



# **TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK**

## **FINANCIAL STATEMENTS**

*As of and for the Years Ended June 30, 2017 and 2016*

*And Report of Independent Auditor*

TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK  
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## **Report of Independent Auditor**

To the Board of Directors of  
Tennessee College Access and Success Network  
Nashville, Tennessee

We have audited the accompanying financial statements of Tennessee College Access and Success Network (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for 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 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 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 Tennessee College Access and Success Network as of June 30, 2017, 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.

**Prior Period Financial Statements**

The financial statements as of June 30, 2016, were audited by other auditors whose report dated December 13, 2016 expressed an unmodified opinion on those statements.

*Cheng Bekeant LLP*

Nashville, Tennessee  
March 9, 2018

# **TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK** **STATEMENTS OF FINANCIAL POSITION**

*JUNE 30, 2017 AND 2016*

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 394,691	\$ 469,812
Grants receivable	-	145,431
Prepaid expenses	1,478	-
Property and equipment, net	3,111	2,473
<b>Total Assets</b>	<b>\$ 399,280</b>	<b>\$ 617,716</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 2,419	\$ 4,732
Accrued liabilities	9,732	9,732
Deferred revenues	109,075	333,365
<b>Total Liabilities</b>	<b>121,226</b>	<b>347,829</b>
Net assets:		
Unrestricted	278,054	269,887
<b>Total Net Assets</b>	<b>278,054</b>	<b>269,887</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 399,280</b>	<b>\$ 617,716</b>

**TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK**  
**STATEMENTS OF ACTIVITIES**

*YEARS ENDED JUNE 30, 2017 AND 2016*

	<b>2017</b>	<b>2016</b>
Support and revenue:		
Corporate contracts and grants	\$ 563,961	\$ 737,021
Federal and state grants	37,200	119,250
Program fees	80	8,479
Miscellaneous revenue	7,927	3,881
Total Support and Revenue	<u>609,168</u>	<u>868,631</u>
Expenses:		
Program services	417,937	489,540
Management and general	169,561	154,273
Fundraising	13,503	12,959
Total Expenses	<u>601,001</u>	<u>656,772</u>
Change in net assets	8,167	211,859
Net assets at beginning of year	<u>269,887</u>	<u>58,028</u>
Net assets at end of year	<u><u>\$ 278,054</u></u>	<u><u>\$ 269,887</u></u>

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

**TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK**  
**STATEMENTS OF CASH FLOWS**

*YEARS ENDED JUNE 30, 2017 AND 2016*

	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 8,167	\$ 211,859
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,648	1,401
Changes in operating assets and liabilities:		
Grants receivable	145,431	(139,681)
Prepaid expenses	(1,478)	-
Accounts payable	(2,313)	(10,458)
Accrued liabilities	-	2,786
Deferred revenue	(224,290)	12,332
Net cash (used in) provided by operating activities	<u>(72,835)</u>	<u>78,239</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	<u>(2,286)</u>	<u>-</u>
Net cash used in investing activities	<u>(2,286)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(75,121)	78,239
Cash and cash equivalents at beginning of year	<u>469,812</u>	<u>391,573</u>
Cash and cash equivalents at end of year	<u><u>\$ 394,691</u></u>	<u><u>\$ 469,812</u></u>

**TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

*YEAR ENDED JUNE 30, 2017*

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	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 161,155	\$ 101,632	\$ 11,173	\$ 273,960
Professional fees	161,731	25,230	-	186,961
Taxes and benefits	34,735	20,466	2,330	57,531
Conferences and meetings	39,591	-	-	39,591
Occupancy	-	13,200	-	13,200
Travel	11,048	-	-	11,048
Telephone	4,894	-	-	4,894
Miscellaneous	-	4,845	-	4,845
Insurance	-	4,188	-	4,188
Supplies	2,760	-	-	2,760
Depreciation	1,648	-	-	1,648
Postage and shipping	310	-	-	310
Printing and publications	65	-	-	65
	<u>\$ 417,937</u>	<u>\$ 169,561</u>	<u>\$ 13,503</u>	<u>\$ 601,001</u>



**TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK**  
**STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)**

*YEAR ENDED JUNE 30, 2016*

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Professional fees	\$ 239,003	\$ 24,835	\$ -	\$ 263,838
Salaries	138,768	91,384	10,652	240,804
Taxes and benefits	29,862	20,096	2,307	52,265
Conferences and meetings	51,257	-	-	51,257
Travel	17,229	-	-	17,229
Occupancy	-	13,200	-	13,200
Supplies	4,868	-	-	4,868
Insurance	-	4,738	-	4,738
Telephone	4,125	-	-	4,125
Printing and publications	2,910	-	-	2,910
Depreciation	1,401	-	-	1,401
Postage and shipping	116	-	-	116
Miscellaneous	1	20	-	21
	<u>\$ 489,540</u>	<u>\$ 154,273</u>	<u>\$ 12,959</u>	<u>\$ 656,772</u>

# TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

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### **Note 1—Organization and purpose**

Tennessee College Access and Success Network (the "Network"), a nonprofit corporation, was incorporated in July 2012 to foster a statewide college-going culture committed to college access, retention, and success by connecting education and community leaders, expanding college access and success programs and promoting professional education and information sharing.

### **Note 2—Summary of significant accounting policies**

The financial statements of the Network have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below.

*Basis of Presentation* – Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Network and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Network and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Network.

The Network has no temporarily or permanently restricted net assets at June 30, 2017 and 2016.

*Cash Equivalents* – For purposes of the statements of cash flows, the Network considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

*Grants Receivable* – Grants receivable consist of fees receivable from a state agency and a corporate donor and are considered fully collectible. Accordingly, no allowance for doubtful accounts has been provided as of June 30, 2016.

*Property and Equipment* – Property and equipment is reported at cost at the date of purchase or at fair market value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from three to ten years.

*Contributions and Support and Revenue Recognition* – Contributions are recognized when the donor makes a promise to give to the Network that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

# TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

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### Note 2—Summary of significant accounting policies (continued)

Contract revenue and grant revenue are earned and reported as revenue when the Network has incurred expenses in compliance with the specific restrictions of the respective agreements.

*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 revenues and expenses and allocation of functional expenses during the reporting period. Actual results could differ from those estimates.

*Income Taxes* – The Network is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Therefore, no provision for income taxes has been made.

The Network follows guidance that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Network has no tax penalties or interest reported in the accompanying financial statements.

*Program Services* – Program services include costs associated with removing higher education barriers, promoting college persistence, and increasing postsecondary completion rates for all Tennesseans.

*Subsequent Events* – The Network evaluated subsequent events through March 9, 2018, when these financial statements were available to be issued.

### Note 3—Property and equipment

Property and equipment consist of the following as of June 30:

	<b>2017</b>	<b>2016</b>
Computers	\$ 9,028	\$ 6,582
Less: accumulated depreciation	(5,917)	(4,109)
	<u>\$ 3,111</u>	<u>\$ 2,473</u>

### Note 4—Deferred revenue

Deferred revenue at June 30, 2017 and 2016 consists of receipts from a corporate contractor for which revenue had not been earned and totaled \$109,075 and \$333,365, respectively.

# TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK

## NOTES TO THE FINANCIAL STATEMENTS

*JUNE 30, 2017 AND 2016*

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### **Note 5—Concentrations**

The Network maintains its cash in bank accounts that at times may exceed limits insured by the Federal Deposit Insurance Corporation ("FDIC"). The Network has not experienced any losses in such accounts. Management believes the Network is not exposed to any significant credit risk on its cash balances.

During fiscal year 2015, the Network signed an agreement with a corporate entity to receive \$985,000 for the creation of a website to connect college admissions, college access professionals and their high school students to increase recruitment of high-potential, lower-income, first-generation college-goers. Revenue from the agreement amounted to approximately 93% and 60% of total support and revenue in fiscal 2017 and 2016, respectively. Amounts expensed during fiscal 2017 and 2016, relating to the website totaled \$135,000 and \$185,000, respectively, and are included in program services expenses in the statements of activities.

Revenue from government grants totaled approximately 6% and 14% of total support and revenue in fiscal 2017 and 2016, respectively.

A significant reduction in the level of support from corporate and government sources would have a negative effect on the Network's programs and activities.

### **Note 6—Commitments**

The Network has an agreement with Oasis Center, Inc. whereby Oasis Center, Inc. provides financial management and payroll services for the Network for a monthly fee of \$1,250. During the years ended June 30, 2017 and 2016, the Network recognized expense of \$15,000 related to this agreement. The agreement expired June 30, 2017 and was renewed through June 30, 2018.

In addition, the Network has an agreement with Oasis Center, Inc. whereby the Network will reimburse Oasis Center, Inc. a portion of operating costs in lieu of rent for a monthly fee of \$1,100. During the years ended June 30, 2017 and 2016, the Network recognized expense of \$13,200 related to this agreement. The agreement expired June 30, 2017 and was renewed through June 30, 2018 with similar terms.