

***PROJECT FOR NEIGHBORHOOD
AFTERCARE, INC.
(A Nonprofit Organization)***

Financial Statements

**With Independent Accountants' Review Report Thereon
For The Years Ended June 30, 2013 and 2012**

**H A Beasley & Company, PC
Certified Public Accountants
Murfreesboro, Tennessee**

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

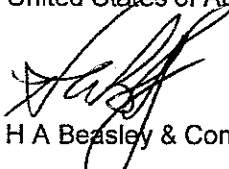
To the Board of Trustees of
Project for Neighborhood Aftercare, Inc.

We have reviewed the accompanying statement of financial position of Project for Neighborhood Aftercare, Inc. (a nonprofit corporation) as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company 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. The financial statements as of June 30, 2012 and the year then ended of Project for Neighborhood Aftercare, Inc. were reviewed by other accountants, whose report dated September 5, 2012, stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

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 my our review, we are not aware of any material modifications that should be made to the 2013 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



H A Beasley & Company, PC

July 19, 2013

A Positive Difference Through Professional Accounting Service

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Project for Neighborhood Aftercare, Inc.
Statements of Financial Position
As of June 30, 2013 and 2012

ASSETS		2013	2012
CURRENT ASSETS			
Cash and equivalents	\$	52,933	\$ 69,959
Grants receivable		37,330	-
Accounts receivable		7,028	8,179
Prepaid expenses		1,135	1,659
Total current assets		98,426	79,797
PROPERTY AND EQUIPMENT			
Office furniture and equipment		4,517	4,517
Computer equipment		41,796	41,796
		46,313	46,313
Less: accumulated depreciation		(43,522)	(39,988)
Total property and equipment		2,791	6,325
TOTAL ASSETS	\$	101,217	\$ 86,122
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$	6,303	\$ 3,756
Accrued liabilities		1,978	1,880
Deferred revenue		150	450
Total Current Liabilities		8,431	6,086
NET ASSETS			
Unrestricted		92,786	80,036
TOTAL LIABILITIES AND NET ASSETS	\$	101,217	\$ 86,122

See accompanying notes to financial statements and independent accountants' report.

Project for Neighborhood Aftercare, Inc.
Statements of Activities
For the Years Ended June 30, 2013 and 2012

	2013	2012
	<u>Unrestricted</u>	<u>Unrestricted</u>
REVENUE AND PUBLIC SUPPORT		
Grant income	\$ 247,660	\$ 131,965
Contributions	29,776	22,052
Program fees	261,192	302,252
Miscellaneous income	<u>1,155</u>	<u>2,720</u>
TOTAL REVENUE AND PUBLIC SUPPORT	539,783	458,989
 EXPENSES		
Program services	433,967	404,494
Management and general	77,443	72,101
Fundraising	<u>15,623</u>	<u>33,999</u>
TOTAL EXPENSES	<u>527,033</u>	<u>510,594</u>
CHANGE IN UNRESTRICTED NET ASSETS	12,750	(51,605)
Unrestricted Net Assets at Beginning of Year	<u>80,036</u>	<u>131,641</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 92,786</u>	<u>\$ 80,036</u>

See accompanying notes to financial statements and independent accountants' report.

Project for Neighborhood Aftercare, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2013 and 2012

	2013				2012			
	Program Services	Management & General	Fund- raising	Total Expenses	Program Services	Management & General	Fund- raising	Total Expenses
Payroll	\$ 291,215	\$ 54,340	\$ 12,149	\$ 357,704	\$ 274,736	\$ 46,891	\$ 26,051	\$ 347,678
Payroll taxes	20,024	2,864	640	23,528	19,739	3,445	1,914	25,098
Retirement plan	3,033	2,022	562	5,617	2,313	1,892	1,051	5,256
Health insurance	6,422	4,281	1,189	11,892	4,885	3,997	2,220	11,102
Total compensation	320,694	63,507	14,540	398,741	301,673	56,225	31,236	389,134
Bank charges	655	917	-	1,572	-	842	-	842
Data management	-	-	-	-	5,392	-	-	5,392
Depreciation	3,295	189	51	3,535	9,279	685	192	10,156
Dues and subscriptions	225	285	-	510	429	907	181	1,517
Food - Program	31,971	-	-	31,971	22,279	-	-	22,279
Incentive/awards	-	-	-	-	500	-	-	500
Insurance	7,740	620	142	8,502	7,631	607	390	8,628
Licenses and permits	1,600	250	-	1,850	1,920	-	-	1,920
Miscellaneous	-	75	-	75	-	44	-	44
Office supplies	1,507	1,000	278	2,785	1,211	993	451	2,655
Printing and reproduction	286	256	-	542	740	144	-	884
Professional fees	-	4,500	-	4,500	-	4,000	-	4,000
Program supplies	14,817	-	-	14,817	6,121	-	-	6,121
Facility fees	26,311	-	-	26,311	30,528	-	-	30,528
Special events	1,517	-	-	1,517	1,605	-	-	1,605
Staff training	2,048	-	-	2,048	1,125	2,618	-	3,743
Storage	-	1,248	-	1,248	-	1,144	-	1,144
Telephone	6,569	2,924	393	9,886	6,243	2,542	1,413	10,198
Meals and entertainment	884	104	-	988	33	611	-	644
Travel and entertainment	4,009	1,568	219	5,796	4,395	739	136	5,270
Contract Labor	9,839	-	-	9,839	-	-	-	-
Loss on disposal of computer software	-	-	-	-	3,390	-	-	3,390
Total Expenses	\$ 433,967	\$ 77,443	\$ 15,623	\$ 527,033	\$ 404,494	\$ 72,101	\$ 33,999	\$ 510,594

See accompanying notes to financial statements and independent accountants' report.

Project for Neighborhood Aftercare, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2013 and 2012

CASH FLOWS FROM OPERATING ACTIVITIES	2013	2012
Change in net assets	\$ 12,750	\$ (51,605)
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities:		
Depreciation	3,534	10,156
Loss on disposal of computer software	-	3,390
Changes in operating assets and liabilities:		
(Increase) decrease in Grants receivable	(37,330)	20,919
Decrease (increase) in Accounts receivable	1,151	(8,179)
Decrease (increase) in Prepaid expenses	524	(263)
Increase in Accounts payable	2,547	2,760
Increase in Accrued liabilities	98	1,880
Decrease in Deferred revenue	(300)	(2,500)
NET CASH USED IN OPERATING ACTIVITIES	(17,026)	(23,442)
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchases of property and equipment	-	(2,084)
NET CHANGE IN CASH AND EQUIVALENTS	(17,026)	(25,526)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	69,959	95,485
CASH AND EQUIVALENTS AT END OF YEAR	\$ 52,933	\$ 69,959

See accompanying notes to financial statements and independent accountants' report.

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE A—NATURE OF ACTIVITIES, BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Activities

Project for Neighborhood Aftercare, Inc. (the "Organization") is a nonprofit after-school program in Metro schools and other community facilities located in Davidson County, 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, and providing expanded learning opportunities to students in need. The programs charge a weekly fee as well as a per-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 Accounting

The financial statements of the Organization have been prepared on the accrual basis.

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 revenue and public support and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The Organization presents its financial statements in accordance the with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Financial Statements for Not-for-Profit Organizations*. Accordingly, the Organization reports information regarding its financial position and activities according to the three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization.

Temporarily restricted net assets

Temporarily restricted net assets consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue, when received, and such unexpended amounts are reported as temporarily restricted net assets at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions". The organization had no temporarily restricted net assets as of June 30, 2013 and 2012.

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE A—NATURE OF ACTIVITIES, BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Financial Statement Presentation (continued)

Permanently restricted net assets

Permanently restricted net assets consist of donor restricted contributions, which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations. The Organization had no permanently restricted net assets as of June 30, 2013 and 2012.

Contributions

Contributions are recognized as revenues when received or unconditionally pledged. All contributions are available for unrestricted use unless specially restricted by the donor. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Equivalents

Cash and equivalents include cash on hand and short-term investments with original maturities of three months or less.

Accounts and Grants Receivable

Accounts and grants receivable consist of accounts and grants due in less than one year, recorded at their realizable value upon receipt. An allowance for doubtful collectability is provided based on management's evaluation of potential uncollectible accounts and grants receivable at year-end. As of June 30, 2013 and 2012, management has estimated the allowance for doubtful collectability is \$0.

Property and Equipment

The Organization capitalizes all property and equipment expenditures with a cost of \$1,500 or more and having estimated useful lives of more than one year. Property and equipment are recorded at cost or, for donated items, at fair value as of the date received. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense when incurred.

When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statement of activities for the respective period. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets ranging from 3-7 years.

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE A—NATURE OF ACTIVITIES, BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Deferred Revenue

The organization at times receives funds prior to services performed or reimbursements before expenses are incurred. Such amounts are accounted for as deferred revenue and are recognized as revenue over the period the services are provided.

Functional Expenses

Presentation of operating expenses includes production costs directly incurred for program activities and supporting expense activity classifications of management and general as well as fundraising.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, the Organization has made no provision for federal or state income taxes in the accompanying financial statements.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service or state regulators are the 2010, 2011 and 2012. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the years ended June 30, 2013 and 2012.

NOTE B—DONATED FOOD & SUPPLIES

Metro Nashville Public Schools and Second Harvest Food Bank donated food to the Organization during the years ended June 30, 2013 and 2012. Tennessee State University donated supplies to the Organization during the year ended June 30, 2013.

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 \$28,452 and \$19,886 for the years ended June 30, 2013 and 2012, respectively, and is included in the statement of functional expenses as food expense. The value of donated supplies is \$200 for the year ended June 30, 2013 and is included in the statement of functional expenses as program supplies expense.

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE C—FUNCTIONAL EXPENSES

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

For the year ended June 30, 2013 and 2012 the Organization incurred expenses amounting to \$433,965 and \$404,494, respectively, related to program services and \$77,443 and \$72,101, respectively, related to management and general, and \$15,623 and \$33,999, respectively, to fundraising.

NOTE D—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 Program Services. The Organization contributed \$5,616 and \$5,256, for the years ended June 30, 2013 and 2012, respectively.

NOTE E—RISK CONCENTRATION

At times throughout the year, the Company may maintain cash balances in certain accounts in excess of Federal Deposit Insurance Corporation ("FDIC") limits which have been established to be \$250,000 for substantially all depository accounts. The Company as of June 30, 2013 and 2012 has no cash balances in excess of the FDIC limit.

NOTE F—SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 19, 2013 which is the date the financial statements were available to be issued. Through this date, management has determined that the Company did not have any material recognizable or non-recognizable subsequent events.