

**EAST NASHVILLE HOPE EXCHANGE, INC.**

**STATEMENT OF CASH RECEIPTS  
AND DISBURSEMENTS**

**December 31, 2012**

**EAST NASHVILLE HOPE EXCHANGE, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
East Nashville Hope Exchange, Inc.  
Nashville, Tennessee

We have audited the accompanying financial statement of East Nashville Hope Exchange, Inc. (a nonprofit organization), which comprise the statement of cash receipts and disbursements for the year ended December 31, 2012 and the related notes to the financial statement. This financial statement is the responsibility of the Organization's management. Our responsibility is to express an opinion on this financial statement based on our audit.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting as describe in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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 statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of East Nashville Hope Exchange, Inc. for the year ended December 31, 2012, in accordance with the cash basis of accounting as described in Note 1.

### *Basis of Accounting*

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

*Frasier, Dean + Howard, PLLC*

June 14, 2013

**EAST NASHVILLE HOPE EXCHANGE, INC.**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**Year ended December 31, 2012**

Cash receipts:	
Grants	\$ 26,025
Wine tasting/silent auction	20,415
Contributions	5,666
Gift cards	3,235
Fees	<u>652</u>
Total cash receipts	<u>55,993</u>
Cash disbursements:	
Salaries and related expenses	34,638
Summer camp	9,301
Insurance	1,831
Fundraising expenses	1,814
Storage	1,092
Staff training and appreciation	998
Administrative	985
Contract services	740
Repairs and maintenance	381
Miscellaneous	<u>143</u>
Total cash disbursements	<u>51,923</u>
Increase in cash	4,070
Cash, beginning of year	<u>22,269</u>
Cash, end of year	<u><u>\$ 26,339</u></u>

See notes to financial statement.

**EAST NASHVILLE HOPE EXCHANGE, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

East Nashville Hope Exchange, Inc. (the “Organization”) operates a summer program in Nashville, Tennessee for low-income children from rising first to third graders. The program assists children in developing and improving reading proficiency while encouraging leadership skills and self-esteem. The Organization is supported through contributions, fundraising and donated services.

**Basis of Accounting**

The Organization prepares its financial statements using the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Accordingly, revenue and support are recognized when received rather than when earned, and expenses are recognized when paid rather than when the related obligation is incurred.

**Donated Services**

Donated services, including the time of unpaid volunteers, use of facilities and other noncash donations, are not reflected in the accompanying statement of cash receipts and disbursements.

The Organization operates the summer program at St. Ann’s Episcopal Church of Nashville, Tennessee. The use of these facilities is considered a donated service and accordingly is not reflected in the accompanying statement of cash receipts and disbursements.

**Income Taxes**

The Organization is generally exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income tax was paid or recorded in the financial statement for the year ended December 31, 2012.

The Organization follows Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) guidance that clarifies the accounting for uncertainty in income taxes recognized in an entity’s financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statement. The Organization had no uncertain tax positions at December 31, 2012. Tax years that remain open for examination include years ended December 31, 2009 through December 31, 2012.

**EAST NASHVILLE HOPE EXCHANGE, INC.**  
**NOTES TO FINANCIAL STATEMENT (Continued)**  
**December 31, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with the cash receipts and disbursements basis of accounting requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – CONCENTRATIONS**

During 2012, the Organization received funding from a donor that amounted to approximately 13% of cash receipts.

**NOTE 3 – SUBSEQUENT EVENTS**

The Organization evaluated subsequent events through June 14, 2013, when the financial statement was available to be issued. Management is not aware of any significant events that occurred subsequent to the statement date but prior to the filing of this report that would have a material impact on the accompanying financial statement.