

WEST NASHVILLE DREAM CENTER
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2019

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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, 2019, 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, 2019, 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
December 6, 2019

WEST NASHVILLE DREAM CENTER
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019

ASSETS

Current Assets:

Cash and cash equivalents, unrestricted	\$ 485,195
Accounts receivable	<u>14,276</u>
Total current assets	<u>499,471</u>

Other Assets:

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

Fixed Assets:

Vehicle	19,500
Less: accumulated depreciation	<u>(3,946)</u>
Total fixed assets, net	<u>15,554</u>

Total assets	<u>\$ 519,475</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 6,979
Credit card payable	<u>4,562</u>
Total current liabilities	<u>11,541</u>

Total liabilities	<u>11,541</u>
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Net Assets:

Without donor restrictions:	
Undesignated	320,531
Board designated	106,813
With donor restrictions	<u>80,590</u>
Total net assets	<u>507,934</u>

Total liabilities and net assets	<u>\$ 519,475</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions.....	\$ 334,903	\$ 33,941	\$ 368,844
Grants	26,000	-	26,000
Fundraising event, net of direct expenses of \$36,644	63,881	-	63,881
Interest income	2,940	-	2,940
Net assets released from restrictions	15,952	(15,952)	-
 Total revenues	 443,676	 17,989	 461,665
Expenses			
Program services	183,850	-	183,850
Fundraising.....	94,007	-	94,007
General and administrative.....	53,905	-	53,905
Total expenses	331,762	-	331,762
 Change in net assets.....	 111,914	 17,989	 129,903
Net assets - beginning.....	315,430	62,601	378,031
 Net assets - ending.....	 <u>\$ 427,344</u>	 <u>\$ 80,590</u>	 <u>\$ 507,934</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, 2019

	Community Outreach	Student's Ministry	Kid's Outreach	Single Mom's Ministry	Total Program Services	Fundraising	General and Administrative	Total Expenses
Salaries & wages	\$ 37,503	\$ 16,969	\$ 6,876	\$ 11,070	\$ 72,418	\$ 53,550	\$ 35,768	\$ 161,736
Occupancy	22,652	1,727	1,592	825	26,796	5,247	3,680	35,723
Employee benefits	1,530	1,992	406	1,720	5,648	6,111	2,843	14,602
Professional services	4,336	1,292	1,213	611	7,452	8,121	2,755	18,328
Special events & meals	14,724	514	-	-	15,238	-	-	15,238
Contract Labor	3,466	810	-	-	4,276	-	80	4,356
Other non-program expenses	-	-	-	-	-	4,922	3,496	8,418
Payroll taxes	2,729	1,253	480	641	5,103	3,753	2,378	11,234
Marketing & advertising	1,051	133	124	63	1,371	883	282	2,536
Community Outreach	3,126	-	-	-	3,126	-	-	3,126
Travel	6,583	491	303	129	7,506	867	581	8,954
Kid's Outreach	-	-	4,190	-	4,190	-	-	4,190
Worship	1,497	-	-	-	1,497	-	-	1,497
Student Outreach	-	7,511	-	-	7,511	-	-	7,511
Pencil Partner	-	-	3,052	-	3,052	-	-	3,052
Office equipment	365	109	102	51	627	330	231	1,188
Computer equipment & software	968	285	268	135	1,656	866	608	3,130
Development & training	507	151	142	71	871	458	321	1,650
Printing	403	97	91	46	637	392	207	1,236
Online giving fees	40	-	-	-	40	6,958	-	6,998
Single mother's assistance	-	-	-	7,616	7,616	-	-	7,616
Food distribution	2,734	-	-	-	2,734	-	-	2,734
Office supplies	412	123	115	58	708	946	262	1,916
Depreciation expense	2,786	-	-	-	2,786	-	-	2,786
Insurance	193	88	36	57	374	278	185	837
Postage	359	107	100	51	617	325	228	1,170
Total expenses	<u>\$ 107,964</u>	<u>\$ 33,652</u>	<u>\$ 19,090</u>	<u>\$ 23,144</u>	<u>\$ 183,850</u>	<u>\$ 94,007</u>	<u>\$ 53,905</u>	<u>\$ 331,762</u>

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, 2019

Cash flows from operating activities:

Increase in net assets	\$ 129,903
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,785
Increase in accounts receivable	(14,276)
Decrease in other receivable	10,000
Increase in other assets	(4,450)
Decrease in accounts payable and accrued expenses	<u>(17,041)</u>
Net cash provided by operating activities	<u>106,921</u>

Cash flows from investing activities:

Proceeds from land sale	<u>60,000</u>
Net cash provided by investing activities	<u>60,000</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	166,921
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Cash and cash equivalents – beginning of the period	<u>318,274</u>
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Cash and cash equivalents – ending of the period	<u>\$ 485,195</u>
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Cash paid for interest	<u>\$ -</u>
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Cash paid for taxes	<u>\$ -</u>
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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, 2019

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 seven years for the Organization’s vehicle.

WEST NASHVILLE DREAM CENTER
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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, 2019

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

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. At June 30, 2019, the Organization had no net assets with donor restrictions.

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, 2019
Vehicle	\$ 19,500
Total property and equipment	19,500
Less accumulated depreciation	(3,946)
Property and equipment, net	\$ 15,554

WEST NASHVILLE DREAM CENTER
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

5. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions for the year ended June 30, 2019 were as follows:

	Beginning of Year	Restricted Contributions	Released from Restriction	End of Year
Capital Campaign....	\$ 62,601	\$ 33,941	\$ (15,952)	\$ 80,590
Other.....	-	-	-	-
	<u>\$ 62,601</u>	<u>\$ 33,941</u>	<u>\$ (15,952)</u>	<u>\$ 80,590</u>

Additionally, by prior resolution of the Board of Directors, a portion of the net assets without donor restrictions were designated as reserved for the Organization's capital campaign. As of June 30, 2019, the Board designated reserve for the capital campaign was \$106,813. The Board of Directors reserves the right to assign amounts as needed.

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 and storage space. The following is a summary of future minimum lease payments due for the year ended June 30:

2020	\$ 49,067
2021	48,000
2022	48,000
2023	51,300
2024	51,600
Thereafter.....	287,500
	<u>\$ 535,467</u>

7. Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$2,536 for the year ended June 30, 2019.

WEST NASHVILLE DREAM CENTER
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

8. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2019, 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.....	\$ 485,195
Less: Board designated net assets	(106,813)
Less: Donor restricted net assets	(80,590)
Financial assets available to meet cash needs for general expenditures within one year.....	<u>\$ 297,792</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.

9. 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, 2019, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization adopted ASU 2016-14 effective January 1, 2018. The adoption of ASU 2016-14 had no impact on the Organization's financial statements.

10. Subsequent Events

The Organization has evaluated all events or transactions that occurred after June 30, 2019, through December 6, 2019, 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, 2019 financial statements.
