

SEEDS 4 SUCCESS, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2015

SEEDS 4 SUCCESS, INC.
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BECK & COMPANY
Certified Public Accountants, P.C.

INDEPENDENT AUDITOR'S REPORT

To: Board of Directors
Seeds 4 Success, Inc.
Annapolis, MD

We have audited the accompanying financial statements of Seeds 4 Success, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, the related statements of activities and changes in net assets, 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

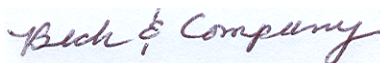
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Seeds 4 Success, Inc. as of June 30, 2015, 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.



Herndon, Virginia
November 06, 2015

SEEDS 4 SUCCESS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

| | |
|----------------------------------|-------------------|
| ASSETS | |
| Cash | \$ 147,114 |
| Grants receivable, net | 28,400 |
| Prepaid expenses | 2,249 |
| Property and equipment, net | 14,723 |
| TOTAL ASSETS | <u>\$ 192,486</u> |
| | |
| LIABILITIES AND NET ASSETS | |
| LIABILITIES | |
| Accounts payable | \$ <u>10,773</u> |
| TOTAL LIABILITIES | <u>10,773</u> |
| | |
| NET ASSETS | |
| Unrestricted | 163,063 |
| Temporarily restricted | 18,650 |
| TOTAL NET ASSETS | <u>181,713</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 192,486</u> |

See accompanying notes and independent auditor's report

SEEDS 4 SUCCESS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED
JUNE 30, 2015

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--------------------------------------|---------------------|-----------------------------------|-------------------|
| REVENUES | | | |
| Direct Contributions | \$ 12,315 | \$ 63,650 | \$ 75,965 |
| Non-Government Grants | 89,175 | 5,000 | 94,175 |
| Indirect Contributions | 159 | - | 159 |
| Government Grants | - | 44,000 | 44,000 |
| Special Events Revenue | 85,155 | - | 85,155 |
| Donated Rent | 20,000 | - | 20,000 |
| Net assets released from restriction | 94,000 | (94,000) | - |
| TOTAL REVENUES | <u>300,804</u> | <u>18,650</u> | <u>319,454</u> |
| EXPENSES | | | |
| Program services | | | |
| Eastport Girls | 132,824 | - | 132,824 |
| I Am a Reader | 35,636 | - | 35,636 |
| Parent Challenge | 15,663 | - | 15,663 |
| Total program services | <u>184,123</u> | <u>-</u> | <u>184,123</u> |
| Supporting services | | | |
| Management and general | 23,333 | - | 23,333 |
| Fundraising | 20,052 | - | 20,052 |
| Total supporting services | <u>43,385</u> | <u>-</u> | <u>43,385</u> |
| TOTAL EXPENSES | <u>227,508</u> | <u>-</u> | <u>227,508</u> |
| CHANGE IN NET ASSETS | <u>73,296</u> | <u>18,650</u> | <u>91,946</u> |
| NET ASSETS, beginning of year | <u>89,767</u> | <u>-</u> | <u>89,767</u> |
| NET ASSETS, end of year | <u>\$ 163,063</u> | <u>\$ 18,650</u> | <u>\$ 181,713</u> |

See accompanying notes and independent auditor's report

SEEDS 4 SUCCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

| | Eastport Girls | I Am a Reader | Parent Challenge | Total Program Services | General and Administration | Fundraising | Total Supporting Services | Total Expenses |
|-----------------------|-------------------|------------------|---------------------|------------------------------|-------------------------------|------------------|---------------------------------|-------------------|
| Salary | \$ 87,568 | \$ 21,388 | \$ 11,458 | \$ 120,414 | \$ 11,750 | \$ 11,462 | \$ 23,212 | \$ 143,626 |
| Occupancy/Rent | 13,000 | 3,000 | 1,000 | 17,000 | 1,600 | 1,400 | 3,000 | 20,000 |
| Professional Services | 4,749 | 3,966 | 216 | 8,931 | 5,409 | 7 | 5,416 | 14,347 |
| Taxes | 7,487 | 1,728 | 576 | 9,791 | 921 | 806 | 1,727 | 11,518 |
| Insurance | 4,194 | 1,753 | 182 | 6,129 | 1,169 | 363 | 1,532 | 7,661 |
| Employee benefits | 3,964 | 1,127 | 376 | 5,467 | 1,031 | 1,018 | 2,049 | 7,516 |
| Computer/Software | 3,709 | 907 | 271 | 4,887 | 281 | 246 | 527 | 5,414 |
| Office expenses | 3,074 | 524 | 394 | 3,992 | 268 | 347 | 615 | 4,607 |
| Fundraising event | - | - | - | - | - | 4,184 | 4,184 | 4,184 |
| Travel | 3,203 | 761 | 174 | 4,138 | - | - | - | 4,138 |
| Other | 497 | 105 | 952 | 1,554 | 627 | 207 | 834 | 2,388 |
| Meals | 958 | 255 | 64 | 1,277 | 104 | 12 | 116 | 1,393 |
| Training | 365 | 122 | - | 487 | - | - | - | 487 |
| Membership Dues | 56 | - | - | 56 | 173 | - | 173 | 229 |
| Total expenses | <u>\$ 132,824</u> | <u>\$ 35,636</u> | <u>\$ 15,663</u> | <u>\$ 184,123</u> | <u>\$ 23,333</u> | <u>\$ 20,052</u> | <u>\$ 43,385</u> | <u>\$ 227,508</u> |

See accompanying notes and independent auditor's report

SEEDS 4 SUCCESS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
JUNE 30, 2015

| | |
|---|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Changes in net assets | \$ 91,946 |
| Adjustments to reconcile net assets to net cash used by operating activities: | |
| Changes in operating assets and liabilities | |
| Prepaid expenses | (1,529) |
| Grants receivable | (17,000) |
| Accounts payable | 7,140 |
| Accrued vacation payable | 912 |
| NET CASH FLOWS USED IN OPERATING ACTIVITIES | <u>81,469</u> |
| | |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of property and equipment | <u>(14,723)</u> |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | <u>(14,723)</u> |
| | |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 66,746 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>80,368</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>\$ 147,114</u></u> |

SUPPLEMENTAL DISCLOSURES:

| | |
|-------------------|------|
| Interest paid | \$ - |
| Income taxes paid | \$ - |

See accompanying notes and independent auditor's report

SEEDS FOR SUCCESS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1. Organizational Purpose and Summary of Significant Accounting Policies

Seeds 4 Success, Inc. (the Organization), a non-profit organization, seeks to provide services to children and families living in public or subsidized housing throughout the Annapolis area through three major programs: Eastport Girls Club, I Am a Reader, and Parent Challenge. Eastport Girls Club is an after school tutoring and mentoring program for girls in grades 5-10. I Am a Reader is an after school individualized literacy program for boys in grades 1-3. Parent Challenge is an educational, incentive-based program focusing on increasing family cohesion and parent's involvement in their child's education.

The significant accounting policies followed by the Organization are described below.

Method of Accounting

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

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates under different assumptions or conditions.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Unconditional promises to give are presumed to be time-restricted by the donor until received and are reported as temporarily restricted net assets.

Contributions are recorded at fair value, which is net of estimated uncollectible amounts. The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on experience as well as management's analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of the fundraising activity.

The Organization receives grant funding from various government agencies and private foundations. Revenue is recognized only to the extent of expenditures under the terms of the grants. Grant awards not yet received are accrued to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant. Excess expenses incurred are borne by the Organization. Unexpended funds are returned to the grantors if required by the grant agreement. Some grant payments are received in advance of related expenditures. These amounts are reflected in the accompanying statements of financial position as deferred revenue.

All other revenues are recognized when earned.

SEEDS FOR SUCCESS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1, continued

Cash

The balance of cash consists of cash on hand and deposits in banks.

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 to seven years. Property and equipment, if donated, is recorded at the approximate fair market value on the date of the donation.

Subsequent Events

Subsequent events are events or transactions that take place after the reporting period for the statement of financial position. Certain of these events or transactions, recognized subsequent events provide additional evidence about conditions and estimates that existed at the date of the statement of financial position and retroactively revise those amounts reflected in the financial statements. Other subsequent events, not recognized subsequent events, did not exist at the date of the statement of financial position but arose after that date and are reported as additional disclosures in the notes to the financial statements. Management evaluates all significant subsequent events from the statement of financial position date through the date the financial statements are available to be issued.

Classes of Net Assets

The Organization classifies net assets into three categories: unrestricted, temporarily restricted, and permanently restricted. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Unrestricted net assets are net assets without a donor imposed time and/or program restriction. The funds are available to the Organization to maintain its operations

Temporarily restricted net assets are contributions with donor imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statement of activities as net assets released from restrictions. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions are received.

SEEDS FOR SUCCESS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Note 1, concluded

Classes of Net Assets, concluded

Permanently restricted net assets generally result from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the Organization. Generally, the donors of these assets permit the Organization to use the income earned on related investments for general or specific purposes. There were no permanently restricted net assets as of June 30, 2015.

Functional Expenses:

Expenses which apply to more than one function are allocated among functions to which they apply. The allocation of salary expense is made by management's estimates. Other expenses are allocated on the basis of percentage of time devoted to that function unless a more direct basis is apparent.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), except for income from activities not related to its tax-exempt purpose. No provision for income taxes was recorded during the year ended June 30, 2015 since the Organization had no significant unrelated business income. The Organization is not a private foundation pursuant to section 509(a)(1) of the IRC.

In accordance with authoritative guidance on accounting for uncertainty in income taxes issued by the FASB, the Organization recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Organization is generally no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years ended June 30, 2011 and prior.

Fair Value of Financial Instruments

The fair value of the Organization's cash and cash equivalents, grants receivable, accounts payable, and accrued expenses approximates their carrying amounts due to the relatively short maturity of these items.

Concentrations 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.

SEEDS FOR SUCCESS
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

Note 2. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through November 06, 2015, the date the financial statements were available to be issued. There are no subsequent events which require recognition or disclosure in the financial statements.

Note 3. 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 appraisal value by the donor of \$20,000 for the following year.

Note 4. Temporarily Restricted Net Assets

Changes in temporarily restricted net assets are as follows:

| | Balance July 1, 2014 | Gifts And Grants | Transfers/ Releases | Balance June 30, 2015 |
|----------------------------------|----------------------------|---------------------|------------------------|-----------------------------|
| Government Grants | \$ - | 44,000 | (44,000) | \$ - |
| Foundation and Non Profit Grants | \$ - | 68,650 | (50,000) | \$ 18,650 |
| Totals | \$ - | 112,650 | (94,000) | \$ 18,650 |

Note 5. Property and Equipment

The Foundation held the following property and equipment as of June 30, 2015:

| | |
|--|-------------------|
| Database and equipment | 2015 \$ 14,723 |
| Less accumulated depreciation and amortization | - |
| Property and equipment, net | \$ 14,723 |

There was no depreciation and amortization expense for the year ended June 30, 2015. The fixed assets purchased in 2015 were purchased at year end, therefore no depreciation was recorded.