

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.

**FINANCIAL STATEMENTS AND
ACCOUNTANT'S REVIEW REPORT**

JUNE 30, 2012 AND 2011

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
Financial Statements
JUNE 30, 2012 AND 2011

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying statements of financial position of Project for Neighborhood Aftercare, Inc. (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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 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.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying June 30, 2012 and 2011 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Thomason Financial Resources

September 5, 2012

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Current Assets		
Cash	\$ 69,959	\$ 95,485
Grants receivable	-	20,919
Accounts receivable	8,179	-
Prepaid expenses	1,659	1,396
Total current assets	<u>\$ 79,797</u>	<u>117,800</u>
Property and Equipment		
Office furniture and equipment	4,517	4,517
Computer software	-	15,088
Computer equipment	41,796	39,712
	<u>46,313</u>	<u>59,317</u>
Less: accumulated depreciation	(39,988)	(41,530)
Total property and equipment	<u>6,325</u>	<u>17,787</u>
 Total assets	 <u><u>\$ 86,122</u></u>	 <u><u>\$ 135,587</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 3,756	\$ 996
Accrued liabilities	1,880	-
Deferred Revenue	450	2,950
Total Current Liabilities	<u>6,086</u>	<u>3,946</u>
 Net Assets		
Unrestricted	80,036	131,641
Total liabilities and net assets	<u><u>\$ 86,122</u></u>	<u><u>\$ 135,587</u></u>

See Independent Accountant's Review Report

**PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENTS OF ACTIVITIES**

	2012	2011
	<u>Unrestricted</u>	<u>Unrestricted</u>
Revenue and public support		
Grant income	\$ 131,965	\$ 107,851
Contributions	22,052	39,793
Program fees	302,252	323,824
Miscellaneous income	2,720	665
Total Revenue and public support	<u>458,989</u>	<u>472,133</u>
Expenses		
Program services	404,494	384,521
Management and general	72,101	78,486
Fundraising	33,999	9,994
Total expenses	<u>510,594</u>	<u>473,001</u>
Change in net assets	(51,605)	(868)
Net assets at beginning of year	131,641	132,509
Net assets at end of year	<u><u>\$ 80,036</u></u>	<u><u>\$ 131,641</u></u>

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PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Payroll	\$ 274,736	\$ 46,891	\$ 26,051	\$ 347,678
Payroll taxes	19,739	3,445	1,914	25,098
Retirement plan	2,313	1,892	1,051	5,256
Health insurance	4,885	3,997	2,220	11,102
Total compensation	301,673	56,225	31,236	389,134
Bank charges		842	-	842
Data management	5,392	-	-	5,392
Depreciation	9,279	685	192	10,156
Dues and subscriptions	429	907	181	1,517
Food - Program	22,279	-	-	22,279
Incentive/awards	500	-	-	500
Insurance	7,631	607	390	8,628
Licenses and permits	1,920	-	-	1,920
Miscellaneous		44	-	44
Office supplies	1,211	993	451	2,655
Printing and reproduction	740	144	-	884
Professional fees	-	4,000	-	4,000
Program supplies	6,121	-	-	6,121
Facility fees	30,528	-	-	30,528
Special events	1,605	-	-	1,605
Staff training	1,125	2,618	-	3,743
Storage	-	1,144	-	1,144
Telephone	6,243	2,542	1,413	10,198
Meals and entertainment	33	611	-	644
Travel and entertainment	4,395	739	136	5,270
Loss on disposal of computer software	3,390	-	-	3,390
Total expenses	\$ 404,494	\$ 72,101	\$ 33,999	\$ 510,594
Current year's percentages	79.22%	14.12%	6.66%	100.00%

See Independent Accountant's Review Report

**PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Payroll	\$ 253,110	\$ 47,957	\$ 7,340	\$ 308,407
Payroll taxes	19,234	3,669	562	23,465
Retirement plan	1,629	1,834	281	3,744
Health insurance	3,245	3,655	559	7,459
Total compensation	277,218	57,115	8,742	343,075
Bank charges	-	1,142	-	1,142
Data management	5,392	-	-	5,392
Depreciation	9,391	628	95	10,114
Dues and subscriptions	375	485	-	860
Food - Program	33,862	-	-	33,862
Incentive/awards	327	100	-	427
Insurance	12,390	971	78	13,439
Licenses and permits	1,400	140	-	1,540
Miscellaneous	416	156	-	572
Office supplies	1,517	1,299	199	3,015
Printing and reproduction	1,416	-	442	1,858
Professional fees	-	6,500	-	6,500
Program supplies	10,519	-	-	10,519
Facility fees	18,160	-	-	18,160
Special events	1,042	-	-	1,042
Staff training	840	4,260	-	5,100
Storage	-	1,254	-	1,254
Telephone	7,179	2,578	364	10,121
Meals and entertainment	-	839	-	839
Travel and entertainment	3,078	1,018	74	4,170
Total expenses	\$ 384,522	\$ 78,485	\$ 9,994	\$ 473,001
Current year's percentages	81.29%	16.59%	2.11%	100.00%

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PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

Cash Flows From Operating Activities:	<u>2012</u>	<u>2011</u>
Change in net assets	\$ (51,605)	\$ (868)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,156	10,114
Loss on disposal of computer software	3,390	-
Changes in operating assets and liabilities:		
Grants receivable	20,919	(3,436)
Accounts receivable	(8,179)	-
Prepaid expenses	(263)	649
Accounts payable	2,760	(486)
Accrued liabilities	1,880	(519)
Deferred revenue	(2,500)	(2,529)
Net cash (used in) provided by operating activities	<u>(23,442)</u>	<u>2,925</u>
 Cash flows From Investing Activities		
Purchases of property and equipment	<u>(2,084)</u>	<u>(1,544)</u>
 Net cash used in investing activities	<u>(2,084)</u>	<u>(1,544)</u>
 Net change in cash and cash equivalents	(25,526)	1,381
Cash at beginning of year	95,485	94,104
Cash at end of year	<u>\$ 69,959</u>	<u>\$ 95,485</u>

Supplemental schedule of noncash operating activities:

In-kind contributions of food for program services	\$ 19,886	\$ 30,992
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See Independent Accountant's Review Report

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
Notes to Financial Statements
June 30, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Project for Neighborhood Aftercare, Inc. (the Organization) is a nonprofit after-school program in Metro schools located in Nashville, Tennessee for children in kindergarten through eighth grade. The Organization's mission is to provide a meaningful and enriching after-school program for Davidson County children, providing expanded learning opportunities to students in need. The programs are charged a weekly fee as well as a semester registration fee and are neighborhood-based and academically-enriched. The Organization strives to create an environment that will allow each child to grow socially and academically, while fostering a sense of belonging and increased self-esteem.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets 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 restrictions that may or will be met, either by actions of the Organization and/or the passage of time. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as unrestricted. When a restriction expires in a period after the contributions are received, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents. At June 30, 2012 and at June 30, 2011, the Organization had no cash equivalents.

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
Notes to Financial Statements
June 30, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. 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-restricted contributions 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.

Grants and Accounts Receivable

The Organization considers grants and accounts receivable to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded.

Property and Equipment

Property and equipment are recorded at cost to the Organization, or if donated, at the estimated fair market value at the date of donation. All depreciation is computed using the straight-line method based on the estimated useful life of the asset. The Organization's capitalization policy is to capitalize any expenditure over \$1,500 for any land, building, and equipment purchased. Expenditures for repairs and maintenance are charged to operations when incurred. Depreciation expense amounted to \$10,156 and \$10,114, for the years ended June 30, 2012 and 2011, respectively.

Expense Allocation

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services based on actual or estimated time employees spend on each function.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
Notes to Financial Statements
June 30, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes

The Organization is a nonprofit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code, and the Organization is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

Financial Instruments

Financial accounting standards relating to fair value measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 2 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The Organization's financial instruments consist of grants receivable, accounts receivable, prepaids, accounts payable and deferred revenue. The recorded values of all the Organization's financial instruments approximate their fair values based on their short-term nature. While the Organization believes its valuation methodologies are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
Notes to Financial Statements
June 30, 2012 and 2011

NOTE 2 – RETIREMENT PLAN

The Organization adopted a retirement plan for the Executive Director and the Director of Finance on August 31, 1999. During the year ended June 30, 2012, the Board approved making contributions for a third management employee, Director of Development. For both years ended June 30, 2011 and June 30, 2010, the Organization contributed \$72 each pay period for each employee. As such, the Organization contributed \$5,256 and \$3,744, for the years ended June 30, 2012 and June 30, 2011, respectively.

NOTE 3 – DONATED FOOD & SUPPLIES

Metro Nashville Public Schools and Second Harvest Food Bank donated food to the Organization during the years ended June 30, 2012 and June 30, 2011.

Donated food is used in the ongoing operations of the Organization and is reflected as contributions in the statements of activities at its fair value at the date of receipt. The value of donated food is \$19,886 and \$30,992 for the years ended June 30, 2012 and June 30, 2011, respectively, and is included in the statement of activities as food expense.

NOTE 4 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through September 5, 2012, the issuance of the Organization's financial statements. In August 2012, the State of Tennessee Department of Education awarded a \$242,500 21st Century Community Learning Centers Program Grant for fiscal year ended June 30, 2013. No other subsequent events occurred through September 5, 2012.