

WEST NASHVILLE DREAM CENTER
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2021

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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, 2021, 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, 2021, 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 18, 2022

WEST NASHVILLE DREAM CENTER
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021

ASSETS

Current Assets:

Cash and cash equivalents, unrestricted	\$ 471,185
Other current assets	<u>9,712</u>
Total current assets	<u>480,897</u>

Other Assets:

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

Fixed Assets:

Building	656,232
Vehicles	76,000
Equipment	26,950
Less: accumulated depreciation	<u>(42,369)</u>
Total fixed assets, net	<u>716,813</u>

Total assets	<u>\$ 1,202,160</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 3,033
Credit card payable	7,911
Other accrued expenses	<u>2,238</u>
Total current liabilities	<u>13,182</u>

Total liabilities	<u>13,182</u>
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Net Assets:

Without donor restrictions:	1,181,268
With donor restrictions	<u>7,710</u>
Total net assets	<u>1,188,978</u>

Total liabilities and net assets	<u>\$ 1,202,160</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions.....	\$ 510,878	\$ 8,980	\$ 519,858
Grants	230,612	5,000	235,612
Fundraising event, net of direct expenses of \$28,636	163,705	-	163,705
PPP loan forgiveness	40,543	-	40,543
Merchandise	604	-	604
Interest income	2,579	-	2,579
Net assets released from restrictions	20,080	(20,080)	-
Total revenues	<u>969,001</u>	<u>(6,100)</u>	<u>962,901</u>
Expenses			
Program services	550,769	-	550,769
Fundraising.....	89,503	-	89,503
General and administrative.....	44,521	-	44,521
Total expenses.....	<u>684,793</u>	<u>-</u>	<u>684,793</u>
Change in net assets.....	284,208	(6,100)	278,108
Net assets - beginning.....	<u>897,060</u>	<u>13,810</u>	<u>910,870</u>
Net assets - ending.....	<u>\$ 1,181,268</u>	<u>\$ 7,710</u>	<u>\$ 1,188,978</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, 2021**

	Community Outreach	Student's Ministry	Kid's Outreach	Single Mom's Ministry	Total Program Services	Fundraising	General and Administrative	Total Expenses
Salaries & wages	\$ 102,949	\$ 35,427	\$ 44,208	\$ 14,273	\$ 196,857	\$ 55,522	\$ 26,635	\$ 279,014
Occupancy & facilities	55,873	16,616	17,378	9,920	99,787	2,392	7,265	109,444
Community outreach	69,336	-	-	-	69,336	-	-	69,336
Employee benefits	14,772	4,069	3,177	2,312	24,330	6,876	3,071	34,277
Depreciation expense	18,222	3,835	2,925	2,156	27,138	403	1,454	28,995
Single mother's assistance	-	-	-	22,727	22,727	-	-	22,727
Payroll taxes	7,520	2,693	3,365	933	14,511	3,995	1,950	20,456
Food distribution	15,202	-	-	-	15,202	-	-	15,202
Professional services	4,724	1,601	2,441	543	9,309	2,963	1,053	13,325
Programming & supplies	1,454	3,462	7,757	635	13,308	-	-	13,308
Computer equipment & software	5,192	2,476	1,498	333	9,499	1,819	646	11,964
Online giving fees	1,037	-	-	-	1,037	8,795	-	9,832
Contract labor	1,441	3,917	2,847	197	8,402	733	303	9,438
Other fees	3,778	1,396	1,460	834	7,468	201	610	8,279
Transportation	5,855	489	535	93	6,972	371	123	7,466
Student outreach	-	4,022	-	-	4,022	-	-	4,022
Development & training	1,391	439	833	149	2,812	813	289	3,914
Program meals	54	840	553	1,555	3,002	-	-	3,002
Special program events	186	1,238	1,286	21	2,731	115	41	2,887
Insurance	1,039	350	421	145	1,955	551	263	2,769
Volunteer appreciation	566	651	543	99	1,859	312	90	2,261
Merchandise	717	243	371	83	1,414	450	160	2,024
Miscellaneous	493	227	598	57	1,375	309	110	1,794
Non-program meals	585	215	222	47	1,069	542	90	1,701
Printing	479	108	164	37	788	753	71	1,612
Office equipment	760	136	208	46	1,150	269	90	1,509
Office supplies	427	145	221	49	842	285	95	1,222
Marketing & advertising	360	122	186	41	709	226	80	1,015
Postage	85	29	44	10	168	770	19	957
Pencil Partner	-	-	872	-	872	-	-	872
Community events	60	20	31	7	118	38	13	169
Total expenses	\$ 314,557	\$ 84,766	\$ 94,144	\$ 57,302	\$ 550,769	\$ 89,503	\$ 44,521	\$ 684,793

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, 2021

Cash flows from operating activities:	
Increase in net assets	\$ 278,108
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	28,995
PPP loan forgiveness	(40,543)
Decrease in inventory	3,138
Increase in other current assets	(9,001)
Decrease in accounts payable and accrued expenses	<u>(3,104)</u>
Net cash provided by operating activities	<u>257,593</u>
Cash flows from investing activities:	
Purchase of building, vehicles and appliances	<u>(71,348)</u>
Net cash used in investing activities	<u>(71,348)</u>
Cash flows from financing activities:	
Net cash provided by (used in) financing activities	<u>-</u>
Net increase in cash and cash equivalents	186,245
Cash and cash equivalents – beginning of the period	<u>284,940</u>
Cash and cash equivalents – ending of the period	<u>\$ 471,185</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, 2021

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, 2021

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, 2021

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 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, 2021.

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, 2021
Building	\$ 656,232
Vehicles	76,000
Equipment	<u>26,950</u>
Total property and equipment	759,182
Less accumulated depreciation	<u>(42,369)</u>
Property and equipment, net	<u>\$ 716,813</u>

WEST NASHVILLE DREAM CENTER
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

5. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2021 were as follows:

	Beginning of Year	Restricted Contributions	Released from Restriction	End of Year
Capital campaign.....	\$ 13,810	\$ 6,270	\$ (20,080)	\$ -
Student curriculum ..	-	5,000	-	5,000
Scholarship funds....	-	2,710	-	2,710
	<u>\$ 13,810</u>	<u>\$ 13,980</u>	<u>\$ (20,080)</u>	<u>\$ 7,710</u>

6. Operating Lease

The Organization entered into an operating lease for operating space in August 2019. The lease expires in July 2029. Additionally, effective July 1, 2021 the Organization entered into a second lease for operating space for a second location. The lease expires in June 2026. The following is a summary of future minimum lease payments due for the year ended June 30:

2022	\$ 83,700
2023	87,714
2024	88,742
2025	92,785
2026	93,843
Thereafter.....	177,400
	<u>\$ 624,184</u>

7. Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$1,015 for the year ended June 30, 2021.

8. Retirement Plan

The Organization established a SIMPLE IRA plan covering substantially all of its employees. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation in accordance with Section 408(p) of the Internal Revenue Code. The Organization makes a matching contribution of each eligible employee's SIMPLE IRA equal to the employee's salary reduction contribution up to a limit of 3% of the employee's compensation for the calendar year. The Organization's employer contributions made to each employee's SIMPLE IRA plan for the year ended June 30, 2021 was \$6,589.

WEST NASHVILLE DREAM CENTER
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

9. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2021, 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.....	\$ 471,185
Less: Donor restricted net assets	<u>(7,710)</u>
Financial assets available to meet cash needs for general expenditures within one year.....	<u>\$ 463,475</u>

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.

10. 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, was scheduled to mature on April 15, 2022 and bore interest at a rate of 1% per annum, payable monthly commencing on October 14, 2020. The Loan could have been prepaid by the Organization at any time prior to maturity with no prepayment penalties. The proceeds from the PPP Loan were available to be used for payroll costs, including salaries, commissions and similar compensation, group health care benefits, and paid leave; rent; utilities; and interest on certain other outstanding debt. 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. In February 2021, the Organization was granted forgiveness on the entire amount of the loan. The PPP Loan forgiveness was reflected in the Organization's statement of activities for the year ended June 30, 2021.

11. 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, 2021, 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.

WEST NASHVILLE DREAM CENTER
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

12. 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.

13. Subsequent Events

The Organization has evaluated all events or transactions that occurred after June 30, 2021, through January 18, 2022, 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, 2021 financial statements.
