalents per function on the basis of estimates of time and effort.

10. 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 $8,687 and $7,765 in retirement expenses for the years ended December 31, 2019 and 2018, respectively.

11. 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 2017. The credit line is secured by a real estate mortgage. As of December 31, 2019, the Organization had no outstanding borrowings on the line of credit.

12. Note payable

The Organization had a note with Central National Bank with a current interest rate of 4.93%. 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 was secured by a real estate mortgage. The mortgage was paid off during 2019.

13. Pending accounting pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases*, which, among other things, requires the recognition of lease assets and lease liabilities for operating leases on the statement of financial position for lessees, and the disclosure of key information about leasing arrangements. The standard is effective for fiscal years beginning after December 15, 2020. Early application is permitted. The standard will need to be applied retrospectively in the year adopted. It is management's responsibility to ensure appropriate adoption of ASU 2016-02.