

Usher's New Look, Inc.

FINANCIAL STATEMENTS

September 30, 2016
with Comparative Totals for 2015



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com | blog.cricpa.com



Usher's New Look, Inc.
Table of Contents
September 30, 2016 with Comparative Totals for 2015

REPORT

Independent Auditors' Report	3
------------------------------	---

FINANCIAL STATEMENTS

Statements of Financial Position	5
----------------------------------	---

Statements of Activities	6
--------------------------	---

Statements of Cash Flows	7
--------------------------	---

Notes to Financial Statements	8
-------------------------------	---



REPORT

INDEPENDENT AUDITORS' REPORT

Board of Directors
Usher's New Look, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Usher's New Look, Inc. (the Organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities 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 error or fraud.

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 the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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 auditors consider internal control relevant to the Organization'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 Organization'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 financial position of Usher's New Look, Inc. as of September 30, 2016, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
December 15, 2016



FINANCIAL STATEMENTS

Usher's New Look, Inc.
Statements of Financial Position

<i>September 30,</i>	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Assets				
Cash and cash equivalents	\$ 338,579	\$ 104,789	\$ 443,368	\$ 1,126,915
Promises to give	-	-	-	198,831
Less allowance for doubtful accounts	-	-	-	10,000
	-	-	-	188,831
Other assets	36,910	-	36,910	13,537
Property and equipment				
Website	55,985	-	55,985	55,985
Computers	31,643	-	31,643	28,573
Office equipment	10,130	-	10,130	7,433
	97,758	-	97,758	91,991
Less accumulated depreciation	85,969	-	85,969	80,564
	11,789	-	11,789	11,427
Total assets	\$ 387,278	\$ 104,789	\$ 492,067	\$ 1,340,710
Liabilities and Net Assets				
Accounts payable and accrued expenses	\$ 114,585	\$ -	\$ 114,585	\$ 124,757
Deferred rent	6,553	-	6,553	-
Net assets	266,140	104,789	370,929	1,215,953
Total liabilities and net assets	\$ 387,278	\$ 104,789	\$ 492,067	\$ 1,340,710

The accompanying footnotes are an integral part of these statements.

Usher's New Look, Inc.
Statements of Activities

<i>Years ended September 30,</i>	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Revenues and support				
Contributions	\$ 506,493	\$ 248,890	\$ 755,383	\$ 1,688,770
Digital curriculum	137,750	-	137,750	590,749
In-kind contributions	50,400	-	50,400	30,000
Merchandise sales	-	-	-	8,000
Interest income	245	-	245	161
Loss on sale of property and equipment	-	-	-	(1,109)
Net assets released from restrictions	422,172	(422,172)	-	-
Total revenues and support	1,117,060	(173,282)	943,778	2,316,571
Expenses				
Program services	1,253,955	-	1,253,955	1,218,240
Management and general	157,697	-	157,697	236,516
Fundraising	377,150	-	377,150	268,651
Total expenses	1,788,802	-	1,788,802	1,723,407
Change in net assets	(671,742)	(173,282)	(845,024)	593,164
Net assets at beginning of year	937,882	278,071	1,215,953	622,789
Net assets at end of year	\$ 266,140	\$ 104,789	\$ 370,929	\$ 1,215,953

The accompanying footnotes are an integral part of these statements.

Usher's New Look, Inc.
Statements of Cash Flows

<i>Years ended September 30,</i>	2016	2015
Operating activities		
Change in net assets	\$ (845,024)	\$ 593,164
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	5,405	10,738
Loss on sale of property and equipment	-	1,109
Decrease (Increase) in assets and increase (decrease) in liabilities		
Promises to give	188,831	246,360
Other assets	(23,373)	(2,616)
Accounts payable and accrued expenses	(10,172)	77,894
Net cash provided by (used in) operating activities	(677,780)	926,649
Investing activities		
Proceeds from disposal of fixed assets	-	1,625
Capital expenditures	(5,767)	(13,133)
Net cash used in investing activities	(5,767)	(11,508)
Financing activities		
Principal payments on line of credit	-	(147,363)
Net increase (decrease) in cash and cash equivalents	(683,547)	767,778
Cash and cash equivalents at beginning of year	1,126,915	359,137
Cash and cash equivalents at end of year	\$ 443,368	\$ 1,126,915

Supplemental schedule on non-cash investing and financing activities and certain cash flow information:

There were no non-cash investing and financing activities for the years ended September 30, 2016 and 2015.

Supplemental cash flow information:

Interest paid	\$	-	\$	4,247
---------------	----	---	----	-------

The accompanying footnotes are an integral part of these statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Usher's New Look, Inc. (the Organization) was incorporated in the state of Georgia and operates as a public charity. The Organization's purpose is to empower youth from under-served communities by providing them with the economic and educational building blocks necessary to become corporate and community leaders. The Organization continues to expand its programs, and more importantly, to impact youth's perception of empowerment through service. The Organization strives to make its services more diverse, relevant and accessible to all young people. Support for the Organization is primarily derived from corporations, individuals and other charitable contributors.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

A summary of the significant accounting policies of the Organization applied in the preparation of the accompanying financial statements follows.

Reporting Entity

In evaluating how to define the Organization for financial reporting purposes, management has considered all potential operations and activities. The basic criterion for including a potential operation or activity within the reporting entity is the Organization's ability to exercise oversight responsibility. A second criterion is the scope of service, and a third is the existence of special responsibilities. Based upon the application of these criteria, the reporting entity includes all of the Organization's operations and activities.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities* (ASC 958). Under ASC 958, the Organization's contributions received, including unconditional promises to give must be recognized as revenues in the period received at their fair values. Further, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted assets and permanently restricted assets. These financial statements present information as of September 30, 2016 and 2015 and for the years then ended.

In addition, the Organization is required to present a statement of cash flows.

Unrestricted net assets include amounts that are not subject to donor-imposed stipulations used to account for resources available to carry out the purposes of the Organization in accordance with the limitations of its bylaws. The principal sources of unrestricted funds are private donations and grants.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (continued)

Temporarily restricted net assets are those resources currently available for use but expendable only for purposes specified by the donor or grantor and may, or will, be met by actions of the Organization and/or the passage of time. Such resources originate from contributions restricted for specific purposes or a specific future time frame. When a donor or grantor 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Promises to Give

Promises to give within one year are recorded at the face value of the promise. Promises to give that are more than one year from the promise date are discounted based on the Organization's borrowing rate. As of September 30, 2016, there were no outstanding promises to give.

The Organization provides for doubtful receivables equal to the estimated collection losses that will be incurred in the collection of all receivables. The estimated losses are based upon historical collection experience coupled with a review of the current status of all receivables. As of September 30, 2016, there were no allowances. As of September 30, 2015, the allowance was \$10,000.

Property and Equipment

Property and equipment is stated at cost. The Organization capitalizes property and equipment with a cost of \$250 or more and a useful life in excess of one year. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method.

The estimated useful lives of the various classes of assets are as follows:

Class of Asset	Estimated Useful Lives
Website	3
Computers	3
Office equipment	3-10

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Gifts of cash and other assets are recorded as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Digital curriculum is recognized upon delivery of digital curriculum, and all contractual obligations by the Organization have been fulfilled.

Donated Materials and Services

Materials are reported at fair market value as of the date of the gift. Only donated services that would otherwise have to be purchased from a vendor are reflected in the financial statements. A substantial number of volunteers have donated their time to the Organization's program services. The Organization received approximately \$50,000 and \$30,000 in goods and services related to in-kind donations during the years ended September 30, 2016 and 2015, respectively.

Functional Expenses

The Organization allocates its expenses on a functional basis for its program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Interest

Interest costs are recorded to expenses as incurred. Interest expense of approximately \$0 and \$4,700 was recognized in management and general expenses during the years ended September 30, 2016 and 2015, respectively.

Tax Status

The Organization is exempt from federal and state income taxes under the provisions of §501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has also determined that the Organization is not a private foundation as defined by §509(a)(1) of the Code.

NOTE 2: LINE OF CREDIT

During June 2016, the Organization extended the terms of the line of credit agreement to mature in July 2017. The maximum borrowing amount remained at \$350,000 with a variable interest rate based on the Prime Rate. The applicable interest rate was 4.5% at September 30, 2016, and bears a minimum rate of 2.5% per annum. The line is secured by substantially all of the Organization's assets and is personally guaranteed by a board member. There were no borrowings on the line of credit at September 30, 2016.

NOTE 3: COMMITMENTS AND CONTINGENCIES

The Organization leases office space and certain office equipment under non-cancelable lease agreements expiring at varying dates through 2021. These leases are classified as operating leases in accordance with FASB ASC 840, *Leases*. Lease expense was approximately \$80,400 and \$44,500 for the years ended September 30, 2016 and 2015, respectively.

The following is a schedule of the future minimum lease payments required under non-cancelable operating leases as of September 30, 2016:

<i>Year ending September 30,</i>	
2017	\$ 74,000
2018	77,100
2019	80,900
2020	84,900
2021	21,500
Total minimum payments	\$ 338,400

NOTE 4: COMMITMENTS AND CONTINGENCIES

The Organization from time to time has cash deposits with financial institutions, which fluctuate in excess of the insured limitation of the Federal Deposit Insurance Corporation. If the financial institutions were not to honor their contractual liability, the Organization could incur losses. Management is of the opinion that there is no risk of loss due to the financial strength of these institutions.

From time to time, the Organization may have asserted and unasserted claims arising in the normal course of business. The Organization received a demand letter from a former vendor; however, the Organization does not expect losses, if any, arising from these asserted and unasserted claims to have a material effect on the financial statements.

NOTE 5: SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 15, 2016, which is the date that the financial statements were available to be issued.