

SWAN: SCALING WALLS A NOTE AT A TIME

Financial Statements

December 31, 2015

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

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INDEPENDENT ACCOUNTANT'S 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 (a nonprofit organization), which comprise the statements of cash receipts and disbursements as of December 31, 2015 and 2014. 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 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.

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 accounting principles generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America.

Weinhold, Nickel & Company, LLP

February 2, 2016

SWAN: SCALING WALLS A NOTE AT A TIME
Statements of Cash Receipts and Disbursements
Years Ended December 31, 2015 and 2014

	2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Cash Receipts			
Donations	\$ 19,332	\$ 4,000	\$ 23,332
Grant Income	10,147	0	10,147
Other Income	104	0	104
Cash Released From Restrictions	<u>3,725</u>	<u>(3,725)</u>	<u>0</u>
Total Cash Receipts	33,308	275	33,583
Cash Disbursements			
Program Services			
Office Manager	12,441	0	12,441
Voice and Instrument Coaching	11,692	0	11,692
Instrument Purchases	0	0	0
Performance Expenses	2,289	0	2,289
Music Books and Materials	1,933	0	1,933
Insurance Expense	2,895	0	2,895
Instrument Repairs	377	0	377
Business Meeting Expenses	935	0	935
Conference Expenses	549	0	549
Volunteer Background Checks	37	0	37
Dues and Subscriptions	0	0	0
Postage	639	0	639
Miscellaneous Program Services	<u>241</u>	<u>0</u>	<u>241</u>
Total Program Services	34,028	0	34,028
Management and General			
Office Manager	12,441	0	12,441
Computer Expenses	92	0	92
Office Rent	0	0	0
Advertising	5,488	0	5,488
Office Supplies	504	0	504
Printing Expenses	87	0	87
Accounting and Legal	2,275	0	2,275
Consulting Services	500	0	500
State Filing Fees	100	0	100
Bank Fees	<u>0</u>	<u>0</u>	<u>0</u>
Total Management and General	21,487	0	21,487
Total Disbursements	<u>55,515</u>	<u>0</u>	<u>55,515</u>
Excess Receipts Over (Less than) Disbursements	(22,207)	275	(21,932)
Cash In Bank - January 1	<u>33,243</u>	<u>0</u>	<u>33,243</u>
CASH IN BANK - DECEMBER 31,	<u>\$ 11,036</u>	<u>\$ 275</u>	<u>\$ 11,311</u>

	2014		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Cash Receipts			
Donations	\$ 62,646	\$ 0	\$ 62,646
Grant Income	2,300	0	2,300
Other Income	232	0	232
Cash Released From Restrictions	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts	65,178	0	65,178
Cash Disbursements			
Program Services			
Office Manager	13,123	0	13,123
Voice and Instrument Coaching	8,685	0	8,685
Instrument Purchases	4,690	0	4,690
Performance Expenses	2,710	0	2,710
Music Books and Materials	313	0	313
Insurance Expense	2,879	0	2,879
Instrument Repairs	670	0	670
Business Meeting Expenses	1,538	0	1,538
Conference Expenses	25	0	25
Volunteer Background Checks	110	0	110
Dues and Subscriptions	381	0	381
Postage	391	0	391
Miscellaneous Program Services	<u>570</u>	<u>0</u>	<u>570</u>
Total Program Services	36,085	0	36,085
Management and General			
Office Manager	13,123	0	13,123
Computer Expenses	614	0	614
Office Rent	3,200	0	3,200
Advertising	5,130	0	5,130
Office Supplies	679	0	679
Printing Expenses	375	0	375
Accounting and Legal	5,552	0	5,552
Consulting Services	450	0	450
State Filing Fees	100	0	100
Bank Fees	<u>41</u>	<u>0</u>	<u>41</u>
Total Management and General	29,264	0	29,264
Total Disbursements	65,349	0	65,349
Excess Receipts Over (Less than) Disbursements	(171)	0	(171)
Cash In Bank - January 1	<u>33,414</u>	<u>0</u>	<u>33,414</u>
CASH IN BANK - DECEMBER 31,	<u>\$ 33,243</u>	<u>\$ 0</u>	<u>\$ 33,243</u>

SWAN: SCALING WALLS A NOTE AT A TIME
Notes to Financial Statement
December 31, 2015 and 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, 2015 and 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, 2015, there is \$275 in temporarily restricted net assets and \$0 in permanently restricted net assets. For the year ended December 31, 2014, there were 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, 2015 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, 2015, the Organization received \$15,239 in support from two major contributors. This support represents approximately 45.37% of the Organization's total support and revenues for the year ended December 31, 2015. For the year ended December 31, 2014, the Organization received \$22,000 in support from one major contributor. This support represented approximately 33.70% of the Organization's total support and revenues for the year ended December 31, 2014.

Related Party

One of the major contributors 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 \$8,750 in 2015 and \$25,864 in 2014.

Subsequent Events

Management has evaluated subsequent events through February 2, 2016, the date the financial statements were available to be issued