

THE RECING CREW
ANNUAL FINANCIAL REPORT
JUNE 30, 2023

**THE READING CREW
ANNUAL FINANCIAL REPORT**

Table of Contents

| | |
|--------------|----------------------------------|
| Page 1 - 2 | Independent Auditor's Report |
| Page 3 | Statement of Financial Position |
| Page 4 | Statement of Activities |
| Page 5 | Statement of Functional Expenses |
| Page 6 | Statement of Cash Flows |
| Pages 7 - 10 | Notes to Financial Statements |

BEDINGFIELD, McCUTCHEON & PERRY
Certified Public Accountants, P.C.
Augusta, Georgia

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
The Recing Crew
North Augusta, South Carolina

Opinion

We have audited the accompanying financial statements of The Recing Crew, which comprise the statements of financial position as of June 30, 2023, and the related statements of activities 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 Recing Crew and the activities, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for qualified 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 The Recing Crew and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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; 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 Recing

Crew'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 Recing Crew'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 Recing Crew'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.

BEDDOFIELD, McILHEW & PERRY

Augusta, Georgia

December 15, 2023

The Recing Crew
Statement of Financial Position
June 30, 2023

Assets

Current Assets

| | |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 1,033,777 |
| Prepaid insurance | 421 |
| Total current assets | <u>1,034,198</u> |

Property, plant and equipment

| | |
|-------------------------------------|----------------|
| Property, plant and equipment | 5,991 |
| Less: accumulated depreciation | <u>(5,890)</u> |
| Total property, plant and equipment | <u>101</u> |

| | |
|--------------|----------------------------|
| Total Assets | <u><u>\$ 1,034,299</u></u> |
|--------------|----------------------------|

Liabilities and Net Assets

| | |
|-------------|-----------------|
| Liabilities | |
| Liabilities | <u>\$ 1,406</u> |

| | |
|-------------------|--------------|
| Total Liabilities | <u>1,406</u> |
|-------------------|--------------|

| | |
|---------------------------------------|----------------|
| Net Assets | |
| Net assets without donor restrictions | 246,563 |
| Net assets with donor restrictions | <u>786,330</u> |

| | |
|------------------|------------------|
| Total net assets | <u>1,032,893</u> |
|------------------|------------------|

| | |
|----------------------------------|----------------------------|
| Total Liabilities and net assets | <u><u>\$ 1,034,299</u></u> |
|----------------------------------|----------------------------|

See accompanying notes to financial statements.

The Recing Crew
Statement of Activities
For the Year Ended June 30, 2023

Net assets without donor restrictions

| | |
|---|----------------|
| Support | |
| Fund raising activities - net | \$ 10,920 |
| Contributions | 248,785 |
| Total support | <u>259,705</u> |
| Other revenue | |
| Program service revenue | 12,907 |
| Other | 9,052 |
| Total other revenue | <u>21,959</u> |
| Total support and other revenue | 281,664 |
| Expenses | |
| Program services | 84,667 |
| Fundraising | 11,946 |
| Management and general | 16,871 |
| Total expenses | <u>113,484</u> |
| Net increase in net assets without donor restrictions | 168,180 |

Net assets with donor restrictions

| | |
|--|--------------------------|
| Support | |
| Contributions | <u>549,034</u> |
| Total support | 549,034 |
| Expenses | |
| NAML Designated funds | 17,962 |
| Total expenses | <u>17,962</u> |
| Net increase in assets with donor restrictions | <u>531,072</u> |
| Net increase in net assets | <u><u>\$ 699,252</u></u> |

See accompanying notes to financial statements.

The Recing Crew
Statement of Functional Expenses
For the Year Ended June 30, 2023

| | Program Services | Fundraising | Management and General | Total |
|-----------------------------|-----------------------------|--------------------|-----------------------------------|-------------------|
| Salaries and wages | \$ 37,978 | \$ - | \$ 4,220 | \$ 42,198 |
| Payroll taxes | 3,277 | | 364 | 3,641 |
| Staff contract | 5,850 | | | 5,850 |
| Accounting | | | 3,000 | 3,000 |
| Advertising and promotion | 130 | | 130 | 260 |
| Dues and subscriptions | 256 | | 255 | 511 |
| Office expenses | 2,744 | | 2,744 | 5,488 |
| Occupancy | 5,461 | | 5,460 | 10,921 |
| Funding development expense | | 11,946 | | 11,946 |
| Alley Cats expenses | 9,744 | | | 9,744 |
| Cruisers expenses | 7,423 | | | 7,423 |
| Art Ability expenses | 1,264 | | | 1,264 |
| Ballet and dance expense | 2,451 | | | 2,451 |
| T-Recs expenses | 1,188 | | | 1,188 |
| Boxing, karate | 1,940 | | | 1,940 |
| Insurance | | | 698 | 698 |
| Depreciation | 51 | | | 51 |
| Miscellaneous expenses | 4,910 | | | 4,910 |
| Total Expenses | \$ 84,667 | \$ 11,946 | \$ 16,871 | \$ 113,484 |

See accompanying notes to financial statements.

The Recing Crew
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash Flows From Operating Activities

| | |
|--|------------|
| Net increase (decrease) in net assets | \$ 699,252 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | |
| Depreciation | 51 |
| (Increase) decrease in operating assets | (1) |
| Increase (Decrease) in operating liabilities | |
| Accounts payable and accrued expenses | (4,672) |
| Net Cash Provided by Operating Activities | 694,630 |

Cash Flows From Investing Activities

| | |
|--|--------------|
| Net change in property, plant and equipment | (101) |
| Net Cash Used by Investing Activities | (101) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 694,529 |
| Beginning Cash and Cash Equivalents | 339,248 |
| Ending Cash and Cash Equivalents | \$ 1,033,777 |

See accompanying notes to financial statements.

THE RECIING CREW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The purposes of The Recing Crew include offering and supporting leisure and recreational opportunities and programs for children and adults with special needs and disabilities. The Organization is supported primarily through donor contributions, grants, the United Way, program service activities, and fund raising activities.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The FASB issued new guidance for the presentation of financial statements of not-for-profits to enhance the understandability of the financial statements and provide more relevant information as presented under Accounting Standards update 2016-14 ("ASU 2016-14") – Not-for-Profit Entities: *Presentation of Financial Statements for Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided by expenses and investment return. The Organization has adjusted the presentation of these financials accordingly.

Under the revised guidance, the Organization adopted the following presentations:

Net asset classifications are shown as both "without donor restrictions" and "with donor restrictions." The Organization has presented these two classes of net assets on the financial statements.

Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be

met by the actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Investment returns, if applicable, are reported net of external and direct investment expenses.

The Organization presents its expenses by both their natural classification and their functional classification on the statement of functional expenses. The method used to allocate costs among programs and supporting activities is disclosed in the notes to the financial statements.

New disclosures related to liquidity and availability of resources are presented in the notes to the financials, including qualitative information that discloses how the Organization manages its liquid resources to meet its cash flow needs and qualitative information regarding the availability of financial assets to meet these needs.

The organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are those currently available at the discretion of the Board for the use in the Organization's operations.

Net assets with donor restrictions are funds restricted by donors specifically for certain time periods, purposes, or programs, or assets that must be maintained in perpetuity by the Organization as required by the donor, but the Organization is permitted to use or expend part or all on any income derived from those assets.

Donated Materials and Services

Donated materials and services have not been reflected in the accompanying financial statements as the estimated value is indeterminable. A substantial number of volunteers have donated significant amounts of their time to the activities of the Organization; however, no amounts have been reflected in the accompanying financial statements for such donated services as there is no objective basis available to measure the value of such services.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

At June 30, 2023, the following years are subject to examination by major tax jurisdictions:

| | |
|----------------|-------------|
| Federal | 2019 – 2022 |
| South Carolina | 2019 – 2022 |

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Allocation of Expenses

Program service and support service expenses are allocated on a specific identification basis.

Advertising

Advertising costs are expensed when incurred

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

| | |
|--------------------------------|----------------|
| Furniture and office equipment | \$ 5,991 |
| Accumulated depreciation | <u>(5,890)</u> |
| | <u>\$ 101</u> |

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash. The Organization estimates that the fair value of all financial instruments at June 30, 2023, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

NOTE 5 - SUBSEQUENT EVENTS

The Organization evaluated its June 30, 2023 financial statements for subsequent events through December 15, 2023, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

NOTE 6 – LIQUIDITY AND FUNDS AVAILABLE

The Organization has financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and cash equivalents.

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Excess cash is generally held in savings or money market accounts until it is required for operational use.