

ON THE ROAD COLLABORATIVE, INC.

Reviewed Financial Statements

For the Year Ended June 30, 2023

ON THE ROAD COLLABORATIVE, INC.

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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, 2023, 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.

We are required to be independent of On the Road Collaborative, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

Didawick & Company, P.C.

January 26, 2024

ON THE ROAD COLLABORATIVE, INC.
Statement of Financial Position
As of June 30, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 189,226
Grants receivable	62,409
Prepaid expenses	<u>2,645</u>
Total current assets	<u>254,280</u>

Property and equipment:

Equipment and vehicles	<u>55,847</u>
Total	55,847
Less accumulated depreciation	<u>(6,077)</u>
Net property and equipment	<u>49,770</u>

Total assets	<u><u>\$ 304,050</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 5,698
Accrued payroll	6,246
Payroll payables	<u>5,288</u>
Total current liabilities	<u>17,232</u>

Total liabilities	<u>17,232</u>
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Net assets:

Without donor restrictions	<u>286,818</u>
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Total net assets	<u>286,818</u>
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Total liabilities and net assets	<u><u>\$ 304,050</u></u>
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ON THE ROAD COLLABORATIVE, INC.
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 199,188	\$ -	\$ 199,188
Grants	251,633	456,022	707,655
Fundraising and special events	42,542	-	42,542
In-kind contributions	17,333	-	17,333
Interest income	514	-	514
Gain/(Loss) on sale of assets	274	-	274
Net assets released from restrictions:			
Satisfaction of grant usage restrictions	456,022	(456,022)	-
Total revenues, gains and other support	<u>967,506</u>	<u>-</u>	<u>967,506</u>
EXPENSES:			
Program services:			
Career enrichment	371,204	-	371,204
Academic coaching	232,001	-	232,001
Real-world skills development	139,202	-	139,202
High school readiness	92,801	-	92,801
College exploration	92,800	-	92,800
Supporting services:			
General and administration	62,934	-	62,934
Fundraising	25,947	-	25,947
Total expenses	<u>1,016,889</u>	<u>-</u>	<u>1,016,889</u>
Change in net assets	(49,383)	-	(49,383)
Net assets at beginning of year	<u>336,201</u>	<u>-</u>	<u>336,201</u>
Net assets at end of year	<u>\$ 286,818</u>	<u>\$ -</u>	<u>\$ 286,818</u>

See accompanying notes and accountant's review report.

ON THE ROAD COLLABORATIVE, INC.
Statement of Functional Expenses
Year Ended June 30, 2023

	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	\$ 243,929	\$ 152,456	\$ 91,474	\$ 60,982	\$ 60,982	\$ 29,252	\$ 18,962	\$ 658,037
Employee benefits	7,846	4,903	2,942	1,961	1,961	219	657	20,489
Payroll taxes	18,642	11,651	6,991	4,660	4,660	1,926	1,280	49,810
Total personnel costs	<u>270,417</u>	<u>169,010</u>	<u>101,407</u>	<u>67,603</u>	<u>67,603</u>	<u>31,397</u>	<u>20,899</u>	<u>728,336</u>
Advertising	8,115	5,072	3,043	2,029	2,029	-	-	20,288
Depreciation	2,431	1,519	912	608	607	-	-	6,077
Fundraising	-	-	-	-	-	-	5,048	5,048
Insurance	-	-	-	-	-	7,081	-	7,081
Miscellaneous	862	539	323	216	216	1,126	-	3,282
Other program	72,871	45,544	27,327	18,218	18,218	-	-	182,178
Professional fees	-	-	-	-	-	8,233	-	8,233
Rent	-	-	-	-	-	7,904	-	7,904
Software and technology	-	-	-	-	-	7,193	-	7,193
Transportation	16,508	10,317	6,190	4,127	4,127	-	-	41,269
Total other operating expenses	<u>100,787</u>	<u>62,991</u>	<u>37,795</u>	<u>25,198</u>	<u>25,197</u>	<u>31,537</u>	<u>5,048</u>	<u>288,553</u>
Total operating expenses	<u>\$ 371,204</u>	<u>\$ 232,001</u>	<u>\$ 139,202</u>	<u>\$ 92,801</u>	<u>\$ 92,800</u>	<u>\$ 62,934</u>	<u>\$ 25,947</u>	<u>\$ 1,016,889</u>

ON THE ROAD COLLABORATIVE, INC.
Statement of Cash Flows
Year Ended June 30, 2023

Cash flows from operating activities:

Change in net assets	\$ (49,383)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Adjustments for noncash items:	
Depreciation	6,077
Changes in current assets and liabilities:	
Decrease (increase) in accounts receivable	717
Decrease (increase) in grants receivable	134,220
Decrease (increase) in prepaid expenses	(520)
Increase (decrease) in accounts payable	(5,667)
Increase (decrease) in accrued payroll	1,772
Increase (decrease) in payroll taxes payable	<u>(1,143)</u>
Net cash provided by (used for) operating activities	<u>86,073</u>

Cash flows from investing activities:

Purchase of property and equipment	<u>(55,847)</u>
Net cash provided (used) by investing activities	<u>(55,847)</u>
Net increase (decrease) in cash and cash equivalents	30,226
Cash and cash equivalents, beginning of year	<u>159,000</u>
Cash and cash equivalents, end of year	<u>\$ 189,226</u>

See accompanying notes and accountant's review report.

ON THE ROAD COLLABORATIVE, INC.
Notes to Financial Statements
June 30, 2023

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 youth with equal access to educational opportunities and hands-on career experiences. The Organization is supported primarily through grants and contributions.

B. Financial Statement Presentation

For the year ended June 30, 2023, 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 \$456,022 in restricted contributions during fiscal year 2023.

D. Contributed Nonfinancial Assets

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 2023, 148 volunteers contributed approximately 1,183 hours of their time. 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 \$17,333. Of this amount \$8,500 was for a donated van, \$300 was for photography services, \$3,831 accounting/auditing services, \$1,302 for web services, \$200 in the form of gift cards, and \$3,200 in donated supplies/gifts for events. These in-kind contributions were recognized as in-kind revenues during the current year and none of these were restricted. For the contributed services, values were determined by the vendor providing the service at the prevailing rate at the time of the contribution. The gift cards were valued at their face value. All in-kind contributions were used for program services of the organization during the current fiscal year.

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.

ON THE ROAD COLLABORATIVE, INC.
Notes to Financial Statements
June 30, 2023

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

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.

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, 2023.

H. Advertising

The Organization expenses all advertising costs as they are incurred. Total advertising costs for fiscal year 2023 was \$20,288.

I. Leases

The Organization adopted FASB Topic 842, *Leases*, using the modified retrospective approach with July 1, 2022 as the date of initial adoption. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. In addition, the Organization elected the practical expedient to use hindsight in determining the lease term for existing leases, which resulted in shortening the lease terms for certain existing leases as certain options to renew were not reasonably certain. The Organization leases office space from The Perch at Magpie under what has been determined to be a short-term leasing arrangement and has elected the short-term lease recognition exemption for all applicable classes of underlying assets.

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, 2023, 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, 2023, the Organization had no balances outstanding on this line of credit.

ON THE ROAD COLLABORATIVE, INC.
Notes to Financial Statements
June 30, 2023

6. LIQUIDITY MANAGEMENT

On the Road Collaborative, Inc. has \$251,635 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 \$189,226 and grants receivable of \$62,409. 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 \$250,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

7. SUBSEQUENT EVENTS

The Organization did not have any subsequent events requiring recordation or disclosure in the financial statements of January 26, 2024, which is the date the financial statements were available to be issued.