

**EAST NASHVILLE HOPE EXCHANGE, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT ACCOUNTANTS'  
COMPILATION REPORT  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**EAST NASHVILLE HOPE EXCHANGE, INC.  
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**TABLE OF CONTENTS**

	<b>PAGE</b>
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-10

**INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

To the Board of Directors  
East Nashville Hope Exchange, Inc.

Management is responsible for the accompanying financial statements of East Nashville Hope Exchange, Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The accompanying 2016 financial statements were previously audited by us and we expressed an unmodified opinion on them in our report dated March 11, 2017. We have not performed any auditing procedures since that date.

*Blankenship CPA Group, PLLC*  
February 27, 2018

**EAST NASHVILLE HOPE EXCHANGE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 AND 2016**

	2017	2016
<b>ASSETS</b>		
Cash	\$ 69,103	\$ 93,904
Grants receivable	5,690	10,000
Books and supplies	6,400	6,400
Equipment, net	<u>4,437</u>	<u>6,560</u>
 TOTAL ASSETS	 <u><u>\$ 85,630</u></u>	 <u><u>\$ 116,864</u></u>
<b>NET ASSETS</b>		
NET ASSETS		
Unrestricted		
Undesignated	\$ 69,630	\$ 96,864
Designated - Contingency	<u>10,000</u>	<u>10,000</u>
Total Unrestricted	79,630	106,864
 Temporarily restricted	 <u>6,000</u>	 <u>10,000</u>
 Total Net Assets	 <u>85,630</u>	 <u>116,864</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 85,630</u></u>	 <u><u>\$ 116,864</u></u>

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

**EAST NASHVILLE HOPE EXCHANGE, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
<b>Changes in Unrestricted Net Assets</b>		
Revenues		
Grant/foundation contributions	\$ 87,300	\$ 122,253
Individual and corporate contributions	38,318	36,731
Special event (net of direct benefits to donors of \$7,947 and \$3,581 for 2017 and 2016, respectively)	21,593	27,994
In-kind contributions (other than special events)	42,573	37,253
Fees	4,720	14,988
Gain on disposal of equipment	826	-
	<hr/>	<hr/>
Total Unrestricted Revenues	195,330	239,219
Net assets released from restrictions	10,000	4,270
	<hr/>	<hr/>
Total Unrestricted Revenues and Reclassifications	205,330	243,489
	<hr/>	<hr/>
Functional Expenses		
Program services	185,509	187,737
Supporting services		
Management and general	28,727	25,696
Fundraising	18,328	20,029
	<hr/>	<hr/>
Total Unrestricted Functional Expenses	232,564	233,462
	<hr/>	<hr/>
(Decrease) increase in unrestricted net assets	(27,234)	10,027
	<hr/>	<hr/>
<b>Changes in Temporarily Restricted Net Assets</b>		
Grant/foundation contributions	6,000	10,000
Net assets released from restrictions	(10,000)	(4,270)
	<hr/>	<hr/>
(Decrease) increase in temporarily restricted net assets	(4,000)	5,730
	<hr/>	<hr/>
(DECREASE) INCREASE IN NET ASSETS	(31,234)	15,757
NET ASSETS - BEGINNING OF YEAR	116,864	101,107
	<hr/>	<hr/>
NET ASSETS - END OF YEAR	\$ 85,630	\$ 116,864
	<hr/>	<hr/>

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

**EAST NASHVILLE HOPE EXCHANGE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**

		<u>Supporting Services</u>		
	<b>Program</b>	<b>Management</b>	<b>Fund-</b>	
	<b>Services</b>	<b>and</b>	<b>raising</b>	<b>Total</b>
		<b>General</b>		
Compensation and related costs	\$ 115,990	\$ 14,376	\$ 8,625	\$ 138,991
Books and curriculum	27,689	-	-	27,689
Food service	16,292	-	-	16,292
Special event expense	-	-	13,073	13,073
Professional services	-	10,350	-	10,350
Program supplies	7,290	-	-	7,290
Administrative	3,546	1,773	1,773	7,092
Occupancy	3,040	1,520	1,520	6,080
Insurance	4,189	-	-	4,189
Depreciation	1,416	708	708	2,832
Family engagement workshops	2,604	-	-	2,604
Storage rent	2,259	-	-	2,259
Field trips	1,194	-	-	1,194
Printing	-	-	576	576
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	185,509	28,727	26,275	240,511
Less direct benefits to donors	<hr/> -	<hr/> -	<hr/> (7,947)	<hr/> (7,947)
Total functional expenses	<u><u>\$ 185,509</u></u>	<u><u>\$ 28,727</u></u>	<u><u>\$ 18,328</u></u>	<u><u>\$ 232,564</u></u>

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

**EAST NASHVILLE HOPE EXCHANGE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2016**

		<u>Supporting Services</u>		
	<b>Program</b>	<b>Management</b>	<b>Fund-</b>	<b>Total</b>
	<b>Services</b>	<b>and</b>	<b>raising</b>	
		<b>General</b>		
Compensation and related costs	\$ 113,447	\$ 12,327	\$ 12,119	\$ 137,893
Books and curriculum	28,090	-	-	28,090
Food service	14,306	-	-	14,306
Special event expense	-	-	6,725	6,725
Professional services	-	8,315	-	8,315
Program supplies	12,011	-	-	12,011
Administrative	2,165	4,151	2,143	8,459
Occupancy	4,540	770	770	6,080
Insurance	3,493	-	-	3,493
Depreciation	2,434	133	277	2,844
Family engagement workshops	2,904	-	-	2,904
Storage rent	2,307	-	-	2,307
Field trips	2,040	-	-	2,040
Printing	-	-	1,576	1,576
	<u>187,737</u>	<u>25,696</u>	<u>23,610</u>	<u>237,043</u>
Total expenses	187,737	25,696	23,610	237,043
Less direct benefits to donors	<u>-</u>	<u>-</u>	<u>(3,581)</u>	<u>(3,581)</u>
Total functional expenses	<u>\$ 187,737</u>	<u>\$ 25,696</u>	<u>\$ 20,029</u>	<u>\$ 233,462</u>

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

**EAST NASHVILLE HOPE EXCHANGE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Decrease) increase in net assets	\$ (31,234)	\$ 15,757
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities		
Depreciation	2,832	2,844
Gain on disposal of equipment	(826)	-
Decrease (increase) in grants receivable	4,310	(10,000)
Decrease in prepaid expenses	-	1,794
Decrease in deferred special event revenue	-	(500)
Decrease in accounts payable and accrued expenses	-	(5,600)
	<u>(24,918)</u>	<u>4,295</u>
Net Cash (Used In) Provided By Operating Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Insurance proceeds for equipment	997	-
Payments for equipment	(880)	-
	<u>117</u>	<u>-</u>
Net Cash Used In Investing Activities		
NET (DECREASE) INCREASE IN CASH	(24,801)	4,295
CASH - BEGINNING OF YEAR	<u>93,904</u>	<u>89,609</u>
CASH - END OF YEAR	<u><u>\$ 69,103</u></u>	<u><u>\$ 93,904</u></u>

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



**EAST NASHVILLE HOPE EXCHANGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES**

East Nashville Hope Exchange, Inc. (the "Organization") is a Tennessee not-for-profit corporation with the mission of strengthening literacy of at-risk children in East Nashville. The Organization provides a supportive, structured and safe environment where children can learn and have fun. We work with children from schools in the Stratford and Maplewood clusters. The Organization is headquartered in Nashville, Tennessee, and began as a community outreach program of St. Ann's Episcopal Church. In 2010, it became an independent 501(c)(3) organization. It has operated a summer program every year since 2004 and a school year program every year since 2013. The Organization's support primarily consists of funds received from individuals, foundations and government grants.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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, liabilities and changes therein and the disclosures of commitments and contingencies. Actual results could differ from those estimates.

Cash

Cash includes checking deposits held by financial institutions.

Equipment and Depreciation

It is the Organization's policy to capitalize all equipment over \$200. Equipment acquisitions are recorded at cost. Donations of equipment are recorded as revenues at their estimated fair value. Such donations are reported as unrestricted revenues unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statements of activities and changes in net assets for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is provided over the estimated useful life of five years and is computed on a straight-line method.

**EAST NASHVILLE HOPE EXCHANGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire during the 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. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the statements of activities and changes in net assets as net assets released from restrictions. There were no permanently restricted net assets as of December 31, 2017 and 2016.

Contributed Services

Various volunteers donate many hours to the Organization's program services and fundraising campaigns. These contributed services are not reflected in the financial statements since the services do not require specialized skills. Property, equipment, classroom space, materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their estimated fair values at the date of the receipt.

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the tax laws of the state of Tennessee.

**NOTE 3 - GRANTS RECEIVABLE**

Grants receivable consists of grants awarded prior to year-end. No allowance for uncollectible receivables was deemed necessary as of December 31, 2017 and 2016.

**NOTE 4 - EQUIPMENT**

Equipment consists of the following:

	<b>2017</b>	<b>2016</b>
Equipment	\$ 14,071	\$ 14,221
Less: Accumulated depreciation	<u>(9,634)</u>	<u>(7,661)</u>
	<u>\$ 4,437</u>	<u>\$ 6,560</u>

Depreciation expense was \$2,832 and \$2,844 for 2017 and 2016, respectively.

**EAST NASHVILLE HOPE EXCHANGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 5 - UNRESTRICTED-DESIGNATED NET ASSETS**

Certain unrestricted net assets have been internally designated by the board of directors as a contingency fund for the protection of the Organization.

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of grants for the next year's summer programming. These funds will be released from restriction during the subsequent year.

**NOTE 7 - CONCENTRATIONS**

Of the Organization's total revenues for 2017, approximately 15% (26% for 2016) represents funds received from three government grants. No other revenue source represents 10% or more of total revenues.

**NOTE 8 - IN-KIND CONTRIBUTIONS**

The following in-kind contributions have been included in unrestricted revenues and expenses in the financial statements for the years ended December 31.

	<b>2017</b>	<b>2016</b>
Included in contributions/expenses		
Books	\$ 22,851	\$ 19,517
Food service	16,292	14,306
Occupancy	3,080	3,080
Professional services	<u>350</u>	<u>350</u>
	<u><b>\$ 42,573</b></u>	<u><b>\$ 37,253</b></u>
Included in special events/expenses		
Beverages	\$ 3,450	\$ 3,000
Rent	<u>1,825</u>	<u>325</u>
	<u><b>\$ 5,275</b></u>	<u><b>\$ 3,325</b></u>

Additionally, in-kind contributions for auction items were received and recorded as assets that totaled \$9,195 (\$11,305 for 2016). These assets were subsequently sold during fundraising events with the proceeds recorded in special event revenue.

**EAST NASHVILLE HOPE EXCHANGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9 - LEASING ARRANGEMENTS**

St. Ann's Episcopal Church (St. Ann's) provides office space and classroom space for the Organization. The Organization entered into an annual agreement with St. Ann's to pay \$250 per month to cover the classroom portion of the costs of occupancy. As described in Note 8, an in-kind contribution and occupancy expense of \$3,080 for office space was recorded in both 2017 and 2016 for this use of these facilities.

**NOTE 10 - EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through February 27, 2018, which is the date the financial statements were available to be issued.

**NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In August, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, that is intended to improve financial reporting relating to liquidity, financial performance and cash flows.

More specifically, the changes affect net asset classifications by reflecting two classifications of net assets, one "without donor-imposed restrictions" and one "with donor-imposed restrictions," which differ from the traditional classifications of unrestricted, temporarily restricted, and permanently restricted. In addition, reporting of expenses by both natural and functional classification is required and investment returns must be reflected net of related investment expenses. The cash flow statement is also allowed to be restructured by using the direct method of reporting and there are further disclosures regarding an organization's liquidity.

The new standard is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial statements in the subsequent years.