

**EIGHTEENTH AVENUE FAMILY ENRICHMENT CENTER
INDEPENDENT ACCOUNTANT'S REVIEW REPORT
AND FINANCIAL STATEMENTS**

JUNE 30, 2023 and JUNE 30, 2022

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Eighteenth Avenue Family Enrichment Center

We have reviewed the accompanying financial statements of Eighteenth Avenue Family Enrichment Center (a not-for-profit organization) which comprise the statement of financial position as of June 30, 2023 and June 30, 2022 and the related statement of activities, cash flows and functional expenses for the years then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of The Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

SPD CPA Firm
Nashville, TN
December 21, 2023

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Eighteenth Ave Family Enrichment Center
Statement of Financial Position
As of June 30, 2023 and June 30, 2022

	<u>6/30/2023</u>	<u>6/30/2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 283,892	\$ 157,301
Accounts Receivable-Parent Fees	13,840	41,091
Grants Receivable-Government Agencies	24,189	17,124
Other Current Assets	92,954	8,258
Total Current Assets	<u>414,875</u>	<u>223,774</u>
Fixed Assets		
Land	22,100	22,100
Buildings	120,000	120,000
Building Improvements	189,306	189,306
Fixtures & Equipment	110,770	110,770
Accumulated Depreciation	(328,428)	(323,783)
Total Fixed Assets	<u>113,748</u>	<u>118,393</u>
TOTAL ASSETS	<u><u>\$ 528,623</u></u>	<u><u>\$ 342,167</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES	-	-
LONG-TERM LIABILITIES		
Federal Payroll Tax-Trust Fund Only	<u>-</u>	<u>50,179</u>
Total Long-term Liabilities	<u>-</u>	<u>50,179</u>
Net Assets		
32000 Unrestricted Net Assets	528,623	291,988
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 528,623</u></u>	<u><u>\$ 342,167</u></u>

The accompanying notes are an integral part of these financial statements

Eighteenth Ave Family Enrichment Center
Statement of Activities

For the Years Ended June 30, 2023 and June 30, 2022

	<u>6/30/2023</u>	<u>6/30/2022</u>
Revenue and Support		
Program Service Fees	\$ 203,573	\$ 290,529
Grants	868,179	466,769
Special Events	-	892
Contributions	1,985	5,295
Other Income	123,366	89,870
Total Revenue and Support	<u>1,197,103</u>	<u>853,355</u>
Expenses		
Program Expenses	528,671	337,009
General and Administrative Expenses	431,797	288,329
	<u>960,468</u>	<u>625,338</u>
Increase in Net Assets	236,635	228,017
Net Assets, Beginning of Year	<u>291,988</u>	<u>63,971</u>
Net Assets, End of Year	<u><u>\$ 528,623</u></u>	<u><u>\$ 291,988</u></u>

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

Eighteenth Ave Family Enrichment Center
Statement of Cash Flows
For the Years Ended June 30, 2023 and June 30, 2022

	<u>6/30/2023</u>	<u>6/30/2022</u>
Cash flows from operating activities		
Increase in net assets	236,635	\$ 228,017
Adjustments to reconcile change used in net assets to used net cash provided by (used in) operating activities:		
Depreciation	4,645	4,892
(Increase) Decrease in accounts receivable	27,251	(38,478)
(Increase) Decrease in grants receivable	(7,065)	19,974
Increase in other current assets	(84,696)	(8,258)
Increase (Decrease) in accrued payroll tax - federal	<u>-</u>	<u>(3,864)</u>
Net cash provided by operating activities	176,770	202,283
 Cash flows from investing activities	 -	 -
 Cash flows from financing activities		
Reduction in federal tax liability	(50,179)	(4,767)
Payroll Protection Program Loan	<u>-</u>	<u>(89,870)</u>
	(50,179)	(94,637)
 Net increase in cash and cash equivalents	 126,591	 107,646
Cash and cash equivalents, beginning of year	<u>157,301</u>	<u>49,655</u>
Cash and cash equivalents, end of year	<u><u>\$ 283,892</u></u>	<u><u>\$ 157,301</u></u>

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

Eighteenth Ave Family Enrichment Center

Statement of Functional Expenses

For the Year Ended June 30, 2023

	Program Services	General and Administrative	Total
Payroll	\$ 375,079	\$ 141,995	\$ 517,074
Payroll taxes	34,197	11,337	45,534
Employee Benefits	-	28,643	28,643
Workers' Compensation Insurance	-	2,845	2,845
Payroll Admin Fee	-	26,605	26,605
Food Costs	56,177	-	56,177
Training & Development Expense	-	7,627	7,627
Supplies	23,216	-	23,216
RTS Expense	40,002	-	40,002
Repairs & Maintenance - Bldg	-	9,065	9,065
Professional Assn Dues	-	377	377
Insurance	-	11,338	11,338
Depreciation	-	4,645	4,645
Events	-	2,812	2,812
Office Expense	-	72,299	72,299
Outside Services	-	88,318	88,318
Utilities	-	23,891	23,891
Total Expenses	<u>\$ 528,671</u>	<u>\$ 431,797</u>	<u>\$ 960,468</u>

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

Eighteenth Ave Family Enrichment Center

Statement of Functional Expenses

For the Year Ended June 30, 2022

	Program Services	General and Administrative	Total
Payroll	\$ 263,348	\$ 65,342	\$ 328,690
Payroll taxes	23,642	4,479	28,121
Employee Benefits	-	29,175	29,175
Workers' Compensation Insurance	-	813	813
Payroll Admin Fee	-	4,200	4,200
Food Costs	20,918	-	20,918
Training & Development Expense	3,710	-	3,710
Supplies	8,177	-	8,177
RTS Expense	17,073	-	17,073
Dues and Subscriptions	141	-	141
Equipment Rentals		109	109
License and Permit	-	354	354
Repairs & Maintenance - Bldg	-	8,849	8,849
Repairs & Maintenance - Vehicles	-	20	20
Insurance	-	14,733	14,733
Depreciation	-	4,892	4,892
Events	-	100	100
Miscellaneous Expense		100	100
Office Expense	-	4,097	4,097
Outside Services	-	129,875	129,875
Utilities	-	21,191	21,191
Total Expenses	<u>\$ 337,009</u>	<u>\$ 288,329</u>	<u>\$ 625,338</u>

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

**EIGHTEENTH AVENUE FAMILY ENRICHMENT CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022**

**NOTE 1---NATURE OF THE ORGANIZATION AND SUMMARY
OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of the Organization

Eighteenth Avenue Family Enrichment Center (18th Avenue) is a 501(c)(3) private, non-profit organization that provides Early Education to children six weeks to five years old. Services offered include:

- Early Head Start in partnership with Tennessee State University Center of Excellence for Learning Sciences for infants and toddlers
- Read to Success Literacy Program in partnership with United Way of Middle Tennessee for preschool students

18th Avenue also partners with the community to connect, support, and provide ongoing resources to those within and outside our service area.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting and accordingly revenue is recognized when earned, support and promises to give are recognized when received and expenses are recorded when incurred.

The financial statements presentation follows the recommendations of the Financial Accounting Standard Board's Accounting Standard Codification (FASB ASC 958), Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the Center is reporting information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Net Assets Without Donor Restrictions — Net assets that are not restricted by purpose or time either temporarily or permanently by explicit donor stipulations or by law. Board designation does not constitute a donor restriction.

Net Assets With Donor Restrictions — Net assets that are restricted by purpose or time either temporarily or permanently by explicit donor stipulations or by law.

As of June 30, 2023, there were no net assets with donor restrictions.

Revenue, Support, and Expenses

18th Avenue receives contributions from corporations and individual donors and recognizes revenue when cash or a firm promise to give is obtained.

Contributions received are measured at their fair value and are reported as an increase in net assets.

EIGHTEENTH AVENUE FAMILY ENRICHMENT CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022

18th Avenue 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

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

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, 18th Avenue considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Income Taxes

18th Avenue is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is considered necessary.

Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to the short maturities of these instruments. The fair values of the noncurrent liabilities approximate the carrying amounts and are estimated based on the current rates offered to 18th Avenue.

Functional Expenses

Management allocates expenses on a functional basis among its various programs and support services. Expenses and support services that can be identified with a specific program are allocated directly to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

Fixed Assets

Disbursements for property and equipment are capitalized and reflected in the statement of financial position at cost. Expenditures for additions and major improvements are capitalized while those for maintenance and repairs are charged to expenses as incurred. Depreciation, which is reflected as an expense in the statement of activities, is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	3—10
Buildings	20—39

**EIGHTEENTH AVENUE FAMILY ENRICHMENT CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022**

Concentration of Revenues

18th Avenue receives a substantial amount of its support from various grants. A significant reduction in the level of this support may have a significant effect on 18th Avenue's programs and activities.

NOTE 2---ACCOUNTS AND GRANTS RECEIVABLE

Grants Receivable – Government Agencies consists of grant funds from the following sources:

- Early Head Start Grant
- Child Care Certificate Program
- Local Grants

Total grants receivable as of June 30, 2023 and June 30, 2022 was \$24,189 and \$17,124, respectively.

Accounts Receivable – Parent Fees consist of private pay tuition due from participants.

Total accounts receivable as of June 30, 2023 and June 30, 2022 was \$13,840 and \$41,091, respectively.

Total grants and accounts receivable as of June 30, 2023 and June 30, 2022 was \$38,029 and \$58,215, respectively. An allowance for doubtful accounts was not considered necessary.

NOTE 3—OTHER CURRENT ASSETS

18th Avenue is eligible for the Employee Retention Credit (ERC) under the CARES Act. The ERC is a refundable tax credit against certain employment taxes up to \$5,000 per employee for eligible employees. 18th Avenue received \$118,464 as of June 30, 2023. As of June 30, 2023, \$61,058 was due from the Internal Revenue Service (IRS) for payment of this credit.

The repayment of the liability due to the IRS (See Note 4) resulted in a reduction in penalties and interest. This created a balance due from the IRS of \$15,024 as of June 30, 2023.

18th Avenue has a payroll voucher clearing account. The balance as of June 30, 2023 and June 30, 2022 was \$16,872 and \$8,258, respectively.

NOTE 4—LONG-TERM LIABILITIES

Long-term liabilities consist of a liability due to the Internal Revenue Service (IRS) for payment of back taxes. 18th Avenue entered into an installment agreement with the IRS. This agreement requires 18th Avenue to make monthly payments of \$250. This balance was repaid to the IRS in 2023.

**EIGHTEENTH AVENUE FAMILY ENRICHMENT CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022**

NOTE 5--SUBSEQUENT EVENTS

There were no subsequent events requiring disclosures as of December 21, 2023 the date management evaluated such events. December 21, 2023 is the date the financial statements were available to be issued.