

**EIGHTEENTH AVENUE FAMILY  
ENRICHMENT CENTER**

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

**JUNE 30, 2011**

**EIGHTEENTH AVENUE FAMILY  
ENRICHMENT CENTER**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Eighteenth Avenue Family Enrichment Center  
Nashville, Tennessee

I have audited the accompanying statement of financial position of Eighteenth Avenue Family Enrichment Center(a Tennessee not-for-profit organization) as of June 30, 2011, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eighteenth Avenue Family Enrichment Center, as of June 30, 2011, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Maurice Danner, CPA P.C.

June 25, 2012  
Antioch, Tennessee

Member of American Institute of Certified Public Accountants

**EIGHTEENTH AVENUE FAMILY  
ENRICHMENT CENTER  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2011**

**Assets**

Cash	\$ 35,153
Accounts Receivable	15,826
Furniture, Equipment and Vehicles, net	103,942
Other Assets	<u>206</u>
<b>Total Assets</b>	<u><u>\$ 155,128</u></u>

**Liabilities and Net Assets**

Notes Payables	17,784
Line of Credit	21,069
Payroll Liabilities	<u>237,303</u>
<b>Total Liabilities</b>	<u>276,156</u>

**Net Assets**

Unrestricted	<u>(121,029)</u>
<b>Total Net Assets</b>	<u>(121,029)</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 155,128</u></u>

The accompanying notes are an integral part of these financial statements.

**EIGHTEENTH AVENUE FAMILY  
ENRICHMENT CENTER  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2011**

**Revenues and Support**

Support

Contributions	\$ 32,798
Funding, State of Tennessee	361,050
United Way of Metropolitan Nashville	90,116
Other Grants	<u>15,970</u>
Total Support	499,934

Program Fees	94,633
Special Event Revenue	3,622

<b>Total Revenues and Support</b>	<u>598,189</u>
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**Expenses**

Program Services	387,658
Management and General	171,294
Fundraising	<u>3,428</u>

<b>Total Expenses</b>	<u>562,380</u>
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(Loss) on Asset Disposition	(1,331)
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<b>Change in Net Assets</b>	34,478
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<b>Net Assets at beginning of year</b>	<u>(155,507)</u>
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<b>Net Assets at end of year</b>	<u>\$ (121,029)</u>
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The accompanying notes are an integral part of these financial statements.

**EIGHTEENTH AVENUE FAMILY  
ENRICHMENT CENTER  
STATEMENT OF CASH FLOWS  
JUNE 30, 2011**

**Cash Flows From Operating Activities**

Increase (Decrease) in net assets	\$ 34,478
Adjustments to reconcile increase in net assets to net cash flows provided by operating activities:	
Accounts Receivable	157
Depreciation	11,132
Increase(Decrease) in accrued expenses	<u>(3,250)</u>

<b>Net Cash provided (used) by Operating Activities</b>	<u>42,517</u>
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**Investing Activities**

Building Improvements	(33,384)
Purchase of Equipment	<u>(2,759)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(36,143)</u>

**Financing Activities**

Payment on Debt	(6,058)
<b>Net Cash Provided by Financing Activities</b>	<u>(6,058)</u>

<b>Change in Cash and Cash Equivalents</b>	316
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<b>Cash and Cash Equivalents at beginning of year</b>	<u>34,837</u>
<b>Cash and Cash Equivalents at end of year</b>	<u><u>\$ 35,153</u></u>

Interest Paid	<u><u>\$ 749</u></u>
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**The accompanying notes are an integral part of these financial statements.**

**EIGHTEENTH AVENUE FAMILY  
ENRICHMENT CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
JUNE 30, 2011**

	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Payroll Expense	271,196	109,267		380,463
Food Costs	29,511			29,511
Childrens Field Trip and Camp Expenses	6,001			6,001
Class/Educational Supplies and Activities	28,342			28,342
Professional Fees and Contract Services		24,049		24,049
Supplies		4,282		4,282
Utilities	14,298	3,099		17,397
Telephone	1,984	1,984		3,968
Repairs and Maintenance	2,593	5,554		8,147
Insurance	17,512			17,512
Equipment Rentals	1,549	253		1,802
Event Expense			3,428	3,428
Training and Development		8,713		8,713
Interest Expense	3,926	80		4,006
Depreciation	9,952	1,180		11,132
Miscellaneous	795	12,833		13,628
Total Expenses	<u>\$ 387,658</u>	<u>\$ 171,294</u>	<u>\$ 3,428</u>	<u>\$ 562,380</u>

**The accompanying notes are an integral part of these financial statements.**

**EIGHTEENTH AVENUE FAMILY  
ENRICHMENT CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General and Nature of Activities**

Eighteenth Avenue Family Enrichment Center, Inc. is a Tennessee Not-For-Profit corporation(the "Organization") which provides before and after school care for children of low income families.

**Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management 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 period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking accounts. Management believes the Organization is not exposed to any significant credit risks on cash and cash equivalents.

**Property and Equipment**

Fixed assets are capitalized at cost at the date of purchase or fair value at the date of donation. Depreciation is taken on a straight-line basis over the estimated useful life of the assets.

**EIGHTEENTH AVENUE FAMILY  
ENRICHMENT CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Support and Expenses**

Program Services - consist of child care facilities which provide before and after care school and summer program child care. Program fees earned are recorded as in increase in net assets.

Contributions received and unconditional promises to give are measured at their fair values and are reported as in increase in net assets. The organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the organization reports expirations of donor restrictions when the acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**EIGHTEENTH AVENUE FAMILY  
ENRICHMENT CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**Income Taxes**

The Organization is a tax-exempt entity under Section 501(c)3 of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements.

**NOTE 2 – ACCOUNTS RECEIVABLE**

Accounts Receivables represents revenue earned but not received from parents and the state of Tennessee child care certificate program . Management believes an allowance for uncollectible accounts was not considered necessary at June 30, 2011. The accounts receivable balance at June 30, 2011 was \$ 15,826.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and Equipment consisted of the following at June 30, 2011:

Land	\$ 22,100
Buildings	120,000
Building Improvements	150,900
Furniture and Equipment	112,119
Accumulated Depreciation	(301,177)
Total	<u>\$ 103,942</u>

**NOTE 4 - NOTES PAYABLE**

Note payable to Harold Love. No stated interest rate, payable monthly \$250 per month. The balance at June 30, 2011 was \$15,767.

**EIGHTEENTH AVENUE FAMILY  
ENRICHMENT CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 5- LINE OF CREDIT**

Line of credit with Fifth Third Bank. The line of credit balance at June 30, 2011 was \$21,069. The line of credit has been converted to a loan as of 2012, interest rate is 26.19%.

**NOTE 6- PAYROLL LIABILITY**

The organization has a liability with the Internal Revenue Service for unpaid prior years employment taxes. The organization has agreed to a installment plan of \$800 per month. Total payments made for the year ending December 31, 2011 was \$7,200.00.

**NOTE 7 – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 6 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 25, 2012, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.