

ON THE ROAD COLLABORATIVE, INC.

Reviewed Financial Statements

For the Year Ended June 30, 2019

ON THE ROAD COLLABORATIVE, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Management of
On the Road Collaborative, Inc.,

We have reviewed the accompanying financial statements of On the Road Collaborative, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's 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 American Institute of Certified Public Accountants. 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.

Accountant's 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.

Change in Accounting Principle

The Organization has adopted the financial statement presentation standards contained in the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, modifying ASC 958. The effect of the change in accounting principle is described in Note 5. Our conclusion is not modified with respect to this matter.

Didawick & Company, P.C.

September 5, 2019

ON THE ROAD COLLABORATIVE, INC.
Statement of Financial Position
At June 30, 2019

ASSETS

Current assets:

| | |
|---------------------------|----------------|
| Cash and cash equivalents | \$ 171,650 |
| Grants receivable | 23,189 |
| Prepaid expenses | <u>2,150</u> |
| Total current assets | <u>196,989</u> |

| | |
|--------------|-------------------|
| Total assets | <u>\$ 196,989</u> |
|--------------|-------------------|

LIABILITIES AND NET ASSETS

Current liabilities:

| | |
|---------------------------|---------------|
| Accounts payable | 5,627 |
| Accrued payroll | 7,741 |
| Payroll taxes payable | <u>3,865</u> |
| Total current liabilities | <u>17,233</u> |

| | |
|-------------------|---------------|
| Total liabilities | <u>17,233</u> |
|-------------------|---------------|

Net assets:

| | |
|----------------------------|----------------|
| Without donor restrictions | <u>179,756</u> |
|----------------------------|----------------|

| | |
|------------------|----------------|
| Total net assets | <u>179,756</u> |
|------------------|----------------|

| | |
|----------------------------------|-------------------|
| Total liabilities and net assets | <u>\$ 196,989</u> |
|----------------------------------|-------------------|

ON THE ROAD COLLABORATIVE, INC.
Statement of Activities
Year Ended June 30, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|-------------------|
| REVENUES, GAINS AND OTHER SUPPORT: | | | |
| Contributions | \$ 96,562 | \$ - | \$ 96,562 |
| Harrisonburg City Public Schools | 59,500 | - | 59,500 |
| Grants | 24,709 | 346,943 | 371,652 |
| Fundraising events | 9,448 | - | 9,448 |
| In-kind contributions | 9,125 | - | 9,125 |
| Gain (loss) on sale of donated stock | (101) | - | (101) |
| Miscellaneous | 1,173 | - | 1,173 |
| Net assets released from restrictions: | | | |
| Satisfaction of grant usage restrictions | 359,084 | (359,084) | - |
| Total revenues, gains and other support | <u>559,500</u> | <u>(12,141)</u> | <u>547,359</u> |
| EXPENSES: | | | |
| Program services: | | | |
| Youth enrollment and participation | 393,173 | - | 393,173 |
| Career enrichment | 41,631 | - | 41,631 |
| College enrichment | 27,753 | - | 27,753 |
| Supporting services: | | | |
| General and administration | 40,983 | - | 40,983 |
| Fundraising | 12,778 | - | 12,778 |
| Total expenses | <u>516,318</u> | <u>-</u> | <u>516,318</u> |
| Change in net assets | 43,182 | (12,141) | 31,041 |
| Net assets at beginning of year, as restated (Note 5) | <u>136,574</u> | <u>12,141</u> | <u>148,715</u> |
| Net assets at end of year | <u>\$ 179,756</u> | <u>\$ -</u> | <u>\$ 179,756</u> |

ON THE ROAD COLLABORATIVE, INC.
Statement of Functional Expenses
Year Ended June 30, 2019

| | Program Services | | | Supporting Services | | Total |
|--------------------------------|---------------------------------------|----------------------|-----------------------|-------------------------------|------------------|-------------------|
| | Youth Enrollment and Participation | Career Enrichment | College Enrichment | General and Administration | Fundraising | |
| Salaries and wages | \$ 193,583 | \$ 20,497 | \$ 13,665 | \$ 19,725 | \$ 6,575 | \$ 254,045 |
| Payroll taxes | 15,080 | 1,597 | 1,064 | 1,509 | 503 | 19,753 |
| Total personnel costs | <u>208,663</u> | <u>22,094</u> | <u>14,729</u> | <u>21,234</u> | <u>7,078</u> | <u>273,798</u> |
| Advertising | 6,732 | 713 | 475 | - | - | 7,920 |
| Conferences | - | - | - | - | 113 | 113 |
| Insurance | - | - | - | 1,925 | - | 1,925 |
| Licenses | - | - | - | 360 | - | 360 |
| Miscellaneous | 1,397 | 148 | 99 | 242 | 5,566 | 7,452 |
| Other program | 142,588 | 15,098 | 10,065 | - | - | 167,751 |
| Professional fees | - | - | - | 6,700 | - | 6,700 |
| Rent | - | - | - | 6,100 | - | 6,100 |
| Software | - | - | - | 4,422 | - | 4,422 |
| Special events | - | - | - | - | 21 | 21 |
| Transportation | 33,793 | 3,578 | 2,385 | - | - | 39,756 |
| Total other operating expenses | <u>184,510</u> | <u>19,537</u> | <u>13,024</u> | <u>19,749</u> | <u>5,700</u> | <u>242,520</u> |
| Total operating expenses | <u>\$ 393,173</u> | <u>\$ 41,631</u> | <u>\$ 27,753</u> | <u>\$ 40,983</u> | <u>\$ 12,778</u> | <u>\$ 516,318</u> |

ON THE ROAD COLLABORATIVE, INC.
Statement of Cash Flows
Year Ended June 30, 2019

Cash flows from operating activities:

| | |
|---|-------------------|
| Change in net assets | \$ <u>31,041</u> |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Decrease (increase) in accounts receivable | 24,646 |
| Decrease (increase) in prepaid expenses | (2,150) |
| Increase (decrease) in accounts payable | (95) |
| Increase (decrease) in accrued payroll | 4,206 |
| Increase (decrease) in payroll taxes payable | <u>(1,328)</u> |
| Net cash provided provided by (used for) operating activities | <u>56,320</u> |
| Net increase in cash and cash equivalents | 56,320 |
| Cash and cash equivalents, beginning of year | <u>115,330</u> |
| Cash and cash equivalents, end of year | <u>\$ 171,650</u> |

See accompanying notes and accountant's review report.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

On the Road Collaborative, Inc. (the Organization) is a private, not-for-profit organization that exists to empower young people on the margins with the opportunity, skills and confidence they need to excel in school and fulfill their promise. The Organization is supported primarily through grants and contributions.

B. Financial Statement Presentation

For the year ended June 30, 2019, the Organization has prepared its financial statements in accordance with generally accepted accounting principles for not-for-profit Organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that may be temporary or permanent in nature. Stipulations that are temporary in nature expire either by passage of time or fulfillment by action of the Organization. Stipulations that are permanent in nature require amounts to be held in perpetuity.

C. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues are recognized when earned and expenses are recognized when incurred. The bases of revenue recognition for the major sources of income are as follows:

Contributions – All contributions are considered to be without restriction unless specifically restricted by the donor. Contribution revenue is recognized as cash is received. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor-stipulated time restriction ends or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. The Organization received \$346,943 in restricted contributions during fiscal year 2019.

D. Contributed Services and Supplies

The contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. A portion of the Organization's program activities are conducted by unpaid volunteers. During fiscal year 2019, volunteers contributed approximately 2,549 hours valued at \$64,821. The value of this contributed time is not reflected in the accompanying financial statements since some of the volunteers' time did not meet the criteria necessary for recognition. The value of the remaining contributed services and supplies reflected in the accompanying financial statements totaled \$9,125.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers cash in bank, cash on hand, and all highly liquid investments purchased with a maturity date of three months or less to be cash and cash equivalents.

ON THE ROAD COLLABORATIVE, INC.
Notes to Financial Statements
June 30, 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. Accordingly, no provision is made for income tax in the financial statements.

Generally, federal, state, and local authorities may examine the Organization's tax returns for three years from the date of filing or the due date of the return. The current year and prior year remain subject to examination as of June 30, 2019.

H. Advertising

The Organization expenses all advertising costs as they are incurred. Total advertising costs for fiscal years 2019 was \$7,920, of this amount \$2,000 was an in-kind donation.

2. RECEIVABLES

The Organization's grants receivable consists of awarded reimbursable grant funding expended in the current fiscal year for which reimbursement has not yet been received. These receivables are due within one year, and management expects this amount to be fully collectable.

3. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management's allocation of salaries and wages is based on estimated time spent by employees in each of the functions. The remaining expenses are charged to each function at the time the expense is incurred.

4. LINE OF CREDIT

The Organization has a line of credit agreement with United Bank in the amount of \$50,000 for the year ended June 30, 2019. Attached to this line of credit are two credit cards with a \$1,500 spending limit for each card. As of June 30, 2019, the Organization no balance outstanding on this line of credit.

5. CHANGE IN ACCOUNTING PRINCIPLE

The Organization adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, modifying ASC 958. The effect of the new standard is to combine temporarily and permanently restricted net assets. The change in accounting principle has been applied effective June 30, 2018 with no effect on total net assets as of June 30, 2018. The effect of the change on fiscal year ending June 30, 2019 is as follows:

| <u>As of June 30, 2018</u> | <u>As Originally Stated</u> | <u>Restatement</u> | <u>As Restated</u> |
|---------------------------------------|---------------------------------|--------------------|--------------------|
| Unrestricted net assets | \$ 136,574 | \$ (136,574) | \$ - |
| Net assets without donor restrictions | \$ - | \$ 136,574 | \$ 136,574 |
| Temporarily restricted net assets | \$ 12,141 | \$ (12,141) | \$ - |
| Net assets with donor restrictions | \$ - | \$ 12,141 | \$ 12,141 |

6. LIQUIDITY MANAGEMENT

On the Road Collaborative, Inc. has \$194,839 of financial assets available within one year of the date of the statement of financial position to meet cash needs for general expenditure, consisting of cash of \$171,650 and grants receivable of \$23,189. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of the statement of financial position.

The Organization has a goal to maintain financial assets on hand to meet three (3) months of normal operating expenses net of noncash expenses, which on average approximate \$127,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

7. RELATED PARTY TRANSACTIONS

On the Road Collaborative, Inc. receives grant funding from various governmental and non-governmental organizations. During fiscal year 2019, the Organization received approximately \$17,210 from a not-for-profit organization that is related to On the Road Collaborative, Inc. through a family relationship. This amount is included in grant revenue in the statement of activities.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 5, 2019, which is the date the financial statements were issued. As of that date, the Organization was not aware of any events warranting disclosure in these financial statements.