

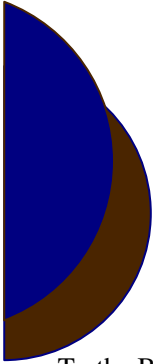
HOMework HOTLINE, INC.  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2016

HOMEWORK HOTLINE, INC.  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2016

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## **BROWN & MAGUIRE CPAS, PLLC**

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### INDEPENDENT AUDITORS' REPORT

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

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, 2016, 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, 2016, 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  
November 9, 2016

HOMEWORK HOTLINE, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2016

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ASSETS

**Current Assets:**

Cash – operating	\$ 316,853
Inventory	<u>7,443</u>
Total current assets	<u>324,296</u>

**Fixed Assets:**

Equipment	67,162
Leasehold improvements	10,372
Less: accumulated depreciation	<u>(66,953)</u>
Total fixed assets, net	<u>10,581</u>

Total assets \$ 334,877

LIABILITIES AND NET ASSETS

**Current Liabilities:**

Accrued expenses	\$ <u>30,518</u>
Total current liabilities	<u>30,518</u>

**Net Assets:**

Unrestricted	304,359
Temporarily restricted	<u>-</u>
Total net assets	<u>304,359</u>

Total liabilities and net assets \$ 334,877

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

HOMEWORK HOTLINE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions.....	\$ 339,352	\$ -	\$ 339,352
Dividend income .....	15	-	15
Gain from Investments .....	112	-	112
In-kind .....	149,626	-	149,626
Interest income .....	177	-	177
Net assets released from restrictions .....	-	-	-
Total support and revenue.....	<u>489,282</u>	<u>-</u>	<u>489,282</u>
<b>Expenses</b>			
Program services .....	483,066	-	483,066
Management and general .....	27,613	-	27,613
Fundraising.....	<u>13,500</u>	<u>-</u>	<u>13,500</u>
Total expenses.....	<u>524,179</u>	<u>-</u>	<u>524,179</u>
Change in net assets.....	(34,897)	-	(34,897)
Net assets at beginning of year.....	<u>339,256</u>	<u>-</u>	<u>339,256</u>
Net assets at end of year .....	<u>\$ 304,359</u>	<u>\$ -</u>	<u>\$ 304,359</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, 2016

	<b>Program Services</b>	<b>Supporting Services</b>		
	<b>Hotline Operations</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Advertising	\$ 51,246	\$ -	\$ -	\$ 51,246
Bank fees	-	62	-	62
Benefits	26,390	-	-	26,390
Computer hardware and software	519	-	-	519
Depreciation	7,413	-	-	7,413
Dues and subscriptions	335	-	-	335
Fundraising, printing and postage	-	-	1,750	1,750
Licenses and fees	-	22	-	22
Liability insurance	-	862	-	862
Miscellaneous	1,247	-	-	1,247
Occupancy	16,981	-	-	16,981
Office supplies	174	2,340	-	2,514
Payroll	326,460	20,000	11,750	358,210
Postage	1,162	-	-	1,162
Printing	10,144	-	-	10,144
Professional fees	-	4,327	-	4,327
Program supplies	20,777	-	-	20,777
School supplies	3,422	-	-	3,422
Scholarships	9,000	-	-	9,000
Travel	2,178	-	-	2,178
Telephone	4,741	-	-	4,741
Website	213	-	-	213
Workers' compensation insurance	664	-	-	664
<b>Total expenses</b>	<b>\$ 483,066</b>	<b>\$ 27,613</b>	<b>\$ 13,500</b>	<b>\$ 524,179</b>

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

HOMEWORK HOTLINE, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016

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<b>Cash flows from operating activities:</b>	
Decrease in net assets	\$ (34,897)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,413
Decrease in inventory	2,197
Increase in accounts payable and accrued expenses	<u>30,373</u>
Net cash provided by operating activities	<u>5,086</u>
 <b>Cash flows from investing activities:</b>	
Purchase of equipment	<u>(7,978)</u>
Net cash used in investing activities	<u>(7,978)</u>
 <b>Cash flows from financing activities:</b>	
Net cash provided by (used in) financing activities	<u>-</u>
Net decrease in cash and cash equivalents	(2,892)
Cash and cash equivalents, at beginning of the period	<u>319,745</u>
Cash and cash equivalents, at end of the period	<u>\$ 316,853</u>
 <b>Cash paid for interest</b>	 <u>\$ -</u>
<b>Cash paid for taxes</b>	<u>\$ -</u>

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, 2016

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**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 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.

*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.

*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.



HOMEWORK HOTLINE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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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, 2016, 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 years before June 30, 2012.

*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.

*Advertising Costs*

Advertising costs are expensed as incurred.

HOMEWORK HOTLINE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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*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, 2016 because donated school supplies were received by the Organization before June 30, 2016 but were not given to students until after June 30, 2016.

**3. 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 for rent each month, which is based on the fair market value of comparable space in the area.

**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 statement of functional expenses. For the year ended June 30, 2016, the Organization received in-kind contributions as follows:

Advertising .....	\$	51,246
Payroll.....		80,000
Rent.....		16,981
School supplies .....		3,422
Office supplies .....		174
	\$	<u>151,823</u>

HOMEWORK HOTLINE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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**5. Subsequent Events**

The Organization has evaluated all events or transactions that occurred after June 30, 2016, through November 9, 2016, 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, 2016 financial statements.

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