

**ON THE ROAD COLLABORATIVE, INC.**

Reviewed Financial Statements

For the Year Ended June 30, 2020

# ON THE ROAD COLLABORATIVE, INC.

## Contents

<b>Independent Accountant's Review Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors 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, 2020, 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 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.

### **Emphasis of Matter**

We draw attention to Note 9 to the financial statements which describes the effects of the coronavirus (COVID-19) pandemic on On the Road Collaborative, Inc. Our conclusion is not modified in respect of this matter.

*Didawick & Company, P.C.*

September 22, 2020

**ON THE ROAD COLLABORATIVE, INC.**  
**Statement of Financial Position**  
**As of June 30, 2020**

**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 181,238
Accounts receivable	28,873
Grants receivable	13,218
Prepaid expenses	<u>1,738</u>
Total current assets	<u>225,067</u>

Total assets \$ 225,067

**LIABILITIES AND NET ASSETS**

## Current liabilities:

Accounts payable	\$ 3,997
Accrued payroll	10,933
Payroll taxes payable	<u>802</u>
Total current liabilities	<u>15,732</u>

## Noncurrent liabilities:

Conditional contribution - SBA	<u>58,400</u>
--------------------------------	---------------

Total liabilities 74,132

## Net assets:

Without donor restrictions	<u>150,935</u>
----------------------------	----------------

Total net assets 150,935

Total liabilities and net assets \$ 225,067

**ON THE ROAD COLLABORATIVE, INC.**  
**Statement of Activities**  
**Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>			
Contributions	\$ 122,659	\$ -	\$ 122,659
Harrisonburg City Public Schools	59,500	-	59,500
Grants	24,497	280,916	305,413
Fundraising and special events	15,810	-	15,810
In-kind contributions	9,870	-	9,870
Gain (loss) on sale of donated stock	(89)	-	(89)
Interest income	207	-	207
Net assets released from restrictions:			
Satisfaction of grant usage restrictions	280,916	(280,916)	-
Total revenues, gains and other support	<u>513,370</u>	<u>-</u>	<u>513,370</u>
<b>EXPENSES:</b>			
Program services:			
Career enrichment	179,424	-	179,424
Academic coaching	112,141	-	112,141
Real-world skills development	67,285	-	67,285
High school readiness	44,856	-	44,856
College exploration	44,856	-	44,856
Supporting services:			
General and administration	53,375	-	53,375
Fundraising	40,254	-	40,254
Total expenses	<u>542,191</u>	<u>-</u>	<u>542,191</u>
Change in net assets	(28,821)	-	(28,821)
Net assets at beginning of year	<u>179,756</u>	<u>-</u>	<u>179,756</u>
Net assets at end of year	<u>\$ 150,935</u>	<u>\$ -</u>	<u>\$ 150,935</u>

See accompanying notes and accountant's review report.

**ON THE ROAD COLLABORATIVE, INC.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	Program Services					Supporting Services		Total
	Career Enrichment	Academic Coaching	Real-World Skills Development	High School Readiness	College Exploration	General and Administration	Fundraising	
Salaries and wages	\$ 117,382	\$ 73,364	\$ 44,018	\$ 29,345	\$ 29,345	\$ 27,500	\$ 13,750	\$ 334,704
Payroll taxes	9,311	5,819	3,492	2,328	2,328	2,158	1,079	26,515
Total personnel costs	<u>126,693</u>	<u>79,183</u>	<u>47,510</u>	<u>31,673</u>	<u>31,673</u>	<u>29,658</u>	<u>14,829</u>	<u>361,219</u>
Advertising	5,788	3,618	2,171	1,447	1,447	-	-	14,471
Fundraising	-	-	-	-	-	-	5,391	5,391
Insurance	-	-	-	-	-	5,023	-	5,023
Licenses	-	-	-	-	-	225	-	225
Miscellaneous	494	309	185	124	124	-	-	1,236
Other program	33,653	21,033	12,620	8,413	8,413	-	-	84,132
Professional fees	-	-	-	-	-	6,950	-	6,950
Rent	-	-	-	-	-	6,600	-	6,600
Software	-	-	-	-	-	4,919	-	4,919
Special events	-	-	-	-	-	-	20,034	20,034
Transportation	12,796	7,998	4,799	3,199	3,199	-	-	31,991
Total other operating expenses	<u>52,731</u>	<u>32,958</u>	<u>19,775</u>	<u>13,183</u>	<u>13,183</u>	<u>23,717</u>	<u>25,425</u>	<u>180,972</u>
Total operating expenses	<u>\$ 179,424</u>	<u>\$ 112,141</u>	<u>\$ 67,285</u>	<u>\$ 44,856</u>	<u>\$ 44,856</u>	<u>\$ 53,375</u>	<u>\$ 40,254</u>	<u>\$ 542,191</u>

**ON THE ROAD COLLABORATIVE, INC.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2020**

**Cash flows from operating activities:**

Change in net assets	\$ <u>(28,821)</u>
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Decrease (increase) in accounts receivable	(28,873)
Decrease (increase) in grants receivable	9,971
Decrease (increase) in prepaid expenses	412
Increase (decrease) in accounts payable	(1,630)
Increase (decrease) in accrued payroll	3,192
Increase (decrease) in payroll taxes payable	<u>(3,063)</u>
Net cash provided by (used for) operating activities	<u>(48,812)</u>

**Cash flows from financing activities:**

Proceeds from Paycheck Protection Program	<u>58,400</u>
Net cash provided by (used for) financing activities	<u>58,400</u>
Net increase in cash and cash equivalents	9,588
Cash and cash equivalents, beginning of year	<u>171,650</u>
Cash and cash equivalents, end of year	<u><u>\$ 181,238</u></u>

## **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, 2020, 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 \$280,916 in restricted contributions during fiscal year 2020.

### **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 2020, 99 volunteers contributed approximately 907 hours, which the Organization has valued at \$24,670. 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 \$9,870.

### **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.

**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, 2020.

H. Advertising

The Organization expenses all advertising costs as they are incurred. Total advertising costs for fiscal years 2020 was \$14,471.

**2. CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2020, the Organization had no uninsured cash balances.

**3. 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. Accounts receivable consist of donations to the Organization through a third-party which had been received by the third-party as of year-end but had not been transferred to the Organization. These receivables are due within one year, and management expects this amount to be fully collectable.

**4. 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.

**5. LINE OF CREDIT**

The Organization has a line of credit agreement with United Bank in the amount of \$50,000. Attached to this line of credit are two credit cards with a \$1,500 spending limit for each card. As of June 30, 2020, the Organization no balance outstanding on this line of credit.

**6. PAYCHECK PROTECTION PROGRAM**

In March 2020, the United States federal government passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which established the \$669-billion Paycheck Protection Program (PPP). This program was intended to help various businesses, organizations, and self-employed individuals effected by the coronavirus (COVID-19) pandemic with payroll costs, rent, utilities, and interest. Employers can apply to have the PPP loan partially or fully forgiven if the employer meets certain criteria. Grant revenue will be recognized at the time when any part of the loan is forgiven. Management of the Organization fully expects its PPP loan to be forgiven in its entirety. For this reason, the Organization has recorded a liability for a conditional contribution in its statement of financial position for \$58,400.

## **7. LIQUIDITY MANAGEMENT**

On the Road Collaborative, Inc. has \$223,329 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 and equivalents of \$181,238, accounts receivable of \$28,873, and grants receivable of \$13,218. 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 \$138,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

## **8. RELATED PARTY TRANSACTIONS**

On the Road Collaborative, Inc. receives grant funding from various governmental and non-governmental organizations. During fiscal year 2020, the Organization received \$15,000 from a nonprofit 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.

## **9. RISK AND UNCERTAINTIES**

On March 11, 2020, the World Health Organization pronounced the coronavirus (COVID-19) outbreak a pandemic. Citizens and the economies of the United States and other countries have been significantly impacted by the pandemic. The duration and total impact are unknown, but so far have been expansive. The Organization has faced operating challenges due to social distancing guidelines issued by the President of the United States and the stay-at-home order issued by the Governor of Virginia. It is unknown how long these conditions will last and what the complete financial effect will be to the Organization.

## **10. SUBSEQUENT EVENTS**

The Organization did not have any subsequent events requiring recordation or disclosure in the financial statements of September 22, 2020, which is the date the financial statements were available to be issued.