

Undies For Everyone

Financial Statements – Cash Basis
and Independent Auditors' Report
for the year ended December 31, 2017

Independent Auditors' Report

To the Board of Directors of
Undies For Everyone:

We have audited the accompanying financial statements of Undies For Everyone, which comprise the statement of assets and net assets – cash basis as of December 31, 2017 and the related statement of cash receipts and disbursements – cash basis 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 the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management also is 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.

Auditors' 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 our 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 auditors' 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 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 assets and net assets of Undies For Everyone as of December 31, 2017 and related cash receipts and disbursements for the year then ended in accordance with the cash basis of accounting.

Basis of Accounting

As described in Note 1, these financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Blazek & Vetterling

May 16, 2018

Undies For Everyone

Statement of Assets and Net Assets – Cash Basis as of December 31, 2017

ASSETS

Cash	\$ 659,357
TOTAL ASSETS	<u>\$ 659,357</u>

NET ASSETS

Unrestricted	\$ 26,216
Temporarily restricted (<i>Note 2</i>)	<u>633,141</u>
TOTAL NET ASSETS	<u>\$ 659,357</u>

See accompanying notes to financial statements.

Undies For Everyone

Statement of Cash Receipts and Disbursements – Cash Basis for the year ended December 31, 2017

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
CASH RECEIPTS:			
Contributions	\$ <u>145,891</u>	\$ <u>1,092,749</u>	\$ <u>1,238,640</u>
Total cash receipts	145,891	1,092,749	1,238,640
Net assets released from restrictions:			
Expended for restricted purpose	<u>459,608</u>	<u>(459,608)</u>	<u> </u>
Total	<u>605,499</u>	<u>633,141</u>	<u>1,238,640</u>
CASH DISBURSEMENTS:			
Underwear distribution	509,358		509,358
Management and general	92,255		92,255
Fundraising	<u>39,370</u>		<u>39,370</u>
Total cash disbursements	<u>640,983</u>		<u>640,983</u>
INCREASE (DECREASE) IN CASH	(35,484)	633,141	597,657
Net assets, beginning of year	<u>61,700</u>	<u> </u>	<u>61,700</u>
Net assets, end of year	\$ <u>26,216</u>	\$ <u>633,141</u>	\$ <u>659,357</u>

See accompanying notes to financial statements.

Undies For Everyone

Notes to Financial Statements for the year ended December 31, 2017

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Undies For Everyone was incorporated in 2012 under the Texas Non-Profit Corporation Act. Its mission is to enhance the self-esteem, dignity, hygiene, and success of disadvantaged students by providing them with clean underwear. Undies For Everyone serves students in Houston, Dallas and the surrounding areas.

Approximately 1,800 volunteers have contributed significant amounts of time distributing underwear for which no amount has been reported in the financial statements. Additionally, Undies For Everyone distributed approximately 1.4 million pairs of underwear in conjunction with its back to school programs in Houston, Dallas and the surrounding areas, as well as its hurricane assistance program.

Basis of presentation – The accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements. Noncash transactions are not recognized in the financial statements.

Federal income tax status – Undies For Everyone is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §170(b)(1)(A)(vi).

Cash – Bank deposits exceed the federally insured limit per depositor per institution.

Net asset classification – Contributions and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects such as by contract or board designation.
- *Temporarily restricted net assets* include contributions restricted by the donor for specific purposes or future time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Contributions are recognized as revenue when cash is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support.

New financial accounting pronouncement – In August 2016, the Financial Accounting Standards Board 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 ASU are aimed at providing more useful information to users of not-for-profit financial statements. Under this ASU, net assets will be presented in two classes: *net assets with donor restrictions* and *net assets without donor restrictions* and underwater endowments will be grouped with *net assets with donor restrictions*. New or enhanced disclosures will be required about the nature and composition of net assets, and the liquidity and availability of resources for general operating expenditures within one year of the balance sheet date.

Expenses will be required to be presented by both nature and function, and investment return will be presented net of external and direct internal investment expenses. Absent explicit donor stipulations, restrictions on long-lived assets will expire when assets are placed in service. The ASU is effective for Undies For Everyone in fiscal year 2018. Adoption of this ASU will impact the presentation and disclosures of the financial statements.

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017 are available for the following purposes:

Disaster relief	\$ 628,141
Future periods	<u>5,000</u>
Total temporarily restricted net assets	<u>\$ 633,141</u>

NOTE 3 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 16, 2018, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.
