



# InnerCity Weightlifting, Inc.

Financial Statements

Years Ended December 31, 2015 and 2014

***INNERCITY WEIGHTLIFTING, INC.***

FINANCIAL STATEMENTS

Years Ended December 31, 2015 and 2014

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TABLE OF CONTENTS

|  | <i>Page</i> |
|--|-------------|
| Independent Auditor's Report .....     | 1           |
| Financial Statements:                  |             |
| Statements of Financial Position ..... | 2           |
| Statements of Activities .....         | 3           |
| Statements of Functional Expenses..... | 4           |
| Statements of Cash Flows .....         | 5           |
| Notes to Financial Statements .....    | 6-11        |



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
InnerCity Weightlifting, Inc.  
Boston, Massachusetts

We have audited the accompanying financial statements of InnerCity Weightlifting, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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 InnerCity Weightlifting, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kirkland Albrecht & Fredrickson, LLC  
Braintree, Massachusetts

April 28, 2016

**INNERCITY WEIGHTLIFTING, INC.**

Statements of Financial Position

Years Ended December 31, 2015 and 2014

|                                       |    | <u>ASSETS</u>                     |                     |
|---------------------------------------|----|-----------------------------------|---------------------|
|                                       |    | <u>2015</u>                       | <u>2014</u>         |
| ASSETS:                               |    |                                   |                     |
| Cash and cash equivalents             | \$ | 977,444                           | \$ 743,106          |
| Grants and contributions receivable   |    | 431,120                           | 170,000             |
| Prepaid expenses                      |    | 21,448                            | 8,261               |
| Property and equipment, net           |    | 50,835                            | 33,513              |
| Deposits                              |    | 64,000                            | 64,000              |
|                                       |    | <u>1,544,847</u>                  | <u>1,018,880</u>    |
| Total assets                          | \$ | <u>1,544,847</u>                  | \$ <u>1,018,880</u> |
|                                       |    | <u>LIABILITIES AND NET ASSETS</u> |                     |
|                                       |    | <u>2015</u>                       | <u>2014</u>         |
| LIABILITIES:                          |    |                                   |                     |
| Accounts payable and accrued expenses | \$ | 99,516                            | \$ 17,468           |
| NET ASSETS:                           |    |                                   |                     |
| Unrestricted                          |    | 885,257                           | 645,232             |
| Temporarily restricted                |    | 560,074                           | 356,180             |
|                                       |    | <u>1,445,331</u>                  | <u>1,001,412</u>    |
| Total net assets                      |    | <u>1,445,331</u>                  | <u>1,001,412</u>    |
| Total liabilities and net assets      | \$ | <u>1,544,847</u>                  | \$ <u>1,018,880</u> |

*See notes to financial statements.*

**INNERCITY WEIGHTLIFTING, INC.**

Statements of Activities  
Years Ended December 31, 2015 and 2014

|                                      | 2015              |                        |                     | 2014              |                        |                     |
|--------------------------------------|-------------------|------------------------|---------------------|-------------------|------------------------|---------------------|
|                                      | Unrestricted      | Temporarily Restricted | Total               | Unrestricted      | Temporarily Restricted | Total               |
| <b>REVENUES AND OTHER SUPPORT:</b>   |                   |                        |                     |                   |                        |                     |
| Grants                               | \$ 415,000        | \$ 658,850             | \$ 1,073,850        | \$ 406,491        | \$ 390,000             | \$ 796,491          |
| Contributions                        | 279,086           | -                      | 279,086             | 122,471           | 92,531                 | 215,002             |
| Program and sales                    | 136,010           | -                      | 136,010             | 21,441            | -                      | 21,441              |
| In-kind contributions                | 17,073            | -                      | 17,073              | 1,000             | -                      | 1,000               |
| Sublease income                      | 50,600            | -                      | 50,600              | -                 | -                      | -                   |
| Net assets released from restriction | 454,956           | (454,956)              | -                   | 176,351           | (176,351)              | -                   |
| Total revenues and other support     | <b>1,352,725</b>  | <b>203,894</b>         | <b>1,556,619</b>    | <b>727,754</b>    | <b>306,180</b>         | <b>1,033,934</b>    |
| <b>EXPENSES:</b>                     |                   |                        |                     |                   |                        |                     |
| Program                              | 890,915           | -                      | 890,915             | 502,456           | -                      | 502,456             |
| Management and general               | 92,124            | -                      | 92,124              | 101,059           | -                      | 101,059             |
| Fundraising                          | 129,661           | -                      | 129,661             | 47,811            | -                      | 47,811              |
| Total expenses                       | <b>1,112,700</b>  | <b>-</b>               | <b>1,112,700</b>    | <b>651,326</b>    | <b>-</b>               | <b>651,326</b>      |
| CHANGES IN NET ASSETS                | <b>240,025</b>    | <b>203,894</b>         | <b>443,919</b>      | <b>76,428</b>     | <b>306,180</b>         | <b>382,608</b>      |
| NET ASSETS, BEGINNING OF YEAR        | <b>645,232</b>    | <b>356,180</b>         | <b>1,001,412</b>    | <b>568,804</b>    | <b>50,000</b>          | <b>618,804</b>      |
| NET ASSETS, END OF YEAR              | <b>\$ 885,257</b> | <b>\$ 560,074</b>      | <b>\$ 1,445,331</b> | <b>\$ 645,232</b> | <b>\$ 356,180</b>      | <b>\$ 1,001,412</b> |

See notes to financial statements.

**INNERCITY WEIGHTLIFTING, INC.**

Statements of Functional Expenses

Years Ended December 31, 2015 and 2014

|                             | 2015              |                           |                   |                     |
|-----------------------------|-------------------|---------------------------|-------------------|---------------------|
|                             | Program           | Management<br>and General | Fundraising       | Total               |
| Payroll and related costs   | \$ 525,387        | \$ 56,969                 | \$ 113,245        | \$ 695,601          |
| Occupancy                   | 182,938           | 2,519                     | 2,519             | 187,976             |
| Other program costs         | 123,878           | -                         | 5,244             | 129,122             |
| Supplies                    | 25,224            | 347                       | 2,297             | 27,868              |
| Legal and professional fees | 1,014             | 20,560                    | -                 | 21,574              |
| Depreciation                | 19,977            | 416                       | 416               | 20,809              |
| Fees                        | 12,497            | 2,409                     | 1,818             | 16,724              |
| Insurance                   | -                 | 8,904                     | -                 | 8,904               |
| Advertising and promotion   | -                 | -                         | 4,122             | 4,122               |
| Total expenses              | <u>\$ 890,915</u> | <u>\$ 92,124</u>          | <u>\$ 129,661</u> | <u>\$ 1,112,700</u> |
|                             | 2014              |                           |                   |                     |
|                             | Program           | Management<br>and General | Fundraising       | Total               |
| Payroll and related costs   | \$ 384,957        | \$ 70,642                 | \$ 38,847         | \$ 494,446          |
| Other program costs         | 48,892            | 333                       | 3,649             | 52,874              |
| Occupancy                   | 28,488            | 553                       | 553               | 29,594              |
| Legal and professional fees | 4,615             | 21,917                    | -                 | 26,532              |
| Depreciation                | 15,523            | 323                       | 323               | 16,169              |
| Supplies                    | 13,602            | 265                       | 794               | 14,661              |
| Fees                        | 5,550             | 1,714                     | 3,645             | 10,909              |
| Insurance                   | -                 | 5,312                     | -                 | 5,312               |
| Advertising and promotion   | 829               | -                         | -                 | 829                 |
| Total expenses              | <u>\$ 502,456</u> | <u>\$ 101,059</u>         | <u>\$ 47,811</u>  | <u>\$ 651,326</u>   |

*See notes to financial statements.*

**INNERCITY WEIGHTLIFTING, INC.**

Statements of Cash Flows

Years Ended December 31, 2015 and 2014

|   | <u>2015</u>       | <u>2014</u> |
|---|-------------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                   |             |
| Changes in net assets   | <b>\$ 443,919</b> | \$ 382,608  |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                   |             |
| Depreciation  | <b>20,809</b>     | 16,169      |
| In-kind contribution of property and equipment  | <b>(13,315)</b>   | -           |
| Changes in assets and liabilities   |                   |             |
| Increase in:  |                   |             |
| Grants receivable   | <b>(261,120)</b>  | (102,000)   |
| Prepaid expenses  | <b>(13,187)</b>   | (2,504)     |
| Deposits  | -                 | (60,000)    |
| Increase in:  |                   |             |
| Accrued expenses  | <b>82,048</b>     | 3,277       |
|   | <b>259,154</b>    | 237,550     |
| Net cash provided by operating activities   | <b>259,154</b>    | 237,550     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                   |             |
| Purchase of equipment   | <b>(24,816)</b>   | -           |
| Net cash used in investing activities   | <b>(24,816)</b>   | -           |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>  | <b>234,338</b>    | 237,550     |
| Cash and cash equivalents, beginning of year  | <b>743,106</b>    | 505,556     |
| Cash and cash equivalents, end of year  | <b>\$ 977,444</b> | \$ 743,106  |
| <b>SUPPLMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>                                     |                   |             |
| Non-cash transactions:  |                   |             |
| In-kind contribution of property and equipment  | <b>\$ 13,315</b>  | -           |

*See notes to financial statements.*

**INNERCITY WEIGHTLIFTING, INC.**

Notes to Financial Statements  
Years Ended December 31, 2015 and 2014

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**1. ORGANIZATION**

InnerCity Weightlifting, Inc. (the “Organization”) is a not-for-profit organization. The mission of the Organization is to reduce violence and promote professional, personal, and academic achievement among urban youth. The Organization serves young people on a direct path to gang involvement, former and active gang members, and young victims of domestic abuse through the sport of Olympic lifting.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting*** – The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

***Financial Statement Presentation*** – The Organization follows the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) Subtopic *Presentation of Financial Statements* for not-for-profit entities. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net assets classes are as follows:

- Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The Organization may designate portions of its unrestricted net assets as board designated for various purposes.
- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. As of December 31, 2015 and 2014, the Organization had no permanently restricted net assets.

***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 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.



**INNERCITY WEIGHTLIFTING, INC.**

Notes to Financial Statements

Years Ended December 31, 2015 and 2014

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued**

**Cash and Cash Equivalents** – Cash and cash equivalents include cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Grants and Contributions Receivable** – Grants and contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through the establishment of a valuation allowance based on its assessment of probable uncollectible amounts. Balances that are still outstanding after management has used reasonable collection efforts are written off against the valuation allowance. Management assessed grants and contributions receivable at December 31, 2015 and 2014 and believes the full amount is collectable, therefore, no allowance for doubtful accounts was recorded. No grants and contributions receivable were written off during the years ended December 31, 2015 and 2014.

**Property and Equipment** – Property and equipment are recorded at cost or, if donated, at the fair value on the date of the contribution. Property and equipment that costs less than \$5,000 is expensed to operations as incurred. Capitalized property and equipment are depreciated using the straight-line method. Equipment is depreciated over five years. Leasehold improvements are depreciated over the length of the lease.

Expenditures for major renewals and improvements are capitalized while expenditures for maintenance are expensed as incurred.

**Revenue Recognition** – Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**Contributions** – Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

**INNERCITY WEIGHTLIFTING, INC.**

Notes to Financial Statements

Years Ended December 31, 2015 and 2014

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued**

**Contributions...continued** – Contributions received with donor-imposed restrictions that are fulfilled in the same year as received are reported as unrestricted support. Contributions of cash or other assets to be used to acquire property and equipment in accordance with donor stipulations are reported as revenues of the temporarily restricted net asset category; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

**In-Kind Contributions** – Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported at their estimated fair value at the date of receipt as revenues of the unrestricted net asset category.

Contributions of services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated investments are also reported at fair value at the date of receipt, which is then treated as the Organization's cost basis.

**Advertising Costs** – The Organization expenses advertising costs as incurred. Advertising expense totaled \$4,122 and \$829 for the years ended December 31, 2015 and 2014, respectively.

**Tax Status** – The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The Organization is subject to federal and state income taxes on unrelated business income, if any. The Organization files informational tax returns in the U.S. federal and Massachusetts state jurisdictions.

The Organization accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. The Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The Topic also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At December 31, 2015, management believes that the Organization has no material uncertain tax positions.

**Reclassifications** – Certain prior year amounts have been reclassified to conform to current year presentation.

**Subsequent Events** – The Organization has evaluated all events subsequent to the statement of financial position date of December 31, 2015, through the date which the financial statements were available to be issued, April 28, 2016, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events*, other than described in Note 9 of the financial statements.

**INNERCITY WEIGHTLIFTING, INC.**

Notes to Financial Statements  
Years Ended December 31, 2015 and 2014

**3. GRANTS AND CONTRIBUTIONS RECEIVABLE**

The balance of grants and contributions receivable at December 31, 2015 are due as follows:

|      |    |                |
|------|----|----------------|
| 2016 | \$ | 266,120        |
| 2017 |    | 140,000        |
| 2018 |    | <u>25,000</u>  |
|      | \$ | <u>431,120</u> |

**4. PROPERTY AND EQUIPMENT**

Following is a summary of property and equipment at December 31, 2015 and 2014:

|                               | <u>2015</u>      | <u>2014</u>      |
|-------------------------------|------------------|------------------|
| Leasehold improvements        | \$ 33,407        | \$ 33,406        |
| Equipment                     | <u>77,215</u>    | <u>39,085</u>    |
|                               | 110,622          | 72,491           |
| Less accumulated depreciation | <u>59,787</u>    | <u>38,978</u>    |
|                               | <u>\$ 50,835</u> | <u>\$ 33,513</u> |

**5. TEMPORARILY RESTRICTED NET ASSETS**

Following is a summary as of December 31, 2015 and 2014:

|   | <u>2015</u>       | <u>2014</u>       |
|---|-------------------|-------------------|
| Time restricted                         | \$ 355,000        | \$ 25,000         |
| Expansion of program and facility       | 104,795           | 331,180           |
| Capital improvements                    | 65,279            | -                 |
| Staffing                                | <u>35,000</u>     | <u>-</u>          |
| Total temporarily restricted net assets | <u>\$ 560,074</u> | <u>\$ 356,180</u> |

Net assets were released from donor restrictions during the years ended December 31, 2015 and 2014 by incurring expenses satisfying the restricted purposes established by donors. Net assets released from restrictions totaled \$454,956 and \$176,351 for the years ended December 31, 2015 and 2014, respectively.

**INNERCITY WEIGHTLIFTING, INC.**

Notes to Financial Statements

Years Ended December 31, 2015 and 2014

**6. SUBLEASE INCOME**

The Organization subleased a portion of its rented space to a subtenant during the year ended December 31, 2015, in which the Organization received \$50,600 in sublease income. The sublease expired at the end of 2015. No sublease income was earned for the year ended December 31, 2014.

Subsequent to year end (see Note 9), the Organization entered into a new sublease agreement to rent a portion of its space to one tenant in order to offset a portion of the Organization's occupancy expense. The tenant signed a thirty-eight month sublease with the Organization beginning May 1, 2016 at a rate of \$6,102 per month. The sublease agreement includes rental increases each May 1 beginning in 2017. The following schedule exhibits the future minimum lease receipts required by year:

| <u>Years</u> | <u>Amount</u>     |
|--------------|-------------------|
| 2016         | \$ 48,816         |
| 2017         | 80,368            |
| 2018         | 85,132            |
| 2019         | <u>43,162</u>     |
| Total        | <u>\$ 257,478</u> |

**7. LEASE OBLIGATIONS**

The Organization leases space at two locations for program and administrative offices under operating leases, one of which expires in 2016 and the other in 2020. Total rent expense for the years ended December 31, 2015 and 2014 was \$175,655 and \$25,214, respectively.

Future minimum lease payments for each of the next five years are as follows:

| <u>Years</u> | <u>Amount</u>     |
|--------------|-------------------|
| 2016         | \$ 153,657        |
| 2017         | 228,047           |
| 2018         | 230,486           |
| 2019         | 232,925           |
| 2020         | <u>117,072</u>    |
| Total        | <u>\$ 962,187</u> |

**INNERCITY WEIGHTLIFTING, INC.**

Notes to Financial Statements

Years Ended December 31, 2015 and 2014

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**8. BENEFIT PLAN**

The Organization has a defined contribution retirement plan for all eligible employees. Under this plan, the Organization matches up to 3% of an employee's gross compensation. The total amount of contributions made to the plan during the years ended December 31, 2015 and 2014 was \$2,034 and \$1,515, respectively.

**9. SUBSEQUENT EVENT**

Subsequent to year end, the Organization entered into a sublease agreement with a new tenant to replace its previous tenant whose agreement ended at the end of 2015 (see Note 6). The term of the lease commences on May 1, 2016 and expires on June 30, 2019. Sublease income is charged at a rate of \$6,102 per month through April 30, 2017, in which the monthly rate increases annually on May 1 of each year, through the end of the lease.