

WEST NASHVILLE DREAM CENTER
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2020

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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, 2020, 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, 2020, 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 6, 2020

WEST NASHVILLE DREAM CENTER
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020

ASSETS

Current Assets:

Cash and cash equivalents, unrestricted	\$	284,940
Inventory		3,138
Other current assets		<u>711</u>
Total current assets		<u>288,789</u>

Other Assets:

Lease deposits		<u>4,450</u>
Total other assets		<u>4,450</u>

Fixed Assets:

Building		634,814
Vehicles		36,000
Appliances		17,020
Less: accumulated depreciation		<u>(13,374)</u>
Total fixed assets, net		<u>674,460</u>

Total assets	\$	<u>967,699</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

PPP Loan	\$	40,543
Accounts payable		2,168
Credit card payable		<u>14,118</u>
Total current liabilities		<u>56,829</u>

Total liabilities		<u>56,829</u>
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Net Assets:

Without donor restrictions:		897,060
With donor restrictions		<u>13,810</u>
Total net assets		<u>910,870</u>

Total liabilities and net assets	\$	<u>967,699</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 371,852	\$ 397,630	\$ 769,482
Grants	77,300	-	77,300
Fundraising event, net of direct expenses of \$29,078	60,244	-	60,244
Interest income	5,466	-	5,466
Net assets released from restrictions	464,410	(464,410)	-
 Total revenues	 <u>979,272</u>	 <u>(66,780)</u>	 <u>912,492</u>
Expenses			
Program services.....	354,397	-	354,397
Fundraising.....	89,681	-	89,681
General and administrative.....	65,478	-	65,478
Total expenses	<u>509,556</u>	<u>-</u>	<u>509,556</u>
 Change in net assets.....	 469,716	 (66,780)	 402,936
Net assets - beginning.....	<u>427,344</u>	<u>80,590</u>	<u>507,934</u>
 Net assets - ending.....	 <u>\$ 897,060</u>	 <u>\$ 13,810</u>	 <u>\$ 910,870</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, 2020

	Community Outreach	Student's Ministry	Kid's Outreach	Single Mom's Ministry	Total Program Services	Fundraising	General and Administrative	Total Expenses
Salaries & wages	\$ 89,698	\$ 7,900	\$ 17,213	\$ 11,469	\$ 126,280	\$ 47,865	\$ 40,127	\$ 214,272
Occupancy	62,134	2,698	5,323	2,818	72,973	14,353	11,655	98,981
Employee benefits	13,253	1,527	2,262	1,813	18,855	3,797	4,861	27,513
Professional services	6,468	524	1,033	547	8,572	3,065	2,368	14,005
Special events & meals	13,084	2,784	191	738	16,797	2,894	126	19,817
Contract Labor	8,224	1,670	738	71	10,703	276	35	11,014
Other non-program expenses	-	-	-	-	-	1,261	434	1,695
Payroll taxes	6,640	604	1,149	604	8,997	3,463	3,035	15,495
Marketing & advertising	1,093	87	174	91	1,445	463	394	2,302
Community Outreach	7,081	-	-	-	7,081	-	-	7,081
Travel	8,088	211	87	14	8,400	113	62	8,575
Kid's Outreach	-	-	660	-	660	-	-	660
Programming & supplies	3,014	504	747	1,259	5,524	-	-	5,524
Student Outreach	-	1,103	-	-	1,103	-	-	1,103
Pencil Partner	-	360	1,138	-	1,498	-	-	1,498
Office equipment	162	13	26	14	215	70	59	344
Computer equipment & software	2,020	138	273	145	2,576	1,174	92	3,842
Development & training	1,428	116	228	121	1,893	615	523	3,031
Printing	808	52	102	54	1,016	602	233	1,851
Online giving fees	935	-	-	-	935	7,790	-	8,725
Other fees	2,099	66	128	68	2,361	346	384	3,091
Single mother's assistance	-	-	-	6,088	6,088	-	-	6,088
Food distribution	39,957	-	-	-	39,957	-	-	39,957
Office supplies	695	51	101	53	900	336	230	1,466
Depreciation expense	7,567	134	265	140	8,106	714	607	9,427
Insurance	396	36	70	51	553	197	25	775
Postage	706	50	100	53	909	287	228	1,424
Total expenses	\$ 275,550	\$ 20,628	\$ 32,008	\$ 26,211	\$ 354,397	\$ 89,681	\$ 65,478	\$ 509,556

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, 2020

Cash flows from operating activities:	
Increase in net assets	\$ 402,936
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	9,427
Increase in inventory	(3,138)
Decrease in accounts receivable	14,276
Increase in other receivable	(711)
Increase in accounts payable and accrued expenses	<u>4,745</u>
Net cash provided by operating activities	<u>427,535</u>
Cash flows from investing activities:	
Purchase of building, appliances and vehicles	<u>(668,333)</u>
Net cash used in investing activities	<u>(668,333)</u>
Cash flows from financing activities:	
Proceeds from loan	<u>40,543</u>
Net cash provided by financing activities	<u>40,543</u>
Net decrease in cash and cash equivalents	(200,255)
Cash and cash equivalents – beginning of the period	<u>485,195</u>
Cash and cash equivalents – ending of the period	<u>\$ 284,940</u>
Cash paid for interest	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>

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, 2020

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 net assets with donor restrictions or net assets without donor restrictions 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 net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 39 years for the Organization’s building and seven years for appliances and vehicles.

WEST NASHVILLE DREAM CENTER
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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. Additionally, the statement of activities and functional expenses reports certain expenses as being attributable to multiple functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of time and effort.

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, 2020

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

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. See footnote five for a detail of the net assets with donor restrictions at June 30, 2020.

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, 2020
Building	\$ 634,814
Vehicles	36,000
Vehicle	17,020
Total property and equipment	687,834
Less accumulated depreciation	(13,374)
Property and equipment, net	\$ 674,460

WEST NASHVILLE DREAM CENTER
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

5. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2020 were as follows:

	Beginning of Year	Restricted Contributions	Released from Restriction	End of Year
Capital Campaign.....	\$ 80,590	\$ 397,630	\$ (464,410)	\$ 13,810
	\$ 80,590	\$ 397,630	\$ (464,410)	\$ 13,810

6. Operating Lease

The Organization has entered into an operating lease for office space. Lease payments began August 2019 and are due through July 2029. Additionally, the Organization leases a printer. The following is a summary of future minimum lease payments due for the year ended June 30:

2021	\$ 48,991
2022	48,000
2023	51,300
2024	51,600
2025	54,900
Thereafter	232,600
	\$ 487,391

7. Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$2,302 for the year ended June 30, 2020.

8. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2020, 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.....	\$ 284,940
Less: Donor restricted net assets	(13,810)
Financial assets available to meet cash needs for general expenditures within one year	\$ 271,130

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.

WEST NASHVILLE DREAM CENTER
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

9. PPP Loan

On April 15, 2020, the Organization was granted a loan (the “Loan”) from Studio Bank. in the aggregate amount of \$40,543, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a note dated April 15, 2020 issued to the Organization, matures on April 15, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on October 14, 2020. The Loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization intends to use the entire Loan amount for qualifying expenses and expects the entire Loan to be forgiven. Accordingly, the Loan is presented as a current liability in the June 30, 2020 financial statements.

10. 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, 2020, including interim periods within those fiscal years. The adoption of ASU 2016-02 is not expected to have an impact on the Organization’s financial statements.

11. Uncertainties

In March 2020, the novel coronavirus (or “COVID-19”) was deemed a global pandemic by the World Health Organization. COVID-19 has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. The resulting regulations instituted across the United States to curb COVID-19 have resulted in a significant change in the operation of many businesses, including having directly impacted operations of the Organization. The implications of COVID-19 to the Organization’s operations are still being evaluated and the duration and intensity of its impact is uncertain.

12. Subsequent Events

The Organization has evaluated all events or transactions that occurred after June 30, 2020, through November 6, 2020, 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, 2020 financial statements.
