

DORMAN PRESCHOOL, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2016

With

Independent Auditor's Report

**DORMAN PRESCHOOL, INC.**

FINANCIAL STATEMENTS

Year Ended December 31, 2016

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**DePRIE & ADKISSON, PSC**  
Certified Public Accountants

12730 Townepark Way, Suite 103  
Louisville, Kentucky 40243

INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Dorman Preschool, Inc.  
Shelbyville, Kentucky

**Report on the Financial Statements**

We have audited the accompanying financial statements of Dorman Preschool, Inc. (a nonprofit organization), which is comprised of the statement of financial position as of December 31, 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.

**Auditor's 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

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 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 Dorman Preschool, Inc. as of December 31, 2016, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*DePrie & Adkisson, PSC*

June 19, 2017

DORMAN PRESCHOOL, INC.  
STATEMENT OF FINANCIAL POSITION

December 31, 2016

ASSETS

Cash	\$	55,580
Accounts receivable		19,472
Pledge receivable		36,078
Prepaid expenses		-
Fixed assets		<u>153,083</u>

TOTAL ASSETS \$ 264,213

LIABILITIES AND NET ASSETS

Accounts payable	\$	6,798
Other liabilities		1,297
Funds to be returned to grantor agencies		<u>-</u>

TOTAL LIABILITIES 8,095

NET ASSETS

Unrestricted Net Assets		220,040
Temporarily Restricted Net Assets		<u>36,078</u>

TOTAL NET ASSETS 256,118

TOTAL LIABILITIES AND NET ASSETS \$ 264,213

See accompanying notes to financial statements

## DORMAN PRESCHOOL, INC.

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues				
Grant funds	\$ 159,683	\$ -	\$ -	\$ 159,683
Government support	2,000	-	-	2,000
Contributions	13,420	-	-	13,420
Program fees	159,885	-	-	159,885
Fundraising	159,297	-	-	159,297
Other locally generated funds	66,749	36,078	-	102,827
Total Revenues	561,034	36,078	-	597,112
Net assets released from restriction	48,454	(48,669)	-	(215)
Total Revenues, Gains, and Other Support	609,488	(12,591)	-	596,897
Expenses				
Program expenses	406,927	-	-	406,927
Administrative expenses	21,818	-	-	21,818
Fundraising expenses	161,918	-	-	161,918
Total Expenses	590,663	-	-	590,663
Excess (deficiency) of Revenues over Expenses	18,825	(12,591)	-	6,234
Net Assets, Beginning of Year	201,215	48,669	-	249,884
Net Assets, End of Year	<u>\$ 220,040</u>	<u>\$ 36,078</u>	<u>\$ -</u>	<u>\$ 256,118</u>

See accompanying notes to financial statements

## DORMAN PRESCHOOL, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

	Program Expenses	General & Administrative Expenses	Fundraising Expenses	Total
Salaries	\$ 265,896	\$ -	\$ -	\$ 265,896
Payroll taxes	26,058	-	-	26,058
Employee benefits	2,514	-	-	2,514
	<u>294,468</u>	<u>-</u>	<u>-</u>	<u>294,468</u>
Total Salaries and Related Expenses	<u>294,468</u>	<u>-</u>	<u>-</u>	<u>294,468</u>
Advertising	-	337	3,934	4,271
Training	1,477	-	-	1,477
Professional fees	-	1,125	-	1,125
Contract services	-	-	-	-
Rent	-	-	42,000	42,000
Meals and groceries	28,789	-	-	28,789
Insurance	-	6,402	-	6,402
Repair and maintenance expense	-	6,907	-	6,907
Janitorial service	-	-	9,248	9,248
Office expense	-	357	-	357
Dues and subscriptions	-	512	-	512
Service charges	-	160	-	160
Postage	-	399	-	399
Supplies	53,374	1,426	75,741	130,541
Direct assistance	378	-	-	378
Conferences and meeting expenses	-	1,521	-	1,521
Awards	-	760	-	760
Taxes and licenses	453	-	14,411	14,864
Utilities	3,521	-	14,094	17,615
Security	-	-	-	-
Telephone	4,975	-	-	4,975
Depreciation	11,400	-	-	11,400
Vehicle expense	7,494	-	-	7,494
Travel/field trips	-	557	-	557
Miscellaneous expense	598	1,355	2,490	4,443
	<u>112,459</u>	<u>21,818</u>	<u>161,918</u>	<u>296,195</u>
Total Other Expenses	<u>112,459</u>	<u>21,818</u>	<u>161,918</u>	<u>296,195</u>
Total Expenses	<u>\$ 406,927</u>	<u>\$ 21,818</u>	<u>\$ 161,918</u>	<u>\$ 590,663</u>

See accompanying notes to financial statements

DORMAN PRESCHOOL, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2016

Cash flows from operating activities

Changes in net assets	\$ 6,234
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	11,400
(Increase) decrease in receivables	18,211
(Increase) decrease in prepaid expenses	-
Increase (decrease) in accounts payable	2,233
Increase (decrease) in other liabilities	(720)
Increase (decrease) in funds to be returned to grantor agencies	-
Net cash provided (used) by operating activities	<u>37,358</u>

Cash flows from investing activities

Purchase of fixed assets	(44,386)
	<u>-</u>
Net cash provided (used) by investing activities	<u>(44,386)</u>

Cash flows from financing activities

Proceeds from sale of investments	-
Purchase of investments	-
	<u>-</u>
Net cash provided (used) by financing activities	<u>-</u>

Net increase (decrease) in cash and cash equivalents	(7,028)
Cash and cash equivalents at beginning of year	<u>62,608</u>
Cash and cash equivalents at end of year	<u>\$ 55,580</u>

See accompanying notes to financial statements

DORMAN PRESCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

**NOTE A - DESCRIPTION OF ORGANIZATION**

The Dorman PreSchool, Inc. was created to provide programs for early intervention with mainstreamed learning opportunities to allow children who are at risk developmentally, physically, emotionally and socially to develop to their fullest potential.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

The Financial Accounting Standards Board (“FASB”) has issued SFAS No. 168, entitled The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (“GAAP”). In substance, SFAS No. 168 makes the FASB Accounting Standards Codification (“ASC”) the sole source of authoritative accounting technical literature for nongovernmental entities. All accounting guidance that is not included in the ASC now is considered to be non-authoritative.

2. Contributions

The Organization records and reports its assets, liabilities, net assets, revenues, expenses, gains and losses, and other support based on the existence or absence of donor-imposed restrictions.

The Organization reports cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restriction.

3. Income Taxes

Dorman Preschool, Inc. has received a determination letter from the Internal Revenue Service indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

The FASB has issued new standards, contained in the ASC, clarifying the accounting for uncertainty in taxes recognized in the annual financial statements for fiscal years beginning after December 31, 2008. These standards require recognition and measurement of uncertain income tax positions using a “more-likely-than-not” approach. The Organization adopted these standards with no material impact on its financial statements.



DORMAN PRESCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
(continued)

December 31, 2016

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, Dorman Preschool, Inc. considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

5. Investments

Investments in marketable securities, if any, with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

7. Recognition of Revenue

Grant funds are recognized as revenue when an expense is incurred for the grant-supported programs or projects and in the manner specified by the grant. Any excess of grant funds received over expenses incurred must be returned to grantor agencies.

8. Inventories

Dorman Preschool, Inc. does not maintain inventories of tools, material or equipment.

9. Property, Plant and Equipment

Dorman Preschool, Inc. expenses some acquisitions of fixed assets as allowed expenditures under certain contracts for services or grants. Funding sources may retain equitable interest in property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. Depreciation expense for those items capitalized over useful lives ranging from 3 to 15 years was \$11,400 for the year ended December 31, 2016.

10 Functional Expenses

Expenses are charged directly to program or general management categories based on specific identification. Indirect expenses have been allocated through an "Indirect Cost Allocation Plan" based on modified total direct cost.

DORMAN PRESCHOOL, INC.  
NOTES TO FINANCIAL STATEMENTS  
(continued)

December 31, 2016

**NOTE C - GRANTS RECEIVABLE**

Grants receivable are deemed to be fully collectible and are composed of the following amounts at December 31, 2016:

2016	Coordinated Child Care	\$	357
2016	First Steps		448
2016	Crusade for Children		<u>18,667</u>
	Total Grant Receivable	\$	<u>19,472</u>

**NOTE D - RISK MANAGEMENT**

Dorman Preschool, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. The Organization maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Organization.

**NOTE E – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets of \$36,078 as of December 31, 2016 represent the pledge commitment by Metro United Way committed for balance of Dorman Preschool, Inc.'s fiscal year.