

SEEDS 4 SUCCESS, INC.
FINANCIAL STATEMENTS
JUNE 30, 2019

SEEDS 4 SUCCESS, INC.

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For the Year Ended June 30, 2019

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Grandizio, Wilkins, Little & Matthews, LLP

Sparks Office:
954 Ridgebrook Road
Suite 200
Sparks, MD 21152

Millersville Office:
8370 Veterans Highway
Suite 104
Millersville, MD 21108

Henry A. Grandizio, CPA/MS
Daniel L. Harrington, Jr., CPA
Robert M. Gilwee, CPA/MS
Richard J. Hoban, Jr., CPA
John Dino Gavin, CPA
Tony Parrott, CPA

Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Seeds 4 Success, Inc.
Annapolis, Maryland

We have reviewed the accompanying financial statements of Seeds 4 Success, Inc. (a nonprofit 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Grandizio, Wilkins, Little & Matthews, LLP

Grandizio, Wilkins, Little & Matthews, LLP
December 30, 2019

SEEDS 4 SUCCESS, INC.
STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS

CURRENT ASSETS

| | |
|-----------------------------|------------|
| Cash and Cash Equivalents | \$ 74,271 |
| Certificates of Deposit | 106,000 |
| Prepaid Expenses | 5,259 |
| Accrued Interest Receivable | <u>310</u> |

TOTAL CURRENT ASSETS 185,840

FIXED ASSETS

| | |
|---|---------------|
| Net of Accumulated Depreciation of \$28,176 | <u>23,029</u> |
|---|---------------|

TOTAL ASSETS \$ 208,869

LIABILITIES AND NET ASSETS

LIABILITIES

| | |
|------------------|--------------|
| Accounts Payable | \$ 2,577 |
| Accrued Expenses | <u>3,461</u> |

TOTAL LIABILITIES 6,038

NET ASSETS

| | |
|----------------------------|----------------|
| Without Donor Restrictions | <u>202,831</u> |
|----------------------------|----------------|

TOTAL LIABILITIES AND NET ASSETS \$ 208,869

See independent accountants' review report and accompanying notes.

SEEDS 4 SUCCESS, INC.
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|-------------------------------|-------------------|
| REVENUES | | | |
| Direct Contributions | \$ 162,493 | \$ - | \$ 162,493 |
| Government Grants | 213,362 | - | 213,362 |
| In-Kind Donations | 21,292 | - | 21,292 |
| Investment Return, Net of Investment Fees | 214 | - | 214 |
| TOTAL REVENUES | 397,361 | - | 397,361 |
| EXPENSES | | | |
| Program Services | | | |
| Eastport Girls | 48,184 | - | 48,184 |
| Eastport Boys | 45,494 | - | 45,494 |
| Academic Career and Exploration Club | 57,555 | - | 57,555 |
| Foster Grandparents | 111,057 | - | 111,057 |
| TOTAL PROGRAM SERVICES | 262,290 | - | 262,290 |
| SUPPORTING SERVICES | | | |
| Management and General | 75,339 | - | 75,339 |
| Fundraising | 22,442 | - | 22,442 |
| TOTAL SUPPORTING SERVICES | 97,781 | - | 97,781 |
| TOTAL EXPENSES | 360,071 | - | 360,071 |
| CHANGE IN NET ASSETS | 37,290 | - | 37,290 |
| Net Assets - Beginning of Year | 165,541 | - | 165,541 |
| NET ASSETS - END OF YEAR | \$ 202,831 | \$ - | \$ 202,831 |

See independent accountants' review report and accompanying notes.

SEEDS 4 SUCCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

| | Program Expenses | | | | Total | Management and General | Fundraising | Total Expenses |
|-----------------------|------------------------|-----------------------|--|------------------------|-------------------|---------------------------|------------------|-------------------|
| | Eastport Girls Club | Eastport Boys Club | Academic and Career Exploration Club | Foster Grandparents | | | | |
| Salary | \$ 19,372 | \$ 19,372 | \$ 19,372 | \$ 54,597 | \$ 112,713 | \$ 51,476 | \$ - | \$ 164,189 |
| Payroll Taxes | 3,167 | 3,167 | 3,167 | 3,167 | 12,668 | - | - | 12,668 |
| Professional Services | 4,045 | 4,045 | 7,751 | 1,918 | 17,759 | 5,282 | - | 23,041 |
| Occupancy/Rent | 6,545 | 6,545 | 6,545 | 6,545 | 26,180 | - | - | 26,180 |
| Office Expenses | 5,695 | 5,595 | 5,595 | 12,531 | 29,416 | - | - | 29,416 |
| Program Expenses | 8,480 | 5,890 | 14,245 | 12,433 | 41,048 | - | - | 41,048 |
| Insurance | - | - | - | 10,054 | 10,054 | - | - | 10,054 |
| Employee Benefits | - | - | - | 116 | 116 | 5,174 | - | 5,290 |
| Fundraising Event | - | - | - | - | - | - | 22,442 | 22,442 |
| Meals | - | - | - | 4,194 | 4,194 | 2,550 | - | 6,744 |
| Travel | - | - | - | 1,634 | 1,634 | 1,280 | - | 2,914 |
| Membership Dues | 306 | 306 | 306 | 306 | 1,224 | - | - | 1,224 |
| Depreciation | - | - | - | - | - | 8,577 | - | 8,577 |
| Other Expenses | - | - | - | 2,151 | 2,151 | - | - | 2,151 |
| Contributions | - | - | - | - | - | 1,000 | - | 1,000 |
| Training | 574 | 574 | 574 | 1,411 | 3,133 | - | - | 3,133 |
| TOTAL | \$ 48,184 | \$ 45,494 | \$ 57,555 | \$ 111,057 | \$ 262,290 | \$ 75,339 | \$ 22,442 | \$ 360,071 |

See independent accountants' review report and accompanying notes.

SEEDS 4 SUCCESS, INC.
STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2019

| | |
|---|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in Net Assets | \$ 37,290 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) | |
| Operating Activities: | |
| Depreciation | 8,577 |
| Changes in Operating Assets and Liabilities: | |
| Prepaid Expenses | (2,681) |
| Accounts Payable | 2,508 |
| Accrued Liabilities | 3,461 |
| | <u>49,155</u> |
| NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES | |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of Certificate of Deposit | (106,000) |
| Purchase of Fixed Assets | (8,297) |
| | <u>(114,297)</u> |
| NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES | |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (65,142) |
| Cash and Cash Equivalents - Beginning of Year | <u>139,413</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u><u>\$ 74,271</u></u> |

See independent accountants' review report and accompanying notes.

SEEDS 4 SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 1: Organization and Summary of Significant Accounting Policies

Organization

Seeds 4 Success, Inc., a nonprofit organization, (the Organization) was incorporated in 2011, in Maryland. The purpose of the Organization is to provide services to children and families living in public or subsidized housing throughout the Annapolis area through four (4) major programs: Eastport Girls Club, Eastport Boys Club, Academic and Career Exploration Club, and Foster Grandparents. Eastport Girls Club is an after-school tutoring and mentoring program for girls in grades three through eight (3-8). Eastport Boys Club is an after school tutoring and mentoring program for boys in grades three through eight (3-8). Academic and Career Exploration Club assists high school students explore career paths, and learn life skills that will help them become successful young adults. Foster grandparents are role models, mentors, and friends to children with exceptional needs, who provide tutoring to low-income students.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all short-term investments with an initial maturity of three (3) months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Contributions are recognized upon receipt and program service revenue is recognized in the period it is earned. The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the time period or manner of use. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase 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 Equipment

The Organization's policy is to capitalize property and equipment purchases in excess of \$1,000. Property and equipment is stated at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. Upon disposal of property and equipment, the cost, accumulated depreciation, and amortization are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation and amortization of property and equipment are computed on a straight-line basis over the estimated useful lives of five (5) to seven (7) years. Property and equipment, if donated, is recorded at the approximate fair market value on the date of the donation.

SEEDS 4 SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**Note 1: Nature of Organization and Summary of Significant Accounting Policies
(Continued)**

Donated Goods and Services

Donated noncash assets are recorded at their fair values in the period received. Donated services, that create or enhance nonfinancial assets or that require specialized skills which 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.

Functional Allocation of Expenses

Expenses are charged directly to program, management and general, or fundraising categories based on specific identification, when determinable. A reasonable allocation is made for costs not specifically identifiable.

Income Taxes

The Organization is exempt from federal and state taxation under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a Private Organization.

The Organization's evaluation on June 30, 2019 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2016 through 2017 tax years remain subject to examination by the IRS. The Organization does not believe that any reasonably possible changes will occur within the next twelve (12) months that will have a material impact on the financial statements.

Concentration of Credit Risk

The Organization derives a significant portion of its revenue from various government agencies. The Organization is dependent upon the availability of the government agencies to continue to offer grants in the future, and its ability to obtain those grants.

FASB ASC No. 360

Statement of Financial Accounting Standards Codification (FASB) ASC No. 360 requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Application of FASB ASC No. 360 has not materially affected the Organization's reported earnings, financial condition, or cash flow.

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), which is effective for fiscal years beginning after December 15, 2017, with early application of the amendments in the update permitted. The main provisions of the update require: a) the presentation of two (2) classes of net assets, rather than three (3), b) enhanced disclosures about board designations, composition of net assets with donor restrictions and how the restrictions affect the use of resources, qualitative information about how the Organization manages its liquid resources, quantitative information that communicates the availability of financial assets at the date of the statement of financial position, information about the amount of expenses by both their natural and functional classification, and c) report investment return, net of expenses.

SEEDS 4 SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**Note 1: Nature of Organization and Summary of Significant Accounting Policies
(Continued)**

Recent Accounting Pronouncements (Continued)

A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

Date of Management's Review

The Organization has evaluated events and transactions that occurred during the period from the date of the financial statements through December 30, 2019, the date the financial statements were available to be issued. There were no events or transactions that occurred during the period that materially impacted the amounts or disclosures in the Organization's financial statements.

Note 2: Donated Office Space

The Organization has the use of donated office space in Annapolis, Maryland. The value of the donated space has been recorded in the financial statements based on an appraised value by the donor of \$21,292.

Note 3: Property and Equipment

The Foundation held the following property and equipment as of June 30, 2019:

| | |
|---|-------------------------|
| Database and Equipment | \$ 51,205 |
| Less: Accumulated Depreciation and Amortization | <u>(28,176)</u> |
| PROPERTY AND EQUIPMENT, NET | <u><u>\$ 23,029</u></u> |

Depreciation expense for the year ended June 30, 2019 was \$8,577.

Note 4: Credit Risk

The Organization maintains cash balances at two (2) financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

SEEDS 4 SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 5: Certificates of Deposit

The Organization's certificates of deposit consisted of the following:

| | <u>2019</u> |
|---|-------------------|
| Severn Bank - Certificate of Deposit, with interest of 2.18%, maturing May 2020. | \$ 53,000 |
| Severn Bank - Certificate of Deposit, with interest of 2.47%, maturing May 2021. | <u>53,000</u> |
| TOTAL | <u>\$ 106,000</u> |

Note 6: Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the date of the statement of financial position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one (1) year of the date of the statement of financial position.

| | <u>2019</u> |
|--|-------------------|
| Financial Assets at Year-End | \$ 180,581 |
| Less those Unavailable for General Expenditures Within One (1) Year | <u>-</u> |
| Financial Assets Available (Shortage) to Meet Cash Needs for General Expenditures Within One (1) Year | <u>\$ 180,581</u> |

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of operating expense requirements in accordance with its investment policy, periodically reviewed by a committee of the Board of Directors.