

EIGHTEENTH AVENUE FAMILY ENRICHMENT CENTER
Nashville, Tennessee

Report on Audited Financial Statement

FOR THE YEAR ENDED JUNE 30, 2016



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EIGHTEENTH AVENUE FAMILY ENRICHMENT CENTER

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EIGHTEENTH AVENUE FAMILY ENRICHMENT CENTER

BOARD OF DIRECTORS AND MANAGEMENT OFFICIALS

For the Year Ended June 30, 2016

BOARD OF DIRECTORS

Charles (Ben) Sanderfur, Board Chair

Ms. Vanessa R. Johnson-Jackson

Brenda McClellan

Edward Bowers

Shirley Crawford

Julius Witherspoon

Harold M. Love, Jr.

Juana Grandberry

EXECUTIVE DIRECTOR

Altie Jordan



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Eighteenth Avenue Family Enrichment Center (hereinafter "EAFEC"), which comprise the statement of financial position as of June 30, 2016 and the related statement of activities, functional expenses, and cash flows for the year ended June 30, 2016, 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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Opinion

In our 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, 2016, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The Schedule of Expenditures and Federal Awards and the Schedule of Functional Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

THOMPSON CPA, PLLC

Jackson, Mississippi

March 22, 2017

FINANCIAL STATEMENTS

EIGHTEENTH AVENUE FAMILY ENRICHMENT CENTER
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016

CURRENT ASSETS

Current Assets

Cash and Cash Equivalents	\$ 1,366
Accounts Receivable	<u>28,926</u>
Total Current Assets	30,292

Other Assets

Property & Equipment (net)	<u>95,156</u>
Total Other Assets	95,156
TOTAL ASSETS	125,448

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	1,575
Accrued Expenses	<u>38,660</u>
Total Current Liabilities	40,235

Long-Term Liabilities

Payroll Taxes Payable	<u>105,027</u>
Total Long-Term Liabilities	105,027
TOTAL LIABILITIES	145,263

Net Assets

Unrestricted	(19,815)
Temporarily restricted	-
Permanently restricted	<u>-</u>
TOTAL NET ASSETS	<u>(19,815)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 125,448</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, 2016

REVENUE

Special Event	8,560
United Way	76,489
Federal Funds	143,146
Other Grants	120,828
Program Service Fees	89,367
Program Fees	9,251
Contributions	16,135
Other	<u>2,114</u>
Total Revenue	465,891

OPERATING EXPENSES

Program Supplies	31,794
Fundraiser Expenses	3,730
Program Expense	39,226
Office Expenses	18,135
Outside Services	28,787
Personnel Expenses	318,518
Utilities	20,437
Repairs & Maintenance	3,321
Insurance	7,333
Depreciation Expense	11,170
Other	<u>7,580</u>

Total Operating Expenses	490,032
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Change in Net Assets	(24,141)
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Net Assets, Beginning of Year	<u>4,326</u>
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Net Assets, End of Year	<u><u>(19,815)</u></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
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING ACTIVITIES

Change in Net Assets	(24,141)
<i>Adjustment to Reconcile Change in Net Assets to Net Cash from Operating Activities</i>	
Depreciation	11,170
<i>Changes in Assets & Liabilities:</i>	
Accounts Receivable	(3,392)
Accrued Expenses	13,420
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Net Cash From Operating Activities	(2,944)

INVESTING ACTIVITIES

Capital Expenditures	(9,901)
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Net Cash From Investing Activities	(9,901)

FINANCING ACTIVITIES

Repayments	-
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Net Cash From Financing Activities	-
Net Change in Cash and Cash Equivalents	(12,845)
Cash and Cash Equivalents at Beginning of Year	14,211
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Cash and Cash Equivalents at End of Year	1,366

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

EIGHTEENTH AVENUE FAMILY ENRICHMENT CENTER
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Eighteenth Avenue Family Enrichment Center was originally founded in 1934 as the Negro Youth Work Committee. The founders had a vision of providing “wholesome recreational programs for male youth” in the post-Depression era in Nashville. Early founders included the first African American president of the National Association of College and University Chaplains, Dr. W.J. Faulkner, and one of the first African American female playwrights who also held a doctorate from Columbia University and founded the Speech and Drama Department at Fisk University, Dr. Lillian Voorhees. Other last names, including Love and Crutcher, are recognized in Nashville as longstanding contributors in the battle against poverty.

In 1994, the organization recognized the need for excellence in early childhood education in North Nashville and expanded to provide these services to financially disadvantaged families and children. At that time, the Board of Directors voted to change its name to Eighteenth Avenue Family Enrichment Center. Today, EAFEC is a non-profit, three-star rated 501(c)3 organization seeking to break the cycle of poverty through quality early childhood instruction, parent education, empowerment support and outreach programs. EAFEC aids in the total enrichment and development of the human resources of its immediate neighborhood, county and state through individual and group experience provided by a qualified staff and adequate facilities.

The Center provides high quality, full-time early care and education year round for low income inner city families and children ages six weeks to five years. The Center provided services to an average of 70-75 children daily, five days a week, throughout the fiscal year. In addition, EAFEC offers school-age and summer enrichment programs for children ages six to twelve years old.

B. Financial Statement Presentation

The Organization reports 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, as applicable.

C. 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 their reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

For purposes of the financial statements, the Organization considers all cash and money market funds to be cash equivalents. Generally, the Organization’s cash balance in financial institutions does not exceed the FDIC insurance limits. At June 30, 2016, the Organization had no deposits with financial institutions that exceeded FDIC insurance.

E. Property and Equipment

Equipment and leasehold improvements are recorded on the basis of cost for purchased assets or fair value at the date of donation for donated assets. The Organization capitalizes all acquisitions in excess of \$1,000. Depreciation is recorded using the straight-line method.

EIGHTEENTH AVENUE FAMILY ENRICHMENT CENTER
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

F. Contributions and Donor Restrictions

Contributions received are recorded as unrestricted or temporarily restricted depending on the existence and/or nature of any donor restrictions. Contributions not subject to donor restrictions are reported as unrestricted support. Temporarily restricted support represents contributions that are restricted by the donor for construction activities or for specific equipment purchases. Net assets restricted for construction are released from restricted net assets when construction costs are paid. If temporarily restricted contributions are released from restricted net assets in the same year as the contribution is received, the contribution is reported as temporarily restricted support on the statement of activities. Contributions related to special events are recognized in the period that the event occurs.

G. Government and Other Grants

The Organization receives funding from several federal financial assistance programs that supplement its traditional funding sources. EAFEC recognizes the award as government grant revenue as the expenses stipulated in the grant agreement have been incurred.

H. In-King Support

The Organization receives donations from a variety of sources for services and supplies in the furtherance of its objectives. The in-kind support consists principally of discounts on services of professionals and educational materials. In-kind support is recorded at its fair value on the date of donation.

I. Program Expenses

The Organization partners with Tennessee State University's Center for Excellence to offer an Early Head Start Infant/Toddler Program and receives funding from United Way's Read to Succeed investment. EAFEC is also approved by The Department of Human Services to maintain and operate the CACFP program which ensures that children served are receiving nutritional meals daily.

J. Allocated Administrative Expenses

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

K. Income Taxes

EAFEC is organized as a state of Tennessee nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under sections 509(a)(1). EAFEC is required to file a return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the agency is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes.

NOTE IV – Subsequent Events

Subsequent events have been evaluated through March 22, 2017, which is the date the financial statements were available to the issued. Events occurring after that date will be evaluated to determine whether a change in the financial statements would be required.

OTHER SUPPLEMENTAL INFORMATION

EIGHTEENTH AVENUE FAMILY ENRICHMENT CENTER
SCHEDULE OF FUNCTIONAL EXPENSES
June 30, 2016

FUNCTIONAL EXPENSES	PROGRAM SERVICES			SUPPORT SERVICES		Total
	Class / Educational	Summer Camp	Food Services	General & Administration	Fundraising & Development	
Supplies	2,313	8,660	-	-	-	10,974
Food Costs	-	-	20,821	-	-	20,821
Fundraiser Expenses	-	-	-	-	3,730	3,730
Program Expense	39,226	-	-	-	-	39,226
Freight & Postage	-	-	-	299	-	299
Advertising	15	-	-	-	-	15
Meals & Entertainment	1,419	-	-	-	-	1,419
Office Supplies	7,527	-	-	6,717	-	14,244
Bank Charges	2,159	-	-	-	-	2,159
Security Services	4,528	-	-	-	-	4,528
Courier Services	-	-	-	266	-	266
Terminix Services	-	-	-	140	-	140
Landscaping Services	-	-	-	2,064	-	2,064
Janitorial Services	8,048	-	-	-	-	8,048
Waste Management Services	2,261	-	-	-	-	2,261
IT Services	4,069	-	-	-	-	4,069
Legal & Accounting	6,516	-	-	400	-	6,916
Personel Expenses	198,820	16,200	-	94,651	-	309,671
Utilities Expense	13,954	-	-	4,651	-	18,605
Telepohne Expense	1,239	-	-	593	-	1,832
Repairs & Maintenance	3,321	-	-	-	-	3,321
Business Insurance	8,889	-	-	988	-	9,877
Licenses & Permit Expenses	-	-	-	375	-	375
Equipment Rentals	-	-	-	653	-	653
Depreciation Expense	11,170	-	-	-	-	11,170
Professional Association Dues	-	-	-	798	-	798
Other	12,057	-	-	494	-	12,551
Total Expenses by Function	327,531	24,861	20,821	113,089	3,730	490,031
Total expenses included in the expense section on the statement of activities	\$ 327,531	24,861	20,821	113,089	3,730	490,031