

**STUDENTS WITHOUT MOTHERS, INC.**

**FINANCIAL STATEMENTS WITH  
ACCOUNTANTS' COMPILATION REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2013**



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To the Board of Directors  
Students Without Mothers, Inc.  
Atlanta, Georgia

We have compiled the accompanying statement of financial position of Students Without Mothers, Inc. (a nonprofit organization) as of December 31, 2013, and the related statement of activities and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

We are not independent with respect to Students Without Mothers, Inc.

***Verner & Associates, LLC***

Atlanta, GA  
February 28, 2014

STUDENTS WITHOUT MOTHERS, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2013

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 8,492
PROPERTY AND EQUIPMENT	
Furniture and fixtures	7,853
Accumulated depreciation	<u>7,192</u>
	661
OTHER ASSETS	
Deposits	<u>795</u>
TOTAL ASSETS	<u>\$ 9,948</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accrued rent	\$ 9,159
NET ASSETS	
Unrestricted	789
Temporarily restricted	-
Permanently restricted	<u>-</u>
Total net assets	<u>789</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,948</u>

STUDENTS WITHOUT MOTHERS, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES</b>				
Grants, contributions and sponsorships	\$ 29,177	\$ -	\$ -	\$ 29,177
Fundraising events	32,063	-	-	32,063
Donated goods and services	<u>31,000</u>	<u>-</u>	<u>-</u>	<u>31,000</u>
Total revenues	<u>92,240</u>	<u>-</u>	<u>-</u>	<u>92,240</u>
<b>EXPENSES</b>				
Program Services:				
Scholarship program	11,000	-	-	11,000
Life coaching for students	37,800	-	-	37,800
Other resources	<u>4,631</u>	<u>-</u>	<u>-</u>	<u>4,631</u>
Total program services	53,431	-	-	53,431
Fundraising event expenses	29,425	-	-	29,425
General and administrative	<u>9,531</u>	<u>-</u>	<u>-</u>	<u>9,531</u>
Total expenses	<u>92,387</u>	<u>-</u>	<u>-</u>	<u>92,387</u>
Increase in net assets	(147)	-	-	(147)
Net assets at beginning of year	<u>936</u>	<u>-</u>	<u>-</u>	<u>936</u>
Net assets at end of year	<u>\$ 789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 789</u>

STUDENTS WITHOUT MOTHERS, INC.  
STATEMENT OF CASH FLOWS  
DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (147)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in deposits	1,340
Decrease in accrued expenses	<u>(7,526)</u>
NET CASH FLOWS USED BY OPERATING ACTIVITIES	(6,333)
NET CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES:	
Purchases of property and equipment	<u>(369)</u>
Net increase in cash and cash equivalents	(6,702)
Cash and cash equivalents, beginning of year	<u>15,194</u>
Cash and cash equivalents, end of year	<u>\$ 8,492</u>
SUPPLEMENTAL DISCLOSURES	
Interest paid	\$ -

STUDENTS WITHOUT MOTHERS, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013  
SEE ACCOUNTANTS' COMPILATION REPORT

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**NOTE 1 – DESCRIPTION OF ORGANIZATION AND NATURE OF ACTIVITIES**

Students Without Mothers Inc. (“The Organization”) is a Section 501(c)(3) not-for-profit corporation dedicated to helping high school students without mothers help themselves by empowering them to continue their education. The organization’s main purpose is to provide life coaching and scholarships to college bound high school seniors who are without their mothers due to death or other unfortunate circumstances.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of The Organization is presented to assist in understanding the Organization’s financial statements and notes. The financial statements and notes are representations of the Organization’s management, who are responsible for their integrity and objectivity.

**Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from estimates that were assumed in preparing the financial statements.

**Basis of Accounting**

The accompanying financial statements of the Organization are presented on the accrual basis of accounting.

**Financial Statement Presentation**

The Organization prepares its financial statements in accordance with FASB ASC Topic 958, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets, unrestricted, temporarily restricted, and permanently restricted.

**Classification of Net Assets**

Net assets are reported separately by class as follows:

*Permanently Restricted Net Assets* – Contributions and other inflows of assets whose use is limited by donor-imposed stipulations that the resources must be maintained permanently.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

*Temporarily Restricted Net Assets* – Contributions and other inflows of assets whose use is limited by donor-imposed stipulations that will expire by donorpayment of pledge, passage of time, or can be fulfilled and removed by actions of the entity, such as usage for specific programs.

*Unrestricted Net Assets* – Unrestricted net assets result from revenues derived from unrestricted contributions, return on investments, and other inflows of assets in which use is not limited by donor-imposed restrictions less expenditures. To the extent authorized by the donor, earnings from permanently restricted net assets are available to support the unrestricted activities of the Organization.

**Revenue Recognition**

Contribution revenue is recognized when assets or commitments of unconditional promises to give are received. Grant revenue is recognized as earned and expenses recognized are incurred. Contributions of assets other than cash are recorded at fair value at the date of donation. Contributions restricted in perpetuity are classified as permanently restricted. Contributions that are restricted by the donor for a specific time or purpose, or unpaid contributions not explicitly designated as available to support current operations are reported as temporarily restricted contributions, except those contributions whose restrictions are met in the current fiscal year are recognized as unrestricted revenue. When a donor-stipulated time restriction ends or purpose restriction is accomplished, or when a pledge not designated for current year use is paid, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

All unconditional promises to give, which are expected to be received beyond one year, are discounted to their net present value. Receivables from both pledge and exchange transactions are reduced by any estimated uncollectible amounts.

**Allocation of Expenses**

The costs of providing the various programs and other activities are summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the various programs and supporting services benefited as required by FASB ASC 958-205.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Cash and Cash Equivalents**

Cash and cash equivalents reflect amounts that approximate fair value due to the short maturity of these instruments. The operating checking accounts are included in cash and cash equivalents.

**Property and Equipment**

Acquisitions of property and equipment with an estimated useful life of more than one year are capitalized at cost. Property and equipment are stated at cost. Depreciation is based on the straight-line method over the estimated lives of the respective assets (See Note 4).

**Income Taxes**

Under applicable provisions of the Internal Revenue Code, Students Without Mothers, Inc. is exempt from taxes on income other than unrelated business income.

**Contributed Goods and Services**

The Organization receives donations of goods and services from corporations and individuals. Donated goods and services are recorded as unrestricted contributions when they are received. Donated goods are valued at the Organization's estimate of fair value at the time they are received. Donated services are valued based on the estimated dollar value of the volunteers' time. In 2013 there was \$27,000 in volunteer time donated to student life coaching and \$4,000 in silent auction items and gift cards donated for fundraising events.

**NOTE 3 - STATEMENT OF CASH FLOWS AND CONCENTRATIONS OF  
CREDIT RISK**

Cash consists of demand deposits at a commercial bank. Balances maintained in the Organization accounts, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000. At December 31, 2013 cash balances in these accounts totaled \$8,492 which is below the FDIC insured limit.

STUDENTS WITHOUT MOTHERS, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 - PROPERTY AND EQUIPMENT**

Major classifications of property and equipment and their respective lives are summarized below:

	<u>Depreciable Lives</u>	
Office and computer equipment	5 & 7 Years	\$ 7,853
Less: accumulated depreciation		<u>7,192</u>
		<u>\$ 661</u>

Depreciation expense for the year ended December 31, 2013 totaled \$- 0 -

**NOTE 5 - FUNDRAISING AND SPECIAL EVENTS**

Fundraising and special events are held throughout the year to help raise money and make others aware of the organization.

Fundraising events held in 2013 included the following:

- Girls in Gowns Holiday Jazz Concert
- Macy's Shop for a Cause Event
- Chastain in Ellenwood
- Scholarship Awards Reception

These fundraising events generated a cash surplus of \$14,179, detailed as follows:

Gross receipts	\$ 32,063
Less: direct expenses	<u>17,884</u>
Net surplus	<u>\$ 14,179</u>

As discussed in Note 2, other costs are allocated to fundraising have been allocated among the various programs and supporting services benefited as required by FASB ASC 958-205. Some examples of costs allocated to fundraising include contract labor, rent, telephone expense, and office expenses.

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**NOTE 6 - COMMITMENTS AND CONTINGENCIES**

Students Without Mothers, Inc. concluded a lease in November and now leases office space in Buckhead Georgia from a non-affiliated entity under the terms of a non-cancelable operating lease agreement. The lease runs through December 2015. Rent expense for 2013 was \$3,600. Future obligations under the terms of the lease are as follows:

2014	\$ 4,200
2015	5,400
2016	0
2017	0
2018	0
Thereafter	0
	<u>\$ 9,600</u>