

**PROJECT FOR NEIGHBORHOOD
AFTERCARE, INC.**

Financial Statements

June 30, 2018 and 2017

**With Independent Accountants'
Review Report Thereon**



Project for Neighborhood Aftercare, Inc.

Table of Contents

| | <u>Page</u> |
|--|-------------|
| Independent Accountants' Review Report | 1 |
| FINANCIAL STATEMENTS | |
| Statements of Financial Position | 2 |
| Statements of Activities | 3 |
| Statements of Functional Expenses | 4 |
| Statements of Cash Flows | 5 |
| Notes to Financial Statements | 6 |



Independent Accountants' Review Report

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

We have reviewed the accompanying financial statements of Project for Neighborhood Aftercare, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows 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 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.

Management's Responsibility for the 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements 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 conclusion.

Accountants' Conclusion

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

A handwritten signature in blue ink, appearing to read 'Miller CPA, PLLC', is written over the printed name.

Miller CPA, PLLC
Murfreesboro, Tennessee
August 17, 2018

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

| | ASSETS | |
|----------------------------------|------------|------------|
| | 2018 | 2017 |
| CURRENT ASSETS | | |
| Cash and equivalents | \$ 229,910 | \$ 195,216 |
| Grant receivable | 21,779 | 20,573 |
| Accounts receivable | 1,094 | 118 |
| Prepaid expenses | 1,619 | 1,210 |
| Total current assets | 254,402 | 217,117 |
| PROPERTY AND EQUIPMENT, NET | | |
| Computer equipment | 29,593 | 29,593 |
| Less: Accumulated depreciation | (29,000) | (28,710) |
| Property and equipment, net | 593 | 883 |
| TOTAL ASSETS | \$ 254,995 | \$ 218,000 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 8,702 | \$ 3,224 |
| Accrued liabilities | 9,295 | 3,278 |
| Deferred revenue | 300 | 4,400 |
| Total current liabilities | 18,297 | 10,902 |
| NET ASSETS | | |
| Unrestricted | 236,698 | 207,098 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 254,995 | \$ 218,000 |

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

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

| | 2018 | 2017 |
|----------------------------------|---------------------|---------------------|
| | <u>Unrestricted</u> | <u>Unrestricted</u> |
| REVENUE AND PUBLIC SUPPORT | | |
| Grant income | \$ 163,855 | \$ 249,384 |
| Contributions | 20,603 | 23,892 |
| Program fees | 365,106 | 275,191 |
| Miscellaneous income | <u>4,431</u> | <u>738</u> |
| TOTAL REVENUE AND PUBLIC SUPPORT | 553,995 | 549,205 |
| EXPENSES | | |
| Program services | 419,096 | 436,844 |
| Management and general | 82,449 | 72,108 |
| Fundraising | <u>22,850</u> | <u>19,663</u> |
| TOTAL EXPENSES | <u>524,395</u> | <u>528,615</u> |
| CHANGE IN NET ASSETS | 29,600 | 20,590 |
| Net Assets at Beginning of Year | <u>207,098</u> | <u>186,508</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 236,698</u> | <u>\$ 207,098</u> |

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

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

| | 2018 | | | | 2017 | | | |
|---------------------------|---------------------|-------------------------|------------------|-------------------|---------------------|-------------------------|------------------|-------------------|
| | Program Services | Management & General | Fund- raising | Total Expenses | Program Services | Management & General | Fund- raising | Total Expenses |
| Payroll | \$ 295,974 | \$ 37,454 | \$ 5,675 | \$ 339,103 | \$ 308,922 | \$ 27,821 | \$ 3,661 | \$ 340,404 |
| Payroll taxes | 23,007 | 2,545 | 385 | 25,937 | 23,886 | 1,848 | 280 | 26,014 |
| Retirement plan | 1,612 | 858 | 130 | 2,600 | 1,612 | 858 | 130 | 2,600 |
| Total compensation | 320,593 | 40,857 | 6,190 | 367,640 | 334,420 | 30,527 | 4,071 | 369,018 |
| Bank charges | 8,675 | 104 | 109 | 8,888 | 6,276 | 614 | 198 | 7,088 |
| Depreciation | 165 | 110 | 15 | 290 | 197 | 131 | 17 | 345 |
| Dues and subscriptions | 359 | 239 | 32 | 630 | 90 | 145 | - | 235 |
| Food - Program | 22,419 | - | - | 22,419 | 25,246 | - | - | 25,246 |
| Insurance | 8,629 | 168 | 176 | 8,973 | 9,173 | 271 | 75 | 9,519 |
| Licenses and permits | 400 | 260 | - | 660 | - | 305 | - | 305 |
| Miscellaneous | 253 | 402 | - | 655 | - | 143 | - | 143 |
| Office supplies | 1,616 | 620 | 649 | 2,885 | 815 | 984 | 317 | 2,116 |
| Printing and reproduction | - | - | - | - | 373 | - | - | 373 |
| Professional fees | 8,425 | 35,856 | 14,041 | 58,322 | 8,423 | 35,290 | 14,037 | 57,750 |
| Program supplies | 5,874 | - | - | 5,874 | 9,348 | - | - | 9,348 |
| Facility fees | 31,090 | - | - | 31,090 | 31,291 | - | - | 31,291 |
| Special events | 1,100 | - | - | 1,100 | 1,546 | - | - | 1,546 |
| Staff training | 131 | - | - | 131 | 970 | - | - | 970 |
| Storage | 1,889 | 1,435 | 598 | 3,922 | 748 | 903 | 291 | 1,942 |
| Telephone | 4,890 | 940 | 983 | 6,813 | 5,636 | 1,752 | 565 | 7,953 |
| Meals and entertainment | 15 | 397 | - | 412 | - | 403 | - | 403 |
| Travel and entertainment | 910 | 375 | 57 | 1,342 | 2,063 | 640 | 92 | 2,795 |
| Employee Screening | 40 | - | - | 40 | 229 | - | - | 229 |
| Contract Labor | 1,065 | - | - | 1,065 | - | - | - | - |
| Incentives and awards | 362 | 686 | - | 1,048 | - | - | - | - |
| Enrichment activities | 196 | - | - | 196 | - | - | - | - |
| Total Expenses | <u>\$ 419,096</u> | <u>\$ 82,449</u> | <u>\$ 22,850</u> | <u>\$ 524,395</u> | <u>\$ 436,844</u> | <u>\$ 72,108</u> | <u>\$ 19,663</u> | <u>\$ 528,615</u> |

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

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

| CASH FLOWS FROM OPERATING ACTIVITIES | 2018 | 2017 |
|--|------------|------------|
| Change in net assets | \$ 29,600 | \$ 20,590 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 290 | 345 |
| Changes in operating assets and liabilities: | | |
| Grant receivable | (1,206) | (20,573) |
| Accounts receivable | (976) | (118) |
| Prepaid expenses | (409) | (200) |
| Accounts payable | 5,478 | (887) |
| Accrued liabilities | 6,017 | (2,618) |
| Deferred revenue | (4,100) | 2,700 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 34,694 | (761) |
| NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS | 34,694 | (761) |
| CASH AT BEGINNING OF YEAR | 195,216 | 195,977 |
| CASH AT END OF YEAR | \$ 229,910 | \$ 195,216 |
| <u>Supplemental schedule of noncash operating activities:</u> | | |
| In-kind contributions of food for program services | \$ 20,403 | \$ 23,392 |

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

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

Nature of Operations

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, 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 other 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 statements of activities as “net assets released from restrictions”. The Organization had no temporarily restricted net assets as of June 30, 2018 and 2017.

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, 2018 and 2017.

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

Contributions

Contributions are recognized as revenue 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 Grant Receivable

Accounts and grant receivable consist of accounts and a grant 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, 2018 and 2017, management has estimated the allowance for doubtful collectability is \$-0-.

Property and Equipment, net

The Organization capitalizes all property and equipment expenditures with a cost of \$2,500 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 statements 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.

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. As of June 30, 2018 and 2017 deferred revenue totaled \$300 and \$4,400, respectively.

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 income taxes in the accompanying financial statements. The Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509 (a) (2) of the Internal Revenue Code.

PROJECT FOR NEIGHBORHOOD AFTERCARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

Income Taxes (continued)

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 are the 2015, 2016 and 2017. 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, 2018 and 2017.

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, 2018 and 2017. 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 \$20,403 and \$23,392 for the years ended June 30, 2018 and 2017, respectively, and is included in the statements of functional expenses as food expense.

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 years ended June 30, 2018 and 2017 the Organization incurred expenses amounting to \$419,096 and \$436,844, respectively, related to program services and \$82,449 and \$72,108, respectively, related to management and general, and \$22,850 and \$19,663, respectively, to fundraising.

NOTE D—RETIREMENT PLAN

The Organization adopted a retirement plan for the Executive Director. The Organization contributes \$100 for each pay period. The Organization contributed \$2,600 during both years ended June 30, 2018 and 2017.

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, 2018 and 2017 has no cash balances in excess of the FDIC limit.

NOTE F—SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 17, 2018 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.