

**Project Success**  
**of the Nazarene Missionary Baptist Church**  
**Alexandria, Louisiana**  
**Annual Financial Report**  
**June 30, 2017**

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**KnightMadden**

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA  
Dona C. Manuel, CPA

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Coan I. Knight, Jr., CPA  
Stephanie R. Lemoine, CPA

## **Independent Accountant's Compilation Report**

The Board of Directors  
Project Success  
Alexandria, Louisiana

Management is responsible for the accompanying financial statements of Project Success (a not for profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information contained in the Supplementary Schedules section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

KnightMadden  
Alexandria, LA  
December 14, 2017

Project Success  
of the Nazarene Missionary Baptist Church  
Statement of Financial Position  
June 30, 2017

Assets

Current Assets	
Cash and cash equivalents	\$ 38,490
Total Current Assets	<u>38,490</u>
 Total Assets	 <u>\$ 38,490</u>

Liabilities and Net Assets

Current Liabilities	
Accrued payroll liabilities	\$ 1,707
Due to church general fund	<u>36,783</u>
Total Current Liabilities	<u>38,490</u>
 Total Liabilities and Net Assets	 <u>\$ 38,490</u>

The accompanying notes are  
an integral part of the financial statements.

Project Success  
of the Nazarene Missionary Baptist Church  
Statement of Activities  
For the Period Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenues				
Government grants	\$ -	\$ 127,280	\$ -	\$ 127,280
Total Revenues	-	127,280	-	127,280
Net assets released from restrictions	<u>127,280</u>	<u>(127,280)</u>	<u>-</u>	<u>-</u>
Expenses				
Program services	<u>127,280</u>	<u>-</u>	<u>-</u>	<u>127,280</u>
Total Expenses	<u>127,280</u>	<u>-</u>	<u>-</u>	<u>127,280</u>
Change in Net Assets	-	-	-	-
Net Assets - Beginning of the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets - End of the Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are  
an integral part of financial statements.

Project Success  
of the Nazarene Missionary Baptist Church  
Statement of Cash Flow  
For the Period Ended June 30, 2017

Cash Flows from Operating Activities	
Change in Net Assets	\$ -
Adjustments to reconcile change in net Assets to net cash provided by operating activities:	
Increase in due to church general fund	3,114
Increase in payroll liabilities	<u>(64)</u>
Net Cash Provided by Operating Activities	3,050
Increase in Cash and Cash Equivalents	3,050
Cash and Cash Equivalents, Beginning of Year	<u>35,440</u>
Cash and Cash Equivalents, End of Year	<u>\$ 38,490</u>

The accompanying notes are  
an integral part of the financial statements.

Project Success  
of the Nazarene Missionary Baptist Church  
Statement of Functional Expenses  
For the Period Ended June 30, 2017

	<u>Program Services</u>
Contract services	\$ 1,965
Copier rental	1,269
Evaluations	3,427
Insurance	5,314
Postage, mailing service	196
Supplies	2,500
Telephone, telecommunications	5,039
Payroll expenses	105,629
Conference, convention meetings	<u>1,941</u>
 Total Expenses	 <u><u>\$ 127,280</u></u>

The accompanying notes are  
an integral part of the financial statements.

Project Success  
of the Nazarene Missionary Baptist Church  
Notes to Financial Statements  
June 30, 2017

**Note 1 – Summary of Significant Accounting Policies**

Organization

The Project Success program of the Nazarene Missionary Baptist Church of Alexandria, Louisiana (hereafter referred to as the Organization) was established to provide a prevention program for youths between the ages of 8 and 15. It provides this through educating the youth at various places throughout central Louisiana. Groups are held at different sites in the community and school based services at schools located in the central Louisiana region. The prevention program's mission is family focused, evidence based and outcome driven while maintaining a cost effective delivery system.

The organization receives its monies on a contract basis. Under this method, funds are received on a services provided basis from the State of Louisiana Department of Health and Hospitals.

The costs of providing the program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, when joint costs are present, they are allocated between the program and other supporting services.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Project Success and changes therein are classified and reported as follows:

*Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Project Success and/or the passage of time. When 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.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by Project Success. Generally, the donors of these assets permit the Project Success to use all or part of the income earned on any related investments for general or specific purposes.

Tax Status

Under Section 501(c)(3) of the Internal Revenue Code, the organization is exempt from federal income taxes, therefore, no provision for such taxes has been made. The organization is classified for tax purposes as an other than private foundation.

Project Success  
of the Nazarene Missionary Baptist Church  
Notes to Financial Statements  
June 30, 2017

**Note 1 – Summary of Significant Accounting Policies (continued)**

Support

All support is considered to be available and unrestricted unless grant regulations contain legal requirements and restrictions. The temporarily restricted grant support for fiscal year ended June 30, 2017, was received from the State of Louisiana on a per diem basis.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates have been applied in the determination of donated values and depreciation in preparation of the accompanying financial statements.

Budget Policy

Budgets are prepared by the organization's Director and approved by the grantor of the funds. Budgets are prepared on a basis consistent with generally accepted accounting principles.

Cash and Cash Equivalents

For the purpose of the financial statements, the organization considers all demand deposits and time deposits with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost. Additions, renewals and betterments that extend the useful life of the assets are capitalized. Maintenance and repair expenditures are expensed as incurred. Provisions for depreciation and amortization are computed using the straight-line method over the assets' useful lives, which range from 3 to 39 years.

**Note 2 – Board of Directors' Compensation**

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any members.

**Note 3 – Concentrations of Risk**

Project Success receives the majority of its revenue from funds provided through contracts administered by the Louisiana Department of Health and Hospitals. The contract amounts are appropriated each year by the State government. If significant budget cuts are made at the State level, the amount of funds Project Success receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds Project Success will receive in the next fiscal year.

Project Success  
of the Nazarene Missionary Baptist Church  
Notes to Financial Statements  
June 30, 2017

**Note 4 – Leases**

Project Success is obligated to the following leases, which are classified as operating leases.

- a) Copier Lease- This lease was entered into on June 30, 2011, and is for \$74 per month plus a per copy charge for an undetermined number of payments.

Future minimum lease obligations for the next five years are:

Years Ended <u>June 30</u>	<u>Amounts</u>
2018	\$ 888
2019	\$ 888
2020	\$ 888
2021	\$ 888
2022	\$ 888

The total lease payments made during the year ended June 30, 2017 was \$1,269.

**Note 5 – Net Assets Released from Restrictions**

Net assets were released from restrictions by incurring expenses which satisfy the intended restricted purpose or occurrence of other events which satisfy the grant requirements. There were no permanently restricted net assets or temporarily restricted net assets at June 30, 2017.

**Note 6 – Contingencies**

Project Success evaluates contingencies based upon the best available evidence. The Organization believes that no allowance for loss contingencies is considered necessary. However, the following matters should be considered:

Amounts received from grantor are subject to audit and adjustment by the agency. Any disallowed cost, including amounts already collected may constitute a liability. The amount, if any, which may be disallowed, cannot be determined at this time although the Organization expects such amounts to be insignificant.

**Note 7 – In-Kind Donations**

During fiscal year ended June 30, 2017, the Organization was allowed to use a building and utilities at no cost. The building is owned by the City of Alexandria. No objective measurement on the fair rental value of the buildings and utilities was available; therefore, no income or expense has been recognized.

Project Success  
of the Nazarene Missionary Baptist Church  
Notes to Financial Statements  
June 30, 2017

**Note 8 – Fair Value Measurement**

FASB ACS 820-10, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fair value of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – Represented by quoted prices that are available in an active market. Level 1 securities include highly liquid government bonds, treasury securities, mortgage products and exchange traded equities.
- Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions, and certain corporate, asset backed securities, and swap agreements.
- Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity’s own assumptions about the market risk. Level 3 securities would include hedge funds, private equity securities, and private investments in public entities.

Fair value of assets measured on a recurring basis at June 30, 2017 are as follows:

Fair Value Measurement at June 30, 2017 Using

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$38,490	\$38,490	\$ -	\$ -

**Note 9 – Subsequent Events**

The organization has evaluated subsequent events through December 14, 2017, the date which the financial statements were available to be issued.

## Supplementary Schedules

Project Success  
of the Nazarene Missionary Baptist Church  
Schedule of Compensation, Benefits and Other Payments to Bertha Smith,  
Executive Director  
For the Period Ended June 30, 2017

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 27,300
Travel reimbursement	<u>810</u>
	<u>\$ 28,110</u>