

**PROJECT FOR NEIGHBORHOOD
AFTERCARE, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2005 and 2004

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
Financial Statements
JUNE 30, 2005 AND 2004

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Project for Neighborhood Aftercare, Inc.

We have audited the accompanying statements of financial position of Project for Neighborhood Aftercare, Inc. as of June 30, 2005 and 2004, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project for Neighborhood Aftercare, Inc. as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Thomason Financial Resources

July 14, 2005

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2005 AND 2004

ASSETS	<u>2005</u>	<u>2004</u>
Current Assets		
Cash	\$123,497	\$142,401
Grants receivable	43,233	51,176
Prepaid insurance	2,045	3,447
Total current assets	<u>\$168,775</u>	<u>\$197,024</u>
Property and Equipment		
Office furniture and equipment	5,412	6,677
Computer equipment	<u>38,549</u>	<u>36,465</u>
	43,961	43,142
Less: accumulated depreciation	<u>(26,009)</u>	<u>(21,454)</u>
Total property and equipment	<u>17,952</u>	<u>21,688</u>
Other Assets		
Deposits	<u>400</u>	<u>400</u>
Total assets	<u><u>\$187,127</u></u>	<u><u>\$219,112</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$2,426	\$999
Accrued wages	2,601	1,869
Payroll taxes payable	<u>258</u>	<u>202</u>
Total Current Liabilities	<u>5,285</u>	<u>3,070</u>
Net Assets		
Unrestricted	181,842	215,702
Temporarily restricted	-	340
Total net assets	<u>181,842</u>	<u>216,042</u>
Total liabilities and net assets	<u><u>\$187,127</u></u>	<u><u>\$219,112</u></u>

The accompanying notes are an integral part of these financial statements

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Grant income	\$518,800	\$128,024	\$646,824
Contributions	61,988	800	62,788
Registration fees	23,092	-	23,092
Interest income	1,483	-	1,483
Miscellaneous income	1,000	-	1,000
Net assets released from restrictions	129,164	(129,164)	-
Total Revenue	<u>735,527</u>	<u>(340)</u>	<u>735,187</u>
Expenses			
Program services	701,744	-	701,744
Management and general	52,406	-	52,406
Fundraising	15,127	-	15,127
Total expenses	<u>769,277</u>	<u>-</u>	<u>769,277</u>
Loss on disposal of equipment	110		110
Decrease in net assets	(33,860)	(340)	(34,200)
Net assets at beginning of year	215,702	340	216,042
Net assets at end of year	<u>\$181,842</u>	<u>\$0</u>	<u>\$181,842</u>

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PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Grant income	\$610,300	\$152,527	\$762,827
Contributions	68,624	-	68,624
Registration fees	21,740	-	21,740
Interest income	1,110	-	1,110
Miscellaneous income	1,655	-	1,655
Net assets released from restrictions	152,187	(152,187)	-
Total Revenue	<u>855,616</u>	<u>340</u>	<u>855,956</u>
Expenses			
Program services	757,934	-	757,934
Management and general	50,255	-	50,255
Fundraising	15,092	-	15,092
Total expenses	<u>823,281</u>	<u>-</u>	<u>823,281</u>
Loss on disposal of equipment	1,578		1,578
Increase in net assets	30,757	340	31,097
Net assets at beginning of year	184,945	-	184,945
Net assets at end of year	<u>\$215,702</u>	<u>\$340</u>	<u>\$216,042</u>

The accompanying notes are an integral part of these financial statements

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Payroll	\$519,159	\$28,168	\$9,481	\$556,808
Payroll taxes	39,676	2,155	725	42,556
Retirement plan	1,741	1,217	422	3,380
Health insurance	3,638	2,543	883	7,064
Total compensation	564,214	34,083	11,511	609,808
Advertising/marketing	1,885	204	-	2,089
Bank charges	-	178	-	178
Depreciation	3,484	2,412	804	6,700
Dues and subscriptions	899	421	-	1,320
Employee screening	448	-	-	448
Equipment	1,257	475	-	1,732
Field trips	-	-	-	-
Food - Program	53,302	-	-	53,302
Incentive/awards	4,956	653	-	5,609
Insurance	17,647	368	123	18,138
Licenses and permits	-	320	-	320
Miscellaneous	50	484	-	534
Office supplies	2,665	994	331	3,990
Printing and reproduction	177	341	-	518
Professional fees	-	3,697	-	3,697
Program supplies	18,911	-	-	18,911
Rent	5,460	3,780	1,260	10,500
Special events	3,325	-	-	3,325
Staff training	1,280	337	68	1,685
Storage	354	354	-	708
Student services	8,934	-	-	8,934
Telephone	10,400	2,843	873	14,116
Travel and entertainment	2,096	462	157	2,715
Total expenses	\$701,744	\$52,406	\$15,127	\$769,277

The accompanying notes are an integral part of these financial statements

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Payroll	\$540,464	\$27,620	\$9,300	\$577,384
Payroll taxes	41,357	2,105	708	44,170
Retirement plan	1,339	936	325	2,600
Health insurance	3,106	2,172	754	6,032
Total compensation	<u>586,266</u>	<u>32,833</u>	<u>11,087</u>	<u>630,186</u>
Advertising/marketing	2,385	281	-	2,666
Bank charges	-	932	-	932
Depreciation	4,554	3,152	1,051	8,757
Dues and subscriptions	1,188	384	-	1,572
Employee screening	408	-	-	408
Equipment	3,964	259	90	4,313
Field trips	3,028	-	-	3,028
Food - Program	54,840	50	-	54,890
Incentive/awards	4,019	249	-	4,268
Insurance	14,745	257	86	15,088
Licenses and permits	-	430	-	430
Miscellaneous	33	42	-	75
Office supplies	2,900	1,102	367	4,369
Printing and reproduction	605	56	19	680
Professional fees	2,396	2,396	-	4,792
Program supplies	35,737	-	-	35,737
Rent	5,460	3,780	1,260	10,500
Special events	1,058	-	-	1,058
Staff training	1,806	292	-	2,098
Storage	571	351	-	922
Student services	20,059	-	-	20,059
Telephone	10,155	2,962	987	14,104
Travel and entertainment	1,757	447	145	2,349
Total expenses	<u>\$757,934</u>	<u>\$50,255</u>	<u>\$15,092</u>	<u>\$823,281</u>

The accompanying notes are an integral part of these financial statements

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

Cash Flows From Operating Activities:	2005	2004
Decrease in net assets	(\$34,200)	\$31,097
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	6,700	8,757
Loss on disposal of equipment	110	1,578
Changes in operating assets and liabilities:		
Grants receivable	7,943	(51,176)
Other receivable	0	41
Prepaid insurance	1,402	889
Accounts payable	1,427	295
Accrued wages	732	173
Payroll taxes payable	57	72
 Net cash used by operating activities	 <u>(15,829)</u>	 <u>(8,274)</u>
Cash flows From Investing Activities		
Purchases of property and equipment	<u>(3,075)</u>	<u>(10,483)</u>
 Net cash used in investing activities	 <u>(3,075)</u>	 <u>(10,483)</u>
 Net decrease in cash and cash equivalents	 (18,904)	 (18,757)
Cash at beginning of year	142,401	161,158
Cash at end of year	<u>\$123,497</u>	<u>\$142,401</u>
 <u>Supplemental schedule of noncash operating activities:</u>		
 In-kind contributions of food for program services	 \$40,256	 \$42,267
In-kind contributions of supplies for program services	5,322	6,917
In-kind contributions of facilities	5,220	5,220
In-kind contributions of telephone services	1,380	1,380
Total In-kind contributions	<u>\$52,178</u>	<u>\$55,784</u>