

SWAN: SCALING WALLS A NOTE AT A TIME

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS REVIEW REPORT

DECEMBER 31, 2020 AND 2019

SWAN: SCALING WALLS A NOTE AT A TIME

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT**To the Board of Trustees of
SWAN: Scaling Walls a Note at a Time**

We have reviewed the accompanying financial statements of SWAN: Scaling Walls a Note at a Time ("SWAN") (a nonprofit organization), which comprise the statements of cash receipts and disbursements for the year ended December 31, 2020 and 2019, 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 the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

Accountant's Responsibility

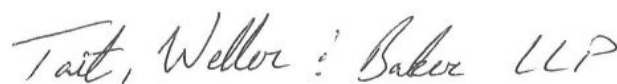
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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 the cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.



Philadelphia, Pennsylvania
February 19, 2021

SWAN: SCALING WALLS A NOTE AT A TIME

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

Years Ended December 31, 2020 And 2019

		2020	
	Without Donor Restrictions	With Donor Restrictions	Total
Cash Receipts			
Donations	\$ 134,507	\$ 13,717	\$ 148,224
Government grant income	-	13,897	13,897
Other Income	58	-	58
Special Events, net	(640)	-	(640)
Cash released from Restrictions	<u>38,288</u>	<u>(38,288)</u>	<u>-</u>
Total Cash Receipts	<u>172,213</u>	<u>(10,674)</u>	<u>161,539</u>
Cash Disbursements			
Program Services			
Personnel	50,297	-	50,297
Voice and Instrument Coaching	48,701	-	48,701
Performance Expenses	19	-	19
Music Books and Materials	298	-	298
Insurance Expense	2,975	-	2,975
Instrument Repairs	212	-	212
Business Meeting Expenses	1,406	-	1,406
Conference Expenses	836	-	836
Postage	715	-	715
Miscellaneous Program Services	<u>2,585</u>	<u>-</u>	<u>2,585</u>
Total Program Services	<u>108,044</u>	<u>-</u>	<u>108,044</u>
Management and General			
Personnel	8,442	-	8,442
Computer Expenses	1,412	-	1,412
Office Supplies	1,466	-	1,466
Accounting and Legal	5,336	-	5,336
State Filing Fees	350	-	350
Advertising	-	-	-
Printing	<u>803</u>	<u>-</u>	<u>803</u>
Total Management and General	<u>17,809</u>	<u>-</u>	<u>17,809</u>
Development			
Personnel	<u>8,442</u>	<u>-</u>	<u>8,442</u>
Total Development	<u>8,442</u>	<u>-</u>	<u>8,442</u>
Total Disbursements	<u>134,295</u>	<u>-</u>	<u>134,295</u>
Excess Receipts Over Disbursements	37,918	(10,674)	27,244
Cash In Bank			
Beginning of year	<u>7,196</u>	<u>16,824</u>	<u>24,020</u>
End of year	<u>\$ 45,114</u>	<u>\$ 6,150</u>	<u>\$ 51,264</u>

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STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS – (Continued)

Years Ended December 31, 2020 And 2019

		2019	
	Without Donor Restrictions	With Donor Restrictions	Total
Cash Receipts			
Donations	\$ 34,319	\$ 34,000	\$ 68,319
Other Income	1,172	-	1,172
Special Events, net	50,062	-	50,062
Cash released from Restrictions	<u>18,580</u>	<u>(18,580)</u>	<u>-</u>
Total Cash Receipts	<u>104,133</u>	<u>15,420</u>	<u>119,553</u>
Cash Disbursements			
Program Services			
Personnel	46,113	-	46,113
Voice and Instrument Coaching	44,820	-	44,820
Performance Expenses	2,067	-	2,067
Music Books and Materials	1,618	-	1,618
Insurance Expense	2,671	-	2,671
Instrument Repairs	2,029	-	2,029
Business Meeting Expenses	3,123	-	3,123
Conference Expenses	354	-	354
Postage	667	-	667
Miscellaneous Program Services	<u>1,153</u>	<u>-</u>	<u>1,153</u>
Total Program Services	<u>104,615</u>	<u>-</u>	<u>104,615</u>
Management and General			
Personnel	6,664	-	6,664
Computer Expenses	1,002	-	1,002
Office Supplies	2,217	-	2,217
Accounting and Legal	5,898	-	5,898
State Filing Fees	350	-	350
Advertising	800	-	800
Printing	<u>337</u>	<u>-</u>	<u>337</u>
Total Management and General	<u>17,268</u>	<u>-</u>	<u>17,268</u>
Development			
Personnel	<u>8,951</u>	<u>-</u>	<u>8,951</u>
Total Development	<u>8,951</u>	<u>-</u>	<u>8,951</u>
Total Disbursements	<u>130,834</u>	<u>-</u>	<u>130,834</u>
Excess Disbursements Over Receipts	(26,701)	15,420	(11,281)
Cash In Bank			
Beginning of year	<u>33,897</u>	<u>1,404</u>	<u>35,301</u>
End of year	<u>\$ 7,196</u>	<u>\$ 16,824</u>	<u>\$ 24,020</u>

SWAN: SCALING WALLS A NOTE AT A TIME

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 And 2019

(1) SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

SWAN: Scaling Walls a Note at a Time (“SWAN”) seeks to provide free private music lessons, ensemble training, performance opportunities and mentoring for children and youth whose parent(s) have been incarcerated or have a history of incarceration. SWAN is also a support group for their students. SWAN’s program reached 211 children in 2019 and 200 children in 2018. Children who benefit from SWAN’s program give back to the community by performing throughout the year in events held on local platforms.

BASIS OF ACCOUNTING

The financial statements are presented on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. The primary differences between SWAN’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. Additionally, capital items, such as property plant and equipment are expensed at the time of purchase. 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 is an organization exempt from United States federal income tax under Section 501(c)(3) of the Internal Revenue Code. Management has reviewed the tax positions for each of the open tax years (2017 – 2019) or expected to be taken in SWAN’s 2020 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

CASH RECEIPTS

The majority of SWAN’s support and revenue come from private contributions. All contributions are considered to be used for purposes without restriction 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 net assets with donor restrictions. When a restriction expires, such net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as cash released from restrictions. Restricted donations whose restrictions are met in the same reporting period are accounted for as net assets without donor restrictions.

DONATED SERVICES

A number of volunteers have made significant contributions of their time to various programs. For the years ended December 31, 2020 and 2019, the fair market value of donated services that SWAN received and recorded in the financial statements are as follows:

	<u>2020</u>	<u>2019</u>
Professional Services	\$37,060	\$36,400
Grant writing	700	-
Performances	1,735	-
Teaching Instruction	-	27,825
Special Event Services	-	600
Accounting Services	-	8,840
	<u>\$39,495</u>	<u>\$73,665</u>

The value of these services is not reflected in the financial statements because SWAN recognizes support and revenue on the cash basis of accounting.

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NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

NET ASSETS

SWAN reports information regarding its cash receipts and disbursements, according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Net assets of the restricted class are created only by donor-imposed restrictions on their use.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been recorded on a functional basis in the statement of cash receipts and disbursements. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time and effort.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject SWAN to concentrations of credit risk consist principally of cash. SWAN maintains its cash balances at two financial institutions. The balances are subject to limitations established by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2020 and 2019, the amounts on deposit are fully insured.

CASH AND CASH EQUIVALENTS

SWAN 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, 2020, SWAN received \$70,115 in support from four major contributors which represented 47% of SWAN's total support and revenues (excluding government grants). For the year ended December 31, 2019, SWAN received \$39,920 in support from three major contributors which represented 33% of SWAN's total support and revenues.

RELATED PARTY TRANSACTIONS

SWAN did not receive any donations directly from its board members in 2020. The total contributions of all board members totaled approximately \$750 in 2019.

(2) NET ASSETS WITH DONOR RESTRICTIONS

For the years ended December 31, 2020 and 2019, net assets with donor restrictions were available for the following purposes:

	<u>2020</u>	<u>2019</u>
York Pennsylvania Program	\$ 6,150	\$11,420
Summer Camp	-	2,500
Instruction	-	2,500
Instrument Repair	-	404
	<u>\$ 6,150</u>	<u>\$16,824</u>

SWAN: SCALING WALLS A NOTE AT A TIME

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

(3) SPECIAL EVENTS

Special events receipts are shown net of direct expenses in the statement of cash receipts and disbursements. For the years ended December 31, 2020 and 2019, expenses of \$1,040 and \$11,605, respectively, were incurred in connection with SWAN's special events.

(4) GOVERNMENT GRANT INCOME

On June 22, 2020, SWAN received a \$13,897 loan under the Small Business Administration's ("SBA") Payment Protection Program ("PPP Loan"). SWAN considers the PPP Loan to be a conditional contribution and considers such conditions to be met upon the incurrence of eligible expenditures. During 2020, SWAN incurred eligible expenditures that support full PPP Loan forgiveness and as such the contribution is reported as government grant income in the Statements of Cash Receipts and Disbursements.

(5) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Financial assets and liquidity resources available within one year for general expenditure consisted of cash which totaled approximately \$51,250 and \$24,000 as of December 31, 2020 and 2019, respectively. Approximately \$6,150 and \$16,800 of this balance is made up of restricted funds to support purposes designated by the donor as of December 31, 2020 and 2019, respectively (See "*Note 2*").

(6) SUBSEQUENT EVENTS

Subsequent events after year-end through the date that the financial statements were available for issuance, February 19, 2021, have been evaluated in the preparation of the financial statements.