

WEST NASHVILLE DREAM CENTER  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2018

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
West Nashville Dream Center  
Nashville, Tennessee

We have audited the accompanying financial statements of West Nashville Dream Center (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 the Organization as of June 30, 2018, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Brown & Maguire CPAs, PLLC*

Brown & Maguire CPAs, PLLC  
Nashville, Tennessee  
January 15, 2019

WEST NASHVILLE DREAM CENTER  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2018

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ASSETS

**Current Assets:**

Cash and cash equivalents, unrestricted	\$ 255,673
Cash and cash equivalents, restricted	62,601
Other receivable	<u>10,000</u>
Total current assets	<u>328,274</u>

**Fixed Assets:**

Land	60,000
Vehicle	19,500
Less: accumulated depreciation	<u>(1,161)</u>
Total fixed assets, net	<u>78,339</u>

Total assets	<u>\$ 406,613</u>
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LIABILITIES AND NET ASSETS

**Current Liabilities:**

Accounts payable	\$ 20,003
Credit card payable	<u>8,579</u>
Total current liabilities	<u>28,582</u>

Total liabilities	<u>28,582</u>
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**Net Assets:**

Unrestricted	315,430
Temporarily restricted	<u>62,601</u>
Total net assets	<u>378,031</u>

Total liabilities and net assets	<u>\$ 406,613</u>
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The accompanying notes are an integral part of these financial statements.

WEST NASHVILLE DREAM CENTER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>			
Contributions.....	\$ 485,847	\$ 62,601	\$ 548,448
Grants .....	33,000	-	33,000
Fundraising event, net of direct expenses of \$16,688 .....	14,232	-	14,232
In-kind donations.....	5,605	-	5,605
Interest income .....	179	-	179
Net assets released from restrictions .....	-	-	-
 Total revenues	 <u>538,863</u>	 <u>62,601</u>	 <u>601,464</u>
<b>Expenses</b>			
Program services .....	297,399	-	297,399
Fundraising.....	80,398	-	80,398
General and administrative.....	45,075	-	45,075
Total expenses .....	<u>422,872</u>	<u>-</u>	<u>422,872</u>
 Change in net assets.....	 115,991	 62,601	 178,592
Net assets - beginning.....	<u>199,439</u>	<u>-</u>	<u>199,439</u>
 Net assets - ending .....	 <u><u>\$ 315,430</u></u>	 <u><u>\$ 62,601</u></u>	 <u><u>\$ 378,031</u></u>

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

WEST NASHVILLE DREAM CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	Community Outreach	Student's Ministry	Kid's Outreach	Single Mom's Ministry	Total Program Services	Fundraising	General and Administrative	Total Expenses
Salaries & wages	\$ 89,450	\$ 22,046	\$ 15,888	\$ 9,292	\$ 136,676	\$ 30,934	\$ 22,070	\$ 189,680
Occupancy	24,402	9,162	4,085	1,611	39,260	13,847	8,168	61,275
Employee benefits	9,768	1,133	2,440	1,560	14,901	4,782	4,774	24,457
Professional services	5,435	2,096	957	353	8,841	7,883	2,048	18,772
Special events & meals	13,344	3,899	-	-	17,243	-	-	17,243
Contract Labor	13,240	3,115	27	162	16,544	91	541	17,176
Other non-program expenses	-	-	-	-	-	12,503	2,906	15,409
Payroll taxes	4,088	1,500	979	391	6,958	1,492	1,283	9,733
Christmas Dream Shop	7,797	-	-	-	7,797	-	-	7,797
Marketing & advertising	2,853	577	303	97	3,830	2,985	563	7,378
Community Outreach	6,883	-	-	-	6,883	-	-	6,883
Travel	2,522	1,017	387	143	4,069	1,310	635	6,014
Kid's Outreach	-	-	4,753	-	4,753	-	-	4,753
Worship	4,118	-	-	-	4,118	-	-	4,118
Student Outreach	-	3,887	-	-	3,887	-	-	3,887
Pencil Partner	-	-	3,672	-	3,672	-	-	3,672
Office equipment	1,519	441	201	74	2,235	683	431	3,349
Computer equipment & software	1,470	403	194	68	2,135	656	393	3,184
Development & training	1,074	414	235	70	1,793	979	404	3,176
Printing	899	302	138	51	1,390	1,371	362	3,123
Online giving fees	2,882	-	-	-	2,882	-	-	2,882
Single mother's assistance	-	-	-	2,394	2,394	-	-	2,394
Food distribution	2,155	-	-	-	2,155	-	-	2,155
Office supplies	577	222	102	37	938	402	332	1,672
Depreciation expense	1,161	-	-	-	1,161	-	-	1,161
Insurance	403	105	75	44	627	147	105	879
Postage	158	61	28	10	257	333	60	650
Total expenses	<u>\$ 196,198</u>	<u>\$ 50,380</u>	<u>\$ 34,464</u>	<u>\$ 16,357</u>	<u>\$ 297,399</u>	<u>\$ 80,398</u>	<u>\$ 45,075</u>	<u>\$ 422,872</u>

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

WEST NASHVILLE DREAM CENTER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018

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**Cash flows from operating activities:**

Increase in net assets	\$ 178,592
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,161
Land donation, non-cash	(60,000)
Decrease in accounts receivable	24,291
Increase in other receivable	(10,000)
Increase in accounts payable and accrued expenses	<u>21,494</u>
Net cash provided by operating activities	<u>155,538</u>

**Cash flows from investing activities:**

Purchase of vehicle	<u>(19,500)</u>
Net cash used in investing activities	<u>(19,500)</u>

**Cash flows from financing activities:**

Net cash provided by (used in) financing activities	<u>-</u>
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Net increase in cash and cash equivalents	136,038
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Cash and cash equivalents – beginning of the period	<u>182,236</u>
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Cash and cash equivalents – ending of the period	<u>\$ 318,274</u>
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Cash paid for interest	<u>\$ -</u>
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Cash paid for taxes	<u>\$ -</u>
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The accompanying notes are an integral part of these financial statements.

WEST NASHVILLE DREAM CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**1. Organization and Operations**

West Nashville Dream Center (the "Organization") is a ministry founded in 2013 in Nashville, Tennessee. The Organization's purpose is to serve an under-resourced community in West Nashville with a goal to improve the safety and quality of life in the surrounding neighborhoods. Supportive services include fundraising, management and general expenses not directly identifiable to any program, but indispensable to these activities and to the Organization's existence. A board of directors governs the Organization.

**2. Summary of Significant Accounting Policies**

*Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting using U.S. generally accepted accounting principles and accordingly reflect all significant receivables, payables, and other liabilities.

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

*Contributions and Support*

The majority of the Organization's support is derived from contributions and grants by the general public, other civic or religious organizations, and other partners. Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions and grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is 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 and reported in the statement of activities as net assets released from restrictions.

*Property and Depreciation*

Property and equipment are recorded at cost or at fair value as of the date purchased or contributed. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is provided on the straight-line method over the estimated life of the respective asset, which is seven years for the Organization's vehicle.



WEST NASHVILLE DREAM CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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*Donated Materials and Services*

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Organization receives a significant amount of contributed time from unpaid volunteers who assist in fundraising and special projects that does not meet the recognition criteria described above. Accordingly, the value of the contributed time has not been determined and is not reflected in the accompanying financial statements.

*Program and Supporting Services*

The following program and supporting services were included in the accompanying financial statements.

**Program Services**—Includes activities carried out to fulfill the Organization's mission to improve the safety and quality of life in West Nashville and surrounding neighborhoods.

**Fundraising**—Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

**General and Administrative**—Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting and related purposes.

*Functional Allocation of Expenses*

The costs of providing the various programs and other activities 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 the program and supporting services benefited.

*Income Taxes*

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi). Accordingly, no provision for income taxes has been made.

The Organization files a U.S. Federal Form 990 for organizations exempt from income tax.

WEST NASHVILLE DREAM CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

*Use of Estimates*

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

*Fair Values of Financial Instruments*

Financial instruments of the Organization include cash and cash equivalents, other receivable, and trade accounts payable. Management estimates that the fair value of all financial instruments at fiscal year-end does not differ materially from the carrying values of the financial instruments recorded in the accompanying financial statement of financial position.

*Financial Statement Presentation*

Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2018, the Organization had no permanently restricted net assets.

**3. Cash and Credit Risk**

All cash deposits of the Organization are deposited in FDIC insured banks. From time-to-time, the Organization's cash balances on deposit may exceed the FDIC deposit insurance coverage limit of \$250,000.

**4. Property and Equipment**

Property and equipment, net, consists of:

	June 30, 2018
Land	\$ 60,000
Vehicle	19,500
Total property and equipment	79,500
Less accumulated depreciation	(1,161)
Property and equipment, net	\$ 78,339

WEST NASHVILLE DREAM CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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## 5. Temporarily Restricted Net Assets

Changes in temporarily restricted net assets for the year ended June 30, 2018 were as follows:

	Beginning of Year	Restricted Contributions	Released from Restriction	End of Year
Capital Campaign....	\$ -	\$ 62,601	\$ -	\$ 62,601
Other.....	-	-	-	-
	<u>\$ -</u>	<u>\$ 62,601</u>	<u>\$ -</u>	<u>\$ 62,601</u>

## 6. Contributed Services and Items

The Organization receives donated items and services from volunteers and organizations, which provide various services. The contributions and related expenses were recorded at their estimated fair market value on the date of receipt. The related expenses were included in statement of functional expenses. For the year ended June 30, 2018, the Organization received in-kind contributions of \$5,605.

## 7. Advertising costs

Advertising costs are expensed as incurred. Advertising costs were \$7,378 for the year ended June 30, 2018.

## 8. Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this Accounting Standards Update (“ASU”) supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on its financial statements.

WEST NASHVILLE DREAM CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**9. Subsequent Events**

The Organization has evaluated all events or transactions that occurred after June 30, 2018, through January 15, 2019, the date these financial statements were issued. During this period the Organization did not have any material recognizable events that required recognition in the disclosures to the June 30, 2018 financial statements.

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