



Active Social Communities, Inc.
D/B/A Volo City Kids Foundation

Financial Statements

December 31, 2022

Meadows Urquhart Acree & Cook, LLP
Certified Public Accountants

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- Kelli P. Meadows
- Douglas A. Urquhart
- David C. Acree
- Shannon W. Cook

Independent Auditor's Report

To the Board of Directors
Active Social Communities, Inc.
D/B/A Volo City Kids Foundation
Baltimore, Maryland

Opinion

We have audited the accompanying financial statements of Active Social Communities, Inc. D/B/A Volo City Kids Foundation (the Organization) which comprise the statement of financial position as of December 31, 2022 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets, cash flows, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Meadow Urgulant Arce + Cook, LLP

Henrico, Virginia
December 18, 2023

Active Social Communities, Inc.
D/B/A Volo City Kids Foundation

Statement of Financial Position
December 31, 2022

Assets	
Current assets	
Cash	\$ 654,946
Grants receivable	20,119
Total current assets	<u>675,065</u>
Property and equipment, net	1,441
Total assets	<u><u>\$ 676,506</u></u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable	\$ 20,256
Accrued expenses	440
Total current liabilities	<u>20,696</u>
Total liabilities	20,696
Net assets without donor restrictions	630,300
Net assets with donor restrictions	25,510
Total liabilities and net assets	<u><u>\$ 676,506</u></u>

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

Active Social Communities, Inc.
D/B/A Volo City Kids Foundation

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support			
Contributions	\$ 536,967	\$ 123,031	\$ 659,998
Total support	536,967	123,031	659,998
Revenue			
Program income	257,552	-	257,552
Total revenue	257,552	-	257,552
Net assets released from restrictions	97,521	(97,521)	-
Total support and revenue	892,040	25,510	917,550
Expenses			
Program services	854,967	-	854,967
Management and general	59,984	-	59,984
Fundraising	130,126	-	130,126
Total expenses	1,045,077	-	1,045,077
Equity transfer			
Contributed services from affiliate	450,504	-	450,504
Change in net assets	297,467	25,510	322,977
Net assets, beginning of year	332,833	-	332,833
Net assets, end of year	\$ 630,300	\$ 25,510	\$ 655,810

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

**Active Social Communities, Inc.
D/B/A Volo City Kids Foundation**

**Statement of Functional Expenses
Year Ended December 31, 2022**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Compensation expense	\$ 534,395	\$ 29,701	\$ 84,287	\$ 648,383
Program expenses	114,877	-	-	114,877
Advertising and promotion	84,811	-	4,921	89,732
Professional fees	31,667	15,528	22,283	69,478
Payroll taxes	17,776	2,906	8,246	28,928
Insurance	26,609	176	-	26,785
Background checks	13,878	-	-	13,878
Travel	9,895	269	269	10,433
Miscellaneous	8,435	-	-	8,435
Bank charges	-	6,492	-	6,492
Event expense	888	-	5,239	6,127
Information technology	2,189	120	3,280	5,589
Training	3,309	-	1,361	4,670
Occupancy	3,261	-	-	3,261
Bad debt expense	-	2,500	-	2,500
Office expense	1,933	91	240	2,264
Depreciation	-	1,360	-	1,360
Transportation	1,044	-	-	1,044
Taxes and licenses	-	841	-	841
Total expenses	\$ 854,967	\$ 59,984	\$ 130,126	\$ 1,045,077

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

**Active Social Communities, Inc.
D/B/A Volo City Kids Foundation**

**Statement of Cash Flows
Year ended December 31, 2022**

Cash Flows From Operating Activities	
Change in net assets	\$ 322,977
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	1,360
Increase in:	
Grants receivable	(2,650)
Increase (decrease) in:	
Accounts payable	22,555
Accrued expenses	(7,338)
Net cash provided by operating activities	<u>336,904</u>
Net change in cash	336,904
Cash, beginning of year	<u>318,042</u>
Cash, end of year	<u><u>\$ 654,946</u></u>

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

**Active Social Communities, Inc.
D/B/A Volo City Kids Foundation**

Notes to Financial Statements

Note 1—Organization and Business

Active Social Communities, Inc. D/B/A Volo City Kids Foundation (the Organization) is a tax-exempt not-for-profit organization. The Volo City Kids Foundation uses the power of play to build communities of active, resilient and confident kids. The Volo City Kids Foundation accomplishes this by providing quality sports and after-school programs that remove the traditional barriers to athletic participation, such as limited financial resources and transportation. Programs are open to all kids, regardless of race, gender or experience level.

Note 2—Summary of Significant Accounting Policies

Basis of accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting, whereby revenues are recorded when earned and expenses when incurred.

Basis of presentation: The Organization follows the provisions for Not-for-Profit Entities in accordance with accounting principles generally accepted in the United States of America (US GAAP). Under US GAAP, the Organization is required to report information regarding its financial position 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.

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.

Use of estimates: The presentation of financial statements 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.

Income taxes: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2022.

Property and equipment: Property and equipment are stated at cost at the date of acquisition. Donated property and equipment are stated at fair market value at the date of donation. Depreciation of equipment and vehicles is computed by the straight-line method over the estimated useful lives of the assets, ranging from 5 to 7 years. Maintenance and repairs are charged to expense as incurred. Major renovations and improvements are capitalized. Depreciation totaled \$1,360 for the year ended December 31, 2022.

**Active Social Communities, Inc.
D/B/A Volo City Kids Foundation**

Notes to Financial Statements

Note 2—Summary of Significant Accounting Policies (continued)

Grants receivable and revenue recognition: The Organization records revenue from all significant grants and contracts as costs are incurred to give recognition to the performance requirements of the various agreements. Grants receivable consist of amounts which have been incurred but not reimbursed by the respective grantor.

Contributions: Contributions received are recorded as increases to net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of assets other than cash are recorded at their estimated fair market value at the time of donation.

Functional expenses: The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. The statement contains certain categories of expense that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, occupancy and office, as well as salaries and benefits, and are primarily allocated based on time and effort reports.

Advertising: The costs of advertising for the Organization are expensed as incurred. Total advertising related costs amounted to \$89,732 for the year ended December 31, 2022.

Financial credit risk: Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash. The Organization places its cash with credit worthy institutions and diversifies its holdings among financial institutions, thereby limiting the amount of credit exposure to any one financial institution. At times the Organization has cash deposits in excess of federally insured limits being held by federally insured financial depository institutions.

New accounting pronouncement: In June 2016, FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement for Credit Losses on Financial Instruments*, which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. ASU 2016-13 also requires additional disclosures regarding significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an entity's portfolio. The requirements of this statement are effective for the Organization for the year ended December 31, 2024. The Organization is currently evaluating the impact of this statement.

**Active Social Communities, Inc.
D/B/A Volo City Kids Foundation**

Notes to Financial Statements

Note 3—Liquidity and Availability of Resources

The following represents Organization's financial assets as of December 31, 2022:

Financial assets available within one year:	
Cash	\$ 654,946
Grants receivable	20,119
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Total financial assets	675,065
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Less those unavailable for general expenditures within one year, due to:	
Denver area league	657
Baltimore area league	24,853
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Financial assets available to management for general expenditures within one year	\$ 649,555
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The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 4—Related Party

Volo, Inc. is a for profit, affiliated with the Organization. Volo, Inc. contributed \$32,700 to the Organization during the year ended December 31, 2022 which is included in the accompanying statement of activities and changes in net assets within contributions.

Additionally, Volo, Inc. provided \$450,504 in contributed services to the Organization during the year ended December 31, 2022, which is included in the accompanying statement of activities and changes in net assets as an equity transfer.

Note 5—Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following as December 31, 2022:

Baltimore area league	\$ 24,853
Denver area league	657
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	\$ 25,510
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Note 6—Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 18, 2023, the date the financial statements were available to be issued.