TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2018 and 2017

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK

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Cherry Bekaert LLP
CPAs & Advisors

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 statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses for the years 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 audits. We conducted our audits 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cherry Bekaert LLP

Nashville, Tennessee
January 14, 2019

TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 384,083	$ 394,691
Prepaid expenses	-	1,478
Property and equipment, net	3,372	3,111
Total Assets	$ 387,455	$ 399,280
LIABILITIES AND NET ASSETS		
Accounts payable	$ 15,745	$ 2,419
Accrued liabilities	13,957	9,732
Deferred revenue	78,119	109,075
Total Liabilities	107,821	121,226
Net assets:		
Unrestricted	279,634	278,054
Total Net Assets	279,634	278,054
Total Liabilities and Net Assets	$ 387,455	$ 399,280

TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Support and Revenue:		
Corporate contracts and grants	$ 415,698	$ 563,961
Federal and state grants	37,949	37,200
Program fees	-	80
Miscellaneous revenue	1,580	7,927
Total Support and Revenue	455,227	609,168
Expenses:		
Program services	265,291	417,937
Management and general	174,669	169,561
Fundraising	13,687	13,503
Total Expenses	453,647	601,001
Change in net assets	1,580	8,167
Net assets, beginning of year	278,054	269,887
Net assets, end of year	$ 279,634	$ 278,054

TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ 1,580	$ 8,167
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,349	1,648
Changes in operating assets and liabilities:		
Grants receivable	-	145,431
Prepaid expenses	1,478	(1,478)
Accounts payable	13,326	(2,313)
Accrued liabilities	4,225	-
Deferred revenue	(30,956)	(224,290)
Net cash used in operating activities	(8,998)	(72,835)
Cash flows from investing activities:		
Purchases of property and equipment	(1,610)	(2,286)
Net cash used in investing activities	(1,610)	(2,286)
Net decrease in cash and cash equivalents	(10,608)	(75,121)
Cash and cash equivalents, beginning of year	394,691	469,812
Cash and cash equivalents, end of year	$ 384,083	$ 394,691

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

TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services	Management and General	Fundraising	Total
Salaries	$ 178,980	$ 105,512	$ 11,173	$ 295,665
Fringe Benefits	42,645	23,197	2,514	68,356
Professional fees	24,969	25,230	-	50,199
Occupancy	-	13,200	-	13,200
Miscellaneous	3,959	4,358	-	8,317
Telephone	5,039	-	-	5,039
Supplies	4,258	-	-	4,258
Insurance	-	3,172	-	3,172
Travel	3,037	-	-	3,037
Depreciation	1,349	-	-	1,349
Conferences and meetings	1,045	-	-	1,045
Postage and shipping	10	-	-	10
	$ 265,291	$ 174,669	$ 13,687	$ 453,647

TENNESSEE COLLEGE ACCESS AND SUCCESS NETWORK
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program Services	Management and General	Fundraising	Total
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
	$ 417,937	$ 169,561	$ 13,503	$ 601,001

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, 2018 and 2017.

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.

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.

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.

Note 2—Summary of significant accounting policies (continued)

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.

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 January 14, 2019, when these financial statements were available to be issued.

New Accounting Pronouncements – In August of 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The standard changes presentation and disclosure requirements of not-for-profit entities. The primary changes are a decrease in the number of net asset classes from three to two, reporting of underwater amounts of donor-restricted endowment funds in net assets with donor restrictions, requiring disclosures of qualitative information on how the not-for-profit entity manages its liquid available resources and liquidity risks, and requiring reporting of expenses by function and nature, as well as enhanced endowment disclosures. This standard is effective for all fiscal years beginning after December 31, 2017. The Network is evaluating the impact of this ASU on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The new standard is effective for annual periods beginning after December 15, 2018. The Network is evaluating the impact of this ASU on the financial statements.

Note 3—Property and equipment

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

	2018	2017
Computers	$ 10,638	$ 9,028
Less accumlated depreciation	(7,266)	(5,917)
	$ 3,372	$ 3,111

Note 4—Deferred revenue

Deferred revenue at June 30, 2018 and 2017 consists of receipts from a corporate contractor for which revenue had not been earned and totaled $78,119 and $109,075, respectively.

Note 5—Concentrations

The Network maintains its cash in bank accounts that at times may exceed limits insured by the Federal Deposit Insurance Corporation. 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 the year ended June 30, 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 83% and 93% of total support and revenue for the years ended June 30, 2018 and 2017, respectively. Amounts expensed relating to the website totaled $10,100 and $135,000, respectively, and are included in program services expenses in the statements of activities.

A significant reduction in the level of support from corporate 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, 2018 and 2017, the Network recognized expense of $15,000 related to this agreement. The agreement expired June 30, 2018 and was renewed through June 30, 2019.

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, 2018 and 2017, the Network recognized expense of $13,200 related to this agreement. The agreement expired June 30, 2018 and was renewed through June 30, 2019 with similar terms.