

BELONG!

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Belong!

We have audited the accompanying financial statements of Belong!, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures on the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Belong! as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
October 27, 2021

BELONG!

Statement of Financial Position

December 31, 2020

Assets

Cash	\$	178,564
Contributions receivable		5,000
Property and equipment, net		16,985
Other assets		<u>1,851</u>

Total assets	\$	<u><u>202,400</u></u>
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Liabilities and Net Assets**Liabilities**

Accounts payable and accrued expenses	\$	<u>1,250</u>
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Total liabilities		<u>1,250</u>
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Net Assets

Without donor restrictions		<u>201,150</u>
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Total net assets		<u>201,150</u>
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Total liabilities and net assets	\$	<u><u>202,400</u></u>
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BELONG!
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 262,705	\$ 45,879	\$ 308,584
Net assets released from restrictions:			
Satisfaction of purpose restrictions	45,879	(45,879)	-
Total revenue and support	<u>308,584</u>	<u>-</u>	<u>308,584</u>
Expenses			
Program services	170,513	-	170,513
Supporting services:			
Management and general	68,107	-	68,107
Fundraising	20,410	-	20,410
Total supporting services	<u>88,517</u>	<u>-</u>	<u>88,517</u>
Total expenses	<u>259,030</u>	<u>-</u>	<u>259,030</u>
Change in Net Assets	49,554	-	49,554
Net Assets, beginning of year	<u>151,596</u>	<u>-</u>	<u>151,596</u>
Net Assets, end of year	<u>\$ 201,150</u>	<u>\$ -</u>	<u>\$ 201,150</u>

See accompanying notes.

BELONG!Statement of Functional Expenses
Year Ended December 31, 2020

	Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related expenses	\$ 102,433	\$ 48,185	\$ 19,721	\$ 67,906	\$ 170,339
Assistance and awards	43,391	-	-	-	43,391
Program supplies and materials	12,142	-	-	-	12,142
Professional services	900	9,034	-	9,034	9,934
Office expenses	3,576	2,401	689	3,090	6,666
Depreciation	5,224	-	-	-	5,224
Insurance	1,418	3,479	-	3,479	4,897
Bank and credit card fees	-	4,353	-	4,353	4,353
Licenses and fees	1,063	503	-	503	1,566
Contractors	301	-	-	-	301
Travel, transportation and meals	-	103	-	103	103
Conferences and meetings	65	-	-	-	65
Other expenses	-	49	-	49	49
Total Expenses	\$ 170,513	\$ 68,107	\$ 20,410	\$ 88,517	\$ 259,030

See accompanying notes.

BELONG!

Statement of Cash Flows

Year Ended December 31, 2020

Cash Flows from Operating Activities	
Change in net assets	\$ 49,554
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,224
Change in operating assets and liabilities:	
Contributions receivable	(5,000)
Other assets	(1,851)
Accounts payable and accrued expenses	<u>(910)</u>
Net cash provided by operating activities	<u>47,017</u>
Net Increase in Cash	47,017
Cash, beginning of year	<u>131,547</u>
Cash, end of year	<u><u>\$ 178,564</u></u>

See accompanying notes.

BELONG!

Notes to Financial Statements

December 31, 2020

1. Nature of Operations

Belong! is a not-for-profit organization incorporated in the Commonwealth of Virginia on July 31, 2018 for the purpose of providing integrated services and social connectivity to improve life for underserved families and individuals in the geographic area of the Town of Vienna, Virginia. Initially, Belong! was focused on low to moderate income families living in the Vienna Park Apartments community. Since 2019, Belong! has expanded its activities throughout the Town of Vienna and adjacent communities. Belong! provides a range of programs for adults and children including youth academic and enrichment, community resources and engagements, scholarship offerings, emergency assistance, and other services. Belong! was created by the Vienna Presbyterian Church (VPC) and other area churches as an independent organization with its own board of directors. Belong! funds its program and supporting services primarily through contributions received from VPC, corporations, foundations, and individuals.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements of Belong! have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Contributions Receivable

Contributions receivable represents amounts due from Belong!'s various contributors. There was no allowance for doubtful accounts recorded at December 31, 2020 as the entire balance was deemed by management to be fully collectible within one year. If an amount becomes uncollectible, it is expensed when that determination is made.

Property and Equipment

Property and equipment over \$1,000 with a projected useful life exceeding one year are capitalized and recorded at cost or fair value at date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Classification of Net Assets

- *Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of Belong!'s operations.
- *Net Assets With Donor Restrictions* represent funds 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. Belong! does not have any donor-imposed restrictions at December 31, 2020.

2. Summary of Significant Accounting Policies (continued)Revenue Recognition*Contributions*

Belong!'s revenue is earned through contributions. Unconditional contributions are recognized as revenue when received or promised and are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Contributions that are considered to be conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are recognized as revenue once the conditions on which they depend have been met. Belong! adopted the simultaneous release option for donor-restricted conditional contributions that are recognized and used within the same reporting period, therefore, these amounts are reported as without donor restrictions. Revenue recognized on contributions, but have not been received, is reflected as contributions receivable on the accompanying statement of financial position. Conversely, amounts received in advance of the conditions being met are recorded as refundable advances on the accompanying statement of financial position. There were no refundable advances at December 31, 2020. In addition, Belong! had no unrecognized conditional awards at December 31, 2020.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis on the accompanying statement of activities. The statement of functional expense presents expenses by function and natural classification. Belong! incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. Belong! also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on either financial or nonfinancial data, such as distribution of labor or estimates of time and effort incurred by personnel. The expenses that are allocated include salaries and related expenses, and office expenses.

Pending Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, Leases (Topic 842). The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for non-public entities for fiscal years beginning after December 15, 2021.

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Notes to Financial Statements

December 31, 2020

2. Summary of Significant Accounting Policies (continued)Pending Accounting Pronouncements (continued)

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The core principles of ASU 2020-07 address the measurement of nonfinancial contributions and increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendments in the update are to be applied on a retrospective basis. ASU 2020-07 is effective for non-public entities for fiscal years beginning after June 15, 2021. Management is currently evaluating the impact of ASU 2016-02 and ASU 2020-07 on Belong's financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts reported in the financial statements. Actual results could differ from those estimates.

3. Concentrations

During the year ended December 31, 2020, Belong! received 69% of its revenue from one donor. A significant reduction in this level of funding in the future could adversely impact Belong!'s ability to continue its existing programs and supporting services. Management does not anticipate any significant net reduction of funding in the near term.

4. Liquidity and Availability of Resources

The following schedule reflects Belong!'s financial assets as of December 31, 2020 available for use in the next year, reduced by amounts not available for general use because of contractual obligations or donor-imposed restrictions within one year of this date:

Cash	\$	178,564
Contributions receivable		<u>5,000</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>183,564</u>

Belong!'s policy is to structure its financial assets to become available as general expenditures, liabilities and other obligations become due. Additionally, Belong! does not have a line of credit.

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Notes to Financial Statements

December 31, 2020

5. Property and Equipment

Belong! held the following property and equipment at December 31, 2020:

Vehicle	\$	26,127
Less: accumulated depreciation		<u>(9,142)</u>
Property and equipment, net	\$	<u>16,985</u>

6. Net Assets With Donor Restrictions

At December 31, 2020, there was no net assets with donor restrictions. During the year ended December 31, 2020, releases from net assets with donor restrictions were for the following:

Subject to expenditures for specific purposes:		
Program manager salary	\$	28,379
COVID-19 related assistance		12,000
Youth programs		4,000
After school program		<u>1,500</u>
Total net assets released from donor restrictions	\$	<u>45,879</u>

7. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, Belong! is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended December 31, 2020, as Belong! had no taxable net unrelated business income.

Belong! follows the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It is Belong!'s policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

Belong! performed an evaluation of uncertain tax positions for the year ended December 31, 2020 and determined that there were no matters that would require recognition on the financial statements or that may have any effect on its tax-exempt status. The statute of limitations generally remains open for three tax years with the U.S. federal jurisdiction and the various states and local jurisdictions in which Belong! files tax returns.

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Notes to Financial Statements

December 31, 2020

8. Subsequent Events

In preparing these financial statements, Belong! has evaluated events and transactions for potential recognition or disclosure through October 27, 2021, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.