

**FAN4KIDS, Inc**  
**(A Not-for-Profit Organization)**  
**Financial Statements**  
**Year ended June 30, 2022 & 2021**

FAN4KIDS, Inc  
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June 30, 2022 & 2021

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**Independent Accountant's Review Report**

The Board of Directors  
FAN4KIDS, Inc  
New York, NY

We have reviewed the accompanying financial statements of FAN4Kids, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 entity 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.

**Accountant'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 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.

We are required to be independent of FAN4Kids, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

**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.

*Lehman Flynn Vollaro*

Melville, NY  
May 11, 2023

FAN4KIDS, Inc  
 Statements of Financial Position  
 June 30, 2022 & 2021

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	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 120,290	\$ 205,755
Accounts receivable, net	80,735	72,752
Total assets	\$ 201,025	\$ 278,507
 <b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 10,964	\$ 4,438
Deferred revenue	10,000	96,000
SBA PPP loan payable	-	106,142
Officer's advance	19,800	25,000
Total current liabilities	40,764	231,580
Total liabilities	40,764	231,580
 <b>Net assets</b>		
Without donor restrictions	160,261	46,927
Total net assets	160,261	46,927
Total liabilities and net assets	\$ 201,025	\$ 278,507

See notes to financial statements

**LEHMAN FLYNN VOLLARO PLLC**  
 CERTIFIED PUBLIC ACCOUNTANTS

FAN4KIDS, Inc  
Statements of Activities  
Year Ended June 30, 2022 & 2021

	2022	2021
Revenue and support		
Foundations and corporate sponsors	227,800	203,500
SBA PPP loan forgiveness	106,142	
City Council	104,247	99,499
Program revenue	\$ 84,999	\$ 55,764
Donations	44,692	38,209
Interest and dividend income	30	1
Special events (net)	-	(84)
Total revenue, support, and gains	567,910	396,889
Expenses		
Instructor salary	\$ 212,004	\$ 170,619
Professional fees	67,189	62,447
Fringe benefits	55,524	52,000
Officer compensation	52,000	46,992
Payroll taxes	23,061	19,119
Program supplies	8,852	8,100
Office expenses	8,725	7,515
Rent	7,649	
Payroll fees	6,545	6,371
Pension plan contributions	4,599	4,476
Insurance	2,894	1,905
Telephone & internet	1,718	1,877
Computer hardware & software	1,309	1,668
Recruitment and hiring	1,200	210
Meals	802	50
Filing fees	505	5
Total expenses	\$ 454,576	\$ 383,354
Change in net assets	113,334	13,535
Net assets, beginning of year	46,927	33,392
Net assets, end of year	\$ 160,261	\$ 46,927

See notes to financial statements

**LEHMAN FLYNN VOLLARO PLLC**  
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**FAN4KIDS, Inc**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

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	Program Service Revenue	Management and General	Total
Instructor salary	\$ 212,004	\$ -	\$ 212,004
Professional fees	67,189	-	67,189
Fringe benefits	51,377	4,147	55,524
Officer compensation	44,720	7,280	52,000
Payroll taxes	22,504	557	23,061
Program supplies	8,852	-	8,852
Office expenses	1,689	7,036	8,725
Rent	-	7,649	7,649
Payroll fees	5,236	1,309	6,545
Pension plan contributions	4,256	343	4,599
Insurance	2,894	-	2,894
Telephone & internet	-	1,718	1,718
Computer hardware & software	-	1,309	1,309
Recruitment and hiring	-	1,200	1,200
Meals	802	-	802
Filing fees	505	-	505
Total expenses by function	<u>\$ 422,028</u>	<u>\$ 32,548</u>	<u>\$ 454,576</u>

See notes to financial statements

**LEHMAN FLYNN VOLLARO PLLC**  
 CERTIFIED PUBLIC ACCOUNTANTS

**FAN4KIDS, Inc**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

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	Program Service Revenue	Management and General	Total
Instructor salary	\$ 170,619	\$ -	\$ 170,619
Professional fees	62,447	-	62,447
Officer compensation	44,720	7,280	52,000
Fringe benefits	43,482	3,510	46,992
Payroll taxes	17,265	1,854	19,119
Rent	-	8,100	8,100
Office expenses	-	7,515	7,515
Payroll fees	6,371	-	6,371
Pension plan contributions	1,790	2,686	4,476
Telephone & internet	-	1,905	1,905
Program supplies	1,877	-	1,877
Computer hardware & software	-	1,668	1,668
Other operating expenses	210	-	210
Filing fees	-	50	50
Advertising	-	5	5
Total expenses by function	<u>\$ 348,781</u>	<u>\$ 34,573</u>	<u>\$ 383,354</u>

See notes to financial statements

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FAN4KIDS, Inc  
 Statements of Cash Flows  
 Year Ended June 30, 2022 & 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 113,334	\$ 13,535
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Changes in operating assets and liabilities		
Accounts receivable, net	(7,983)	(23,417)
Accounts payable	6,526	738
Deferred revenue	(86,000)	28,500
Officer's advance	(5,200)	(35,000)
Prepaid expenses	-	675
Net cash (used for) operating activities	20,677	(14,969)
Cash flows from financing activities		
SBA-PPP loan	(106,142)	-
Net cash (used for) financing activities	(106,142)	-
Net change in cash and cash equivalents	(85,465)	(14,969)
Cash and cash equivalents, beginning of year	205,755	220,724
Cash and cash equivalents, end of year	\$ 120,290	\$ 205,755

See notes to financial statements

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FAN4KIDS, Inc  
Notes to Financial Statements  
Year Ended June 30, 2022

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## **Note 1 - Principal activity and significant accounting policies**

### **Organization**

FAN4KIDS, Inc (The Organization) was incorporated as a not-for-profit corporation under in the State of New Jersey. The primary purpose of the organization is to educate kids of all shapes and sizes about healthy eating and active lifestyles and empower them to make healthy decisions about fitness and nutrition. We help prevent the problems of poor eating and inactivity by instilling “Lessons That Last A Lifetime”. Significant sources of revenue are obtained from governmental grants, program fees and contributions.

### **Cash and cash equivalents**

The Organization 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 building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

### **Accounts receivable**

Accounts receivable consist primarily of noninterest-bearing amounts due for grants and other program services. The Organization determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2022, management has determined that no allowance for doubtful accounts is necessary.

### **Net assets**

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.

*Net Assets With Donor Restrictions* – Net assets subject to donor 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. The Organization has no net assets with donor restrictions as of June 30, 2022.

### **Revenue and revenue recognition**

**FAN4KIDS, Inc**  
Notes to Financial Statements  
Year Ended June 30, 2022

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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.

**Donated services and in-kind contributions**

Contributed goods, professional services and use of facilities are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

**Functional allocation of expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income taxes**

FAN4KIDS, Inc is organized as a New Jersey nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(c) 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 has been determined not to be private foundations under IRC Sections 509(a)(1). 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 is unrelated to its exempt purpose. 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 believes that the Organization has appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

**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.

**Financial instruments and credit risk**

**FAN4KIDS, Inc**  
Notes to Financial Statements  
Year Ended June 30, 2022

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The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, The Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of our mission.

**Compensated absences**

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. Our policy is to recognize these costs when actually paid.

**Subsequent events**

The Organization has evaluated subsequent events through May 11, 2023 the date the financial statements were available to be issued.

**Note 2 - Liquidity and availability**

The Organization regularly monitors the availability of resources required to meet our operating needs and other contractual commitments.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, consists of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 120,290	\$ 205,755
Accounts receivable	<u>80,735</u>	<u>72,752</u>
	<u>\$ 201,025</u>	<u>\$ 278,507</u>

**Note 3 - SBA PPP loan**

The Organization received a loan from Chase Bank in the amount of \$106,142 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan has been forgiven in full as of August 18, 2021.

**Note 4 - Accounts receivable**

The Organization operates under contracts with various school districts and other organizations.

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CERTIFIED PUBLIC ACCOUNTANTS

**FAN4KIDS, Inc**  
Notes to Financial Statements  
Year Ended June 30, 2022

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At June 30, 2022 the organization was due amounts from these sources for services rendered. The balance as of June 30, 2022 was \$80,735 and all amounts are expected to be subsequently received.

**Note 5 - Deferred revenue**

The Organization received funds in advance of performing services for various school districts and other organizations. These amounts totaled to \$10,000 as of June 30, 2022.

**Note 6 - Officer's advance**

The Organization has a loan payable to one of its officers that is paid back as cash flow permits. This is a non-interest-bearing loan. The balance as of June 30, 2022 was \$19,800.

**Note 7 - 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 occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

