CAMPAIGN for SCHOOL EQUITY

The Voice for Students

Campaign for School Equity

Financial Statements

December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Campaign for School Equity
Memphis, Tennessee

We have audited the accompanying financial statements of Campaign for School Equity (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the period from inception (June 1, 2016) to December 31, 2017, and the related notes to the financial statements.

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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. According, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Campaign for School Equity as of December 31, 2017, and the changes in its net assets and its cash flows for the initial period then ended in accordance with accounting principles generally accepted in the United States of America.

Cannon Wright Blount PLLC

Memphis, Tennessee
February 20, 2018

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Statement of Financial Position ***December 31, 2017***

ASSETS

Current assets		
Cash	$	147,411
Contributions receivable		17,935
Miscellaneous receivables		471
Total assets	$	165,817

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	$	46,041
Accrued liabilities		6,144
Total liabilities		52,185
Net assets		
Unrestricted		113,632
Total liabilities and net assets	$	165,817

Statement of Activities ***For the Period from Inception (June 1, 2016) to December 31, 2017***

		Unrestricted
Revenues and support		
Grant revenue	$	631,613
Contributions		52,013
Miscellaneous income		900
Total revenues and support		684,526
Expenses		
Program services		319,420
Management and general		210,880
Fundraising		40,594
Total expenses		570,894
Change in net assets		113,632
Net assets, beginning of period		-
Net assets, end of period	$	113,632

Statement of Functional Expenses ***For the Period from Inception (June 1, 2016) to December 31, 2017***

	Program Services	Management and General	Fundraising	Total
Compensation and Related Expenses				
Salaries	$ 158,333	$ 79,964	$ 21,000	259,297
Payroll taxes	13,171	6,652	1,747	21,570
Voluntary benefits expenses	21,011	10,611	2,787	34,409
Cellphone stipends	2,992	1,511	397	4,900
Total compensation and related expenses	195,507	98,738	25,931	320,176
Other Expenses				
Bank charges	-	512	-	512
Contract services fees	98,481	91,640	13,142	203,263
Facility and equipment	9,575	4,103	-	13,678
Insurance	1,892	811	-	2,703
Non-personnel expenses	2,012	1,341	-	3,353
Other expenses	-	3,251	-	3,251
Outreach events	5,949	-	-	5,949
Travel and meetings	5,450	10,115	1,521	17,086
Other miscellaneous expense	554	369	-	923
Totals	$ 319,420	$ 210,880	$ 40,594	$ 570,894

Statement of Cash Flows ***For the Period from Inception (June 1, 2016) to December 31, 2017***

Cash flows from operating activities		
Change in net assets	$	113,632
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in operating assets and liabilities		
Contributions receivable		(17,935)
Miscellaneous receivables		(471)
Accounts payable		46,041
Accrued expenses		6,144
Net cash provided by operating activities		147,411
Cash, beginning of period		-
Cash, end of period	$	147,411

Note 1- Organization

Organization and nature of activities

Campaign for School Equity (the “Organization") was formed on June 1, 2016, as a not-for-profit corporation organized under the laws of the State of Tennessee. The Organization's purpose is ensure that all children, especially those of color, and families in Tennessee have access to high quality education choices by uniting communities of clergy, parents, and students to raise their voices to create effective change. Operations began June 1, 2017.

Note 2- Summary of significant accounting policies

Basis of accounting and presentation

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned and expenses and losses when incurred. Under generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

> *Unrestricted Net Assets:* Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

> *Temporarily Restricted Net Assets:* Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. The Organization has no temporarily restricted net assets at December 31, 2017.

> *Permanently Restricted Net Assets:* Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization has no permanently restricted net assets at December 31, 2017.

Contributions receivable

Contributions receivable represents unconditional promises to give. The Organization considers contributions receivable at December 31, 2017, to be fully collectible; accordingly, no allowance for doubtful accounts is required. All contributions receivable are due within one year.

Contributions

Contributions are reported as increases in unrestricted net assets unless they are restricted by donor-imposed stipulations. Satisfactions of donor imposed stipulations that simultaneously increase unrestricted net assets and decrease temporarily restricted assets are reported as reclassifications. Temporarily restricted revenue received and expended during the same fiscal year is recorded as unrestricted revenue in the statement of activities.

Donated goods and services

Donated goods are reflected as contributions and are recorded at their estimated fair market value at the date of receipt. Donated services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been reflected in the statements for donated goods and services.

Income taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the financial statements.

Functional expense allocation

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Events occurring after reporting date

Management has evaluated events and transactions that have occurred through February 20, 2018, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. No subsequent events have been recognized or disclosed.

Note 3 – Commitment

In September 2017, the Organization committed to purchase services from an organization for $115,000. As of December 31, 2017, $75,000 was left to pay toward this commitment.

Note 4 - Concentrations of credit risks

Cash

The Organization has concentrated its credit risk for cash by maintaining bank deposits which may periodically exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The Organization has not experienced any losses of such funds, and management believes the Organization is not exposed to significant credit risk to cash.

Revenues and support

The Organization received grants from two sources representing approximately 91% of total revenues and support for the period ended December 31, 2017.