NEW BEGINNINGS INCORPORATION: NEW BEGINNINGS TRANSITIONAL SERVICES

Las Vegas, Nevada

FINANCIAL STATEMENTS

As of

DECEMBER 31, 2018

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

Schnaufer & Walker, P.C.
Certified Public Accountants
Dallas, Texas

NEW BEGINNINGS INCORPORATION: NEW BEGINNINGS TRANSITIONAL SERVICES
FINANCIAL STATEMENTS
Year Ended December 31, 2018

TABLE OF CONTENTS

Schnaufer & Walker, P.C.
Certified Public Accountants
2695 Villa Creek Drive, Suite 268
Dallas, Texas 75234
www.TheNonprofitCPA.org
Office: (972) 798-2046 Fax: (866) 334-1362

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Beginnings Incorporation: New Beginnings Transitional Services
Las Vegas, Nevada

We have audited the accompanying financial statements of **New Beginnings Incorporation: New Beginnings Transitional Services** (a Nevada not-for-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, 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 from 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 audits. We conducted our audits 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 **New Beginnings Incorporation: New Beginnings Transitional Services** as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Schnaufer & Walker, P.C.

Dallas, Texas
March 25, 2019

NEW BEGINNINGS INCORPORATION: NEW BEGINNINGS TRANSITIONAL SERVICES
STATEMENT OF FINANCIAL POSITION
December 31, 2018

ASSETS		
Current assets:		
Cash and cash equivalents	$	281
Total current assets		281
TOTAL ASSETS	$	281
LIABILITIES		
Current liabilities:	$	-
TOTAL LIABILITIES		-
NET ASSETS		
Without donor restrictions		281
TOTAL LIABILITIES AND NET ASSETS	$	281

The accompanying notes are an integral part of these financial statements.

NEW BEGINNINGS INCORPORATION: NEW BEGINNINGS TRANSITIONAL SERVICES
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2018

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Operating:		
Revenue and other support:		
Donations	$	10,962
Founder donation		3,449
Miscellaneous income		252
Total revenue and other support		14,663
Expenses:		
Program services:		10,930
Supporting services:		
Fundraising		410
Management and general		3,077
Total supporting services		3,487
Total expenses		14,417
Excess of operating revenue over expenses		246
Increase in net assets		246
NET ASSETS AT BEGINNING OF YEAR		35
NET ASSETS AT END OF YEAR	$	281

The accompanying notes are an integral part of these financial statements.

NEW BEGINNINGS INCORPORATION: NEW BEGINNINGS TRANSITIONAL SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
For the Year ending December 31, 2018

	Program services	Supporting services			
	Programs	Fundraising	Management and general	Total	Totals
Bank fees	$ -	$ -	$ 260	$ 260	$ 260
Contract labor	1,225	-	-	-	1,225
Food	6,529	-	-	-	6,529
Fundraising	-	403	-	403	403
Interest	-	-	396	396	396
Meals and entertainment	-	-	19	19	19
Merchant services	421	-	-	-	421
Miscellaneous	-	-	54	54	54
Office expenses	-	-	1,055	1,055	1,055
Printing	-	-	611	611	611
Professional fees	1,987	-	-	-	1,987
Rent	600	-	150	150	750
Shipping and delivery	-	-	7	7	7
Travel	106	-	105	105	211
Vehicle	-	-	420	420	420
Website	62	7	-	7	69
Totals	$ 10,930	$ 410	$ 3,077	$ 3,487	$ 14,417

The accompanying notes are an integral part of these financial statements.

NEW BEGINNINGS INCORPORATION: NEW BEGINNINGS TRANSITIONAL SERVICES
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from donations	$	7,911
Cash received from miscellaneous income		252
Cash expended for programs		(4,430)
Cash expended for management and general		(3,077)
Cash expended for the fundrasing		(410)
NET CASH PROVIDED BY OPERATING ACTIVITIES		246
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of equipment		-
NET CASH (USED IN) INVESTING ACTIVITIES		-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in restricted cash		-
NET CASH PROVIDED BY FINANCING ACTIVITIES		-
NET INCREASE IN CASH AND CASH EQUIVALENTS		246
BEGINNING CASH AND CASH EQUIVALENTS		35
ENDING CASH AND CASH EQUIVALENTS	$	281
Supplemental cash flow disclosure:		
Contributed services and materials	$	6,500
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in net assets	$	246
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable		-
(Decrease) increase in accounts payable		-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	246

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

New Beginnings Incorporation: New Beginnings Transitional Services (the Organization) is incorporated under the laws of the State of Nevada as a not-for-profit corporation. The Organization has locations in Las Vegas, Nevada and Redondo Beach, California. The objectives of the Organization are established within the fields of behavioral health and mental health counseling. The principals of the Organization bring extensive expertise associated with case management, marriage and family therapy, psychosocial rehabilitation, career, education and vocational counseling, basic skills training, life path counseling, grief and bereavement counseling, trauma treatment and community training. The Organization has two community programs that they are actively involved in: the **Food Secure Project**, where food cards are distributed exclusively to military families, and the **Rapid Re-Housing Project**, where they help low income families obtain housing. The Organization derives most of their revenue from free-will donations.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of Accounting</u>

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, prepaids, payables and accrued expenses, other assets and other liabilities. Under the accrual method of accounting, revenues are recorded when earned and expenses are recorded when incurred. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

<u>Income Taxes</u>

The Organization is a not-for-profit Organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is required to file annual reports with the Internal Revenue Service, form 990, Return of Organizations Exempt from Federal Income Tax. The Organization is in compliance with all federal tax filings for the year ended December 31, 2018.

<u>Basis of Presentation</u>

The financial statements of the Organization have been prepared in accordance with United States generally accepted accounting principles (GAAP) and include all accounts of the Organization. For financial reporting purposes, the Organization follows the reporting requirements of GAAP, which requires that resources be classified for accounting and reporting purposes based on the existence or absence of donor imposed restrictions. This is accomplished by the classification of net asset balances into two classes of net assets: without donor restrictions and with donor restrictions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Organization accounts for its funding in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, ASU No. 2016-14 - *Not-for-Profit Entities (Topic 958)*, which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to donor imposed restrictions. ASC Topic 958 requires that unconditional promises to give (pledges) be recorded as receivables and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Descriptions of the two net asset categories are as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time.

Donations are recognized when earned, irrespective of when paid. Refundable advances are recorded when the revenue is earned, not received. Contributions are recognized as revenue when received or pledged and are recorded as net assets with donor restrictions and net assets without donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the contribution is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

At December 31, 2018, there were no net assets with donor restrictions. At December 31, 2018, net assets without donor restrictions were $281, have been designated to be used with the permission of the Board of Directors (the “Board”).

Fair Value of Financial Instruments

The Organization’s financial instruments consist of cash and cash equivalents. Cash and cash equivalents are stated at fair value.

Cash and Cash Equivalents

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Noncash Donations and Contributed Services

Donated materials, fixed assets, and certain services are reflected as contributions at their estimated fair values on the date of receipt and are recorded in the appropriate asset or expense account. Services are recorded if they create or enhance nonfinancial assets or require special skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Classification of Revenue and Expense

Operating activities include items which are directly related to the Organization or are essential support elements of those programs. The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program activities and supporting services in the statements of functional expenses. Depreciation and interest expense have been allocated to the related operating activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities.* The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The updated guidance addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The main provisions of this guidance include: presentation of two net asset classes versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. The Organization has adjusted the presentation of these financials statements accordingly. The ASU has been applied retroactively to all periods presented.

NOTE C – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted as shown in the statements of functional expenses. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

NOTE D – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2018, financial assets and liquidity resources available within one year for general expenditures, such as ongoing operations and expansion efforts were as follows:

Cash and cash equivalents	**$ 281**
Total financial assets, at year end	
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with purpose restriction	**(-)**
Financial assets available to meet cash needs for general expenditures within one year	**$ 281**

Expenses for ongoing operations are covered by a combination of monthly client fees, donations, miscellaneous revenue and available financial assets. Average monthly revenue in 2018 was $1,222. Average monthly expenses for ongoing operations in 2018 was $1,201. Thus, average monthly revenue from client fees covered 102% of average monthly expenses in 2018.

NOTE E – CONCENTRATION OF REVENUE

In 2018, the Organization received $6,500 or 45% of the Organization's revenue in food cards from Kroger. The food cards were allowed to be distributed only to military families under the Food Secure Project. Also, an officer contributed $3,449 or 24% of the Organization's revenue. The Organization is dependent on the continued support of Kroger and of the officer, almost 80% of total revenue, for the Organization to continue to support its programs.

NOTE F – IN-KIND DONATIONS

In 2018, the Organization received in-kind donations of food cards from Kroger valued at $6,500. These in-kind food donations totaled approximately 45% of the Organization's reported revenue. The Organization distributed all food cards received from Kroger and were allowed to only give the food cards to military families under the Food Secure Project.

NOTE G – SUBSEQUENT EVENTS

FASB ASC 855-10 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. That is, whether that date represents the date the financial statements were issued or were available to be issued. The Organization has evaluated subsequent events for potential recognition and/or disclosure in these financial statements through March 25, 2019, the date that the financial statements were available to be issued.