

**CLASSROOM CHAMPIONS, INC.**

**FINANCIAL REPORT**

**JULY 31, 2018**

# CLASSROOM CHAMPIONS, INC.

## FINANCIAL REPORT JULY 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

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**To the Board of Directors  
Classroom Champions, Inc.  
Jacksonville, Florida**

We have audited the accompanying financial statements of **Classroom Champions, Inc.** (a nonprofit organization), which comprise the statement of financial position as of July 31, 2018, and the related statements of activities, 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 Classroom Champions, Inc. as of July 31, 2018, 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.

A handwritten signature in cursive script that reads "Mauldin &amp; Jenkins, LLC".

Atlanta, Georgia  
January 28, 2019

# CLASSROOM CHAMPIONS, INC.

## STATEMENT OF FINANCIAL POSITION JULY 31, 2018

### ASSETS

Current assets:	
Cash	\$ 210,298
Promises to give - current	205,100
Prepaid expenses	<u>2,880</u>
Total current assets	<u>418,278</u>
Noncurrent assets:	
Promises to give - long term, net	<u>150,000</u>
Total assets	<u>\$ 568,278</u>

### LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 8,255
Accrued expenses	15,828
Bank overdraft	1,098
Related party payable	<u>81,941</u>
Total current liabilities	<u>107,122</u>
Net assets:	
Unrestricted	106,056
Temporarily restricted	<u>355,100</u>
Total net assets	<u>461,156</u>
Total liabilities and net assets	<u>\$ 568,278</u>

See Notes to Financial Statements.

# CLASSROOM CHAMPIONS, INC.

## STATEMENT OF ACTIVITIES YEAR ENDED JULY 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 225,321	\$ 455,100	\$ 680,421
In-kind contributions	1,072,715	-	1,072,715
Program revenue	100,000	-	100,000
Miscellaneous income	1,855	-	1,855
Net assets released from restrictions	299,996	(299,996)	-
Total support and revenue	<u>1,699,887</u>	<u>155,104</u>	<u>1,854,991</u>
Expenses			
Program	1,594,966	-	1,594,966
Management and general	76,479	-	76,479
Fundraising	138,750	-	138,750
Total expenses	<u>1,810,195</u>	<u>-</u>	<u>1,810,195</u>
Change in net assets	(110,308)	155,104	44,796
Net assets, beginning of year	<u>216,364</u>	<u>199,996</u>	<u>416,360</u>
Net assets, end of year	<u>\$ 106,056</u>	<u>\$ 355,100</u>	<u>\$ 461,156</u>

See Notes to Financial Statements.

# CLASSROOM CHAMPIONS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JULY 31, 2018

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	<u>Program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Payroll expense	\$ 166,349	\$ -	\$ -	\$ 166,349
Payroll taxes and other benefits	14,448	-	-	14,448
Management services	18,480	5,600	31,920	56,000
Legal	-	5,403	-	5,403
Accounting	-	9,000	-	9,000
Contractor costs	143,219	49,985	55,882	249,086
Advertising and promotion	79,129	-	42,994	122,123
Office expenses	-	2,832	1,611	4,443
Information technology	28,995	672	-	29,667
Occupancy	7,346	691	605	8,642
Travel	28,867	1,973	1,937	32,777
Conference and meetings	5,448	-	-	5,448
Insurance	3,428	323	282	4,033
Other fundraising expenses	-	-	3,519	3,519
Mentor services - In-kind	1,034,500	-	-	1,034,500
Program supplies	40,914	-	-	40,914
Program activities	23,843	-	-	23,843
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenses	<u>\$ 1,594,966</u>	<u>\$ 76,479</u>	<u>\$ 138,750</u>	<u>\$ 1,810,195</u>

See Notes to Financial Statements.

# CLASSROOM CHAMPIONS, INC.

## STATEMENT OF CASH FLOWS YEAR ENDED JULY 31, 2018

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### OPERATING ACTIVITIES

Change in net assets	\$	44,796
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Changes in operating assets and liabilities:		
(Increase) in promises to give		(155,100)
Decrease in prepaid expenses		16,504
(Decrease) in accounts payable		(2,158)
Increase in bank overdraft		1,098
Increase in accrued expenses		6,014
Increase in related party payable		<u>83,905</u>
Net cash used in operating activities		<u>(4,941)</u>
Net decrease in cash		(4,941)
Cash, beginning of year		<u>215,239</u>
Cash, end of year	\$	<u><u>210,298</u></u>

**See Notes to Financial Statements.**

# CLASSROOM CHAMPIONS, INC.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. ORGANIZATION**

Classroom Champions, Inc. (the “Organization”) was founded for the purpose of providing: leadership training programs and workshops to educate youth; network and development opportunities for educators; community building activities to enrich the lives of youth and families; and programming opportunities to develop quality role models in society. The Organization was incorporated as a Florida not-for-profit corporation on March 28, 2011.

Classroom Champions, Inc. has an unincorporated association with Classroom Champions NPO based in Canada.

### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of presentation**

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. This basis of accounting involves the application of accrual accounting; consequently, revenues are recognized when earned, and expenses are recognized when incurred.

#### **Cash and cash equivalents**

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

#### **Contributions and promises to give**

Contributions received, including unconditional promises to give, are recognized as revenues in the period received at their estimated fair value less an appropriate allowance for uncollectible amounts. Conditional promises to give are recognized when the conditions are substantially met. Pledges receivable over more than one year are recorded at their discounted present value. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The allowance for doubtful pledges is based on specifically identified amounts that the Organization believes to be uncollectible. An additional allowance is recorded based on certain percentages of aged pledged receivables, which are determined based on historical experience and management’s assessment of the general financial conditions affecting the Organization's donor base. If actual collections experience changes, revisions to the allowance may be required. As of July 31, 2018, the Organization had no recorded allowance for doubtful pledges.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Temporarily restricted accounting

Contributions which have donor stipulations that limit their use are recorded as revenue under temporarily restricted net assets and released from restrictions when a stipulated time restriction ends or purpose restriction expires. The related expenses are recorded under unrestricted net assets.

#### Net assets

The Organization presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Financial Statements for Not-For-Profit Organizations*. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three categories of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of July 31, 2018, the Organization had no permanently restricted net assets.

#### Estimates

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements, as well as the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Management's estimate of the functional allocation of expenses is based on management discretion and experience.

#### Income taxes

Classroom Champions, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Organization is not required to pay federal taxes on income, and contributions to the Organization qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Management is not aware of any circumstances or transactions that would jeopardize its tax exempt status.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. There currently are no audits of the Organization's returns in progress.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 3. IN-KIND CONTRIBUTIONS**

The Organization receives contributed services from individuals relating to its programs and administration. Donated goods and services are reflected as contribution revenue in the accompanying statement of activities at their fair market value at the date of receipt.

### **NOTE 4. CONCENTRATIONS**

The Organization maintains its cash in bank deposit accounts that at times exceed federally insured limits. A policy of depositing all such funds in banks of significant financial strength is maintained. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

For the year ended July 31, 2018, 66% of contribution revenue was from one donor and 99% of promises to give was from two donors.

### **NOTE 5. PROMISES TO GIVE**

Promises to give consisted of the following at July 31, 2018:

Current	\$ 205,100
Due in one to five years	150,000
Net promises to give	<u>\$ 355,100</u>

### **NOTE 6. TEMPORARILY RESTRICTED NET ASSETS**

At July 31, 2018, temporarily restricted net assets were available for the following donor restricted purposes:

Time restricted	<u>\$ 355,100</u>
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As of July 31, 2018, the temporarily restricted net assets were held in promises to give.

### **NOTE 7. AGENCY RELATIONS**

In August 2015 the Organization entered into a cost-sharing arrangement with Classroom Champions NPO based in Canada. The entities exchange services under an agency relationship. As of July 31, 2018, amounts payable to Classroom Champions Canada were \$81,941, which are included in liabilities on the accompanying statement of financial position.

### **NOTE 8. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through January 28, 2019, the date that the financial statements were available to be issued.