

SWAN: SCALING WALLS
ONE NOTE AT A TIME
Financial Statements
December 31, 2014

WEINHOLD, NICKEL & COMPANY, LLP
Certified Public Accountants
Reamstown, PA 17567

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
SWAN: Scaling Walls A Note At A Time
Lyndell, Pennsylvania

We have reviewed the accompanying statement of unrestricted cash receipts and disbursements of SWAN: Scaling Walls A Note At A Time (a non-profit organization) as of December 31, 2014. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting 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 review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statement. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statement in order for it to be in conformity with the cash basis of accounting as described in the notes to the financial statement.

Weinhold, Nickel & Company, LLP

February 2, 2015

Reamstown, Pennsylvania

SWAN: SCALING WALLS A NOTE AT A TIME
Statement of Unrestricted Cash Receipts and Disbursements
Year Ended December 31, 2014

	<u>2014</u>	
Cash Receipts		
Donations	\$ 62,646	
Other Income	232	
Grant Income	<u>2,300</u>	\$ 65,178
Cash Disbursements		
Program Services		
Office Manager	13,123	
Voice and Instrument Instruction/Coaching	8,685	
Instrument Purchases	4,690	
Performance Expenses	2,710	
Music Books and Materials	313	
Insurance Expense	2,879	
Instrument Repairs	670	
Business Meeting Expenses	1,538	
Conference Expenses	25	
Volunteer Background Checks	110	
Dues and Subscriptions	381	
Postage	391	
Miscellaneous Program Services	<u>570</u>	36,085
Mangement and General		
Office Manager	13,123	
Computer Expenses	614	
Office Rent	3,200	
Advertising	5,130	
Office Supplies	679	
Printing Expenses	375	
Accounting and Legal	5,552	
Consuslting Services	450	
State Filing Fee	100	
Bank Fees	<u>41</u>	<u>29,264</u>
Total Disbursements		<u>65,349</u>
Excess Receipts Over Disbursements		(171)
Cash in Bank - January 1,		<u>33,414</u>
CASH IN BANK - DECEMBER 31,		<u><u>\$ 33,243</u></u>

See Accompanying Notes and Accountant's Report.

SWAN: SCALING WALLS A NOTE AT A TIME
Notes to Financial Statement
December 31, 2014

Significant Accounting Policies

Nature of Activities

The Organization seeks to provide free private music lessons, ensemble training, performance opportunities and various mentoring programs for children and youth in both Pennsylvania and Texas whose parent(s) have been incarcerated or have a history of incarceration.

Basis of Accounting

Income and expenses are accounted for on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. The primary differences between the Organization's accounting basis and generally accepted accounting principles is that activity is recorded when a cash transaction occurs rather than when income and expenses are incurred. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and cash flows in conformity with generally accepted accounting principles.

Income Taxes

SWAN: Scaling Walls a Note at a Time is an organization exempt from United States federal income tax under Section 501(c)(3) of the Internal Revenue Code. Generally, Federal Returns of an Organization Exempt from Income Tax are subject to examination by the IRS for three years after the return is filed.

Cash Receipts

The majority of the Organization's support and revenue comes from contributions. All contributions are considered to be used for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary 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. Restricted donations whose restrictions are met in the same reporting period are accounted for as unrestricted net assets.

Donated Services

A number of volunteers have made significant contributions of their time to various programs. The value of this contributed time is not reflected in these statements because the Organization recognizes support and revenue on the cash basis of accounting.

Donated Materials

Annually, individuals and businesses donate items to the Organization to support the community events and other program activities. The value of all donated materials is not reflected in these statements because the Organization recognizes support and revenue on the cash basis of accounting.

SWAN: SCALING WALLS A NOTE AT A TIME
Notes to Financial Statement
December 31, 2014

Significant Accounting Policies (cont'd)

Financial Statement Presentation

The Organization reports information regarding its cash receipts and disbursements, according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are reported as part of the unrestricted class. For the year ended December 31, 2014, there are no temporarily or permanently restricted net assets.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments. The Organization maintains its cash balances in one financial institution. The balances are subject to limitations established by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2014 the amounts on deposit are fully insured.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be equivalents.

Major Contributors

For the year ended December 31, 2014, the Organization received \$22,000 in support from one major contributor. This support represents approximately 33.70% of the Organization's total support and revenues for the year ended December 31, 2014.

Related Party

The major contributor referred to in the above note is also a member of the Organization's board of directors. The total contributions of all board members totaled \$25,864.

Subsequent Events

Management has evaluated subsequent events through February 2, 2015, the date the financial statements were available to be issued