

HOMEWORK HOTLINE, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Homework Hotline, Inc.
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of Homework Hotline, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

(Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Brown & Maguire CPAs, PLLC
Nashville, Tennessee
October 2, 2023

HOMEWORK HOTLINE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023

ASSETS

Current Assets:

Cash – operating	\$	312,395
Accounts receivable, net		47
Unconditional promises to give		20,000
Inventory		1,712
Prepaid expense		<u>1,444</u>
Total current assets		<u>335,598</u>

Fixed Assets:

Equipment		71,242
Leasehold improvements		10,372
Computer software		35,906
Less: accumulated depreciation		
<u>(111,867)</u>		
Total fixed assets, net		<u>5,653</u>

Other Non-Current Assets:

Fixed annuity contract, held-to-maturity, at contract value		150,000
Accrued fixed annuity contract interest income		<u>5,902</u>
Total fixed assets, net		<u>155,902</u>

Total assets	\$	<u>497,153</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$	805
Accrued expenses		<u>5,965</u>
Total current liabilities		<u>6,770</u>

Net Assets:

Without donor restrictions		470,383
With donor restrictions		<u>20,000</u>
Total net assets		<u>490,383</u>

Total liabilities and net assets	\$	<u>497,153</u>
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The accompanying notes are an integral part of these financial statements.

HOMEWORK HOTLINE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 287,353	\$ 20,000	\$ 307,353
In-kind	98,921	-	98,921
Special events, net of direct expenses of \$1,158	4,092	-	4,092
Interest	3,343	-	3,343
Net assets released from restrictions	-	-	-
Total support and revenue	<u>393,709</u>	<u>20,000</u>	<u>413,709</u>
Expenses			
Program services	312,597	-	312,597
Management and general	52,224	-	52,224
Fundraising	14,778	-	14,778
Total expenses	<u>379,599</u>	<u>-</u>	<u>379,599</u>
Change in net assets	14,110	20,000	34,110
Net assets at beginning of year	456,273	-	456,273
Net assets at end of year	<u>\$ 470,383</u>	<u>\$ 20,000</u>	<u>\$ 490,383</u>

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

HOMEWORK HOTLINE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Total
	Hotline Operations	Management and General	Fundraising	
Bank fees	\$ -	\$ 127	\$ -	\$ 127
Computer hardware and software	3,663	-	-	3,663
Depreciation	661	-	-	661
Dues and subscriptions	761	-	-	761
Fundraising, printing and postage	-	-	1,800	1,800
Licenses and fees	-	4,451	-	4,451
Insurance	-	1,660	-	1,660
Miscellaneous	153	-	-	153
Occupancy	35,889	-	-	35,889
Office supplies	-	1,020	-	1,020
Payroll	207,654	38,935	12,978	259,567
Postage	3,196	-	-	3,196
Printing	11,443	-	-	11,443
Professional fees	-	6,031	-	6,031
Program supplies	6,717	-	-	6,717
School supplies	29,435	-	-	29,435
Travel	2,292	-	-	2,292
Telephone	10,733	-	-	10,733
Total expenses	\$ 312,597	\$ 52,224	\$ 14,778	\$ 379,599

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

HOMEWORK HOTLINE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities:

Increase in net assets	\$ 34,110
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	661
Decrease in accounts receivable	6,201
Increase in unconditional promises to give (20,000)	
Decrease in inventory	4,527
Increase in prepaid expense	(781)
Increase in accounts payable and accrued expenses	<u>4,063</u>
Net cash provided by operating activities	<u>28,781</u>

Cash flows from investing activities:

Purchase of equipment	(2,532)
Increase in accrued fixed annuity contract interest income	<u>(2,674)</u>
Net cash used in investing activities	<u>(5,206)</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	23,575
Cash and cash equivalents, at beginning of the period	<u>288,820</u>
Cash and cash equivalents, at end of the period	<u>\$ 312,395</u>

Cash paid for interest \$

=

Cash paid for taxes \$

=

The accompanying notes are an integral part of these financial statements.
HOMEWORK HOTLINE, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

1. Description of the Organization and Summary of Significant Accounting Policies

Homework Hotline, Inc. (the “Organization”) is a not-for-profit organization, which was organized in 1990 in Nashville, Tennessee. The Organization’s purpose is to establish, maintain and staff call-in telephone programs to provide tutoring to students and their parents in Tennessee. The Organization receives a substantial portion of its revenues in the form of contributions from the general public and in-kind contributions.

Basis of Presentation

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash funds and cash bank accounts with an original maturity of three months or less to be cash and cash equivalents.

Contributions and Support

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor 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 lives of the respective assets ranging from three to seven years.

Investments Held-To-Maturity

In March 2021 the Organization invested in a fixed annuity contract, which offers a fixed interest rate for a period of three years. The fixed annuity contract matures in March 2024. The investment in the fixed annuity contract, which the Organization has the positive intent and

ability to hold to maturity, was classified as held-to-maturity and reported at amortized cost in the statement of financial position.

HOMEWORK HOTLINE, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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.

Additionally, a number of unpaid volunteers have made significant contributions of their time to assist in tutoring, fund-raising and special projects. However, these services do not meet the requirements above and have not been recorded.

Income Taxes

The Organization, which is not a private foundation, is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. Additionally, as of June 30, 2023, the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization's policy to recognize interest and/or penalties related to income tax matters in income tax expense. The Organization is no longer subject to examination by federal and state taxing authorities for tax years ending prior to the tax year ended June 30, 2019.

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 establish, maintain and staff call-in telephone programs to provide tutoring to students and their parents in Tennessee.

Management and General—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.

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.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and support services based on estimates by management.

HOMEWORK HOTLINE, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Advertising Costs

Advertising costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management of the Organization to make estimates and assumptions that affect the reported assets and liabilities and contingency disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Fair Value of Financial Instruments

The carrying value of current assets and current liabilities approximate fair value due to the short maturities of these instruments.

2. Inventory

Inventory consists of school supplies, which are given to students in Middle Tennessee. The Organization records in-kind revenues for the school supplies at their estimated fair market values at the time of donation and recognizes in-kind expense as the items are donated to students. In-kind revenues differ from in-kind expenses for the year ended June 30, 2023 because donated school supplies that were received by the Organization before June 30, 2022 were given to students during the year ended June 30, 2023.

3. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2023 were as follows:

	<u>Beginning of Year</u>	<u>Restricted Contributions</u>	<u>Released from Restriction</u>	<u>End of Year</u>
United Way	\$ -	\$ 20,000	\$ -	\$ 20,000
Totals	\$ -	\$ 20,000	\$ -	\$ 20,000

HOMEWORK HOTLINE, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

4. 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 the statement of functional expenses. For the year ended June 30, 2023, the Organization received in-kind contributions as follows:

Payroll	\$ 33,847
Rent	35,889
Supplies	29,185
	<hr/>
	\$ 98,921

5. Rent

The Organization operates its call center from a classroom, which is donated by Metro Public Schools. The Organization recognizes in-kind revenue and in-kind expense of \$30,889 for the year ended June 30, 2023, which is based on the fair market value of comparable space in the area.

6. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2023, reduced by any amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Cash and cash equivalents	\$ 312,395
Accounts receivable	47
Unconditional promises to give	20,000
Financial assets available to meet	<hr/>
cash needs for general expenditures	
within one year	\$ 332,442

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

HOMEWORK HOTLINE, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

7. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) (“ASU 2016-02”). ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the balance sheet a liability to make payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which amended the effective date to reporting periods beginning after December 15, 2021, for nonpublic reporting entities. The adoption of ASU 2016-02 did not impact the Organization’s financial statements.

8. Subsequent Events

The Organization has evaluated all events or transactions that occurred after June 30, 2023, through October 2, 2023, 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, 2023 financial statements.
