

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

SO WHAT ELSE, INC

DECEMBER 31, 2018

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KOZAK, POLLEKOFF & GOLDMAN, P.C.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Members
So What Else, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of So What Else, Inc. (a Not-For-Profit Organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, cash flows, 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, and as described in Note 2; 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.

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 issued by the American Institute of Certified Public Accountants. 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 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 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 financial position of So What Else, Inc. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended on the basis of accounting described in Note 2.

Thak, Peller & Goldman, P.C.

Vienna, Virginia
November 22, 2019

SO WHAT ELSE, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

ASSETS	
Cash and cash equivalents	<u>\$ 136,386</u>
TOTAL ASSETS	<u>136,386</u>
LIABILITIES	
Accounts payable	<u>\$ 11,409</u>
TOTAL LIABILITIES	11,409
NET ASSETS	
Net asset - without donor restrictions	<u>124,977</u>
TOTAL NET ASSETS	<u>124,977</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 136,386</u>

See notes to financial statements

SO WHAT ELSE, INC.

STATEMENT OF ACTIVITIES

DECEMBER 31, 2018

REVENUE AND OTHER SUPPORT	
Contributions	\$ 235,230
Gala/Event contributions	299,916
Grant income	120,445
Interest income	<u>1</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>655,592</u>
EXPENSES	
Program expenses	454,467
Management and general	50,391
Fundraising	<u>140,383</u>
TOTAL EXPENSES	<u>645,241</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	10,351
NET ASSETS WITHOUT DONOR RESTRICTIONS, AT BEGINNING OF YEAR	<u>114,626</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, AT END OF YEAR	<u><u>\$ 124,977</u></u>

See notes to financial statements

SO WHAT ELSE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

DECEMBER 31, 2018

	Supporting Services			Total
	Program Services	Management and General	Fundrasing	
Compensation and payroll				
Payroll	\$ 156,266	\$ 28,230	\$ 47,163	\$ 231,659
Payroll taxes	22,624	2,160	4,021	\$ 28,805
	178,890	30,390	51,184	260,464
Bank service charge	-	962	-	962
Check printing charge	1,665	-	-	1,665
Conferences and certifications	-	1,585	-	1,585
Dues & subscription		931	-	931
Supplies	35,601	1,773	-	37,374
Car & Truck	843	-	-	843
Legal & Professional		8,171	-	8,171
Website hosting		216	-	216
Meals	126	327	-	453
Event expense	-	-	81,828	81,828
General liability insurance	8,965	-	-	8,965
Grant Expense	11,500	-	-	11,500
Marketing	-	-	7,371	7,371
Network for good fee	-	360	-	360
Paypal service fee	-	5,676	-	5,676
Program expense	216,877	-	-	216,877
	\$ 454,467	\$ 50,391	\$ 140,383	\$ 645,241

See notes to financial statements

SO WHAT ELSE, INC.

STATEMENT OF CASH FLOWS

DECEMBER 31, 2018

RECONCILIATION OF INCREASE IN NET ASSETS TO CASH
PROVIDED BY OPERATING ACTIVITIES

Increase in net assets without donor restrictions	\$ 10,351
Adjustments to reconcile increase in net assets to net assets provided by operating activities:	
Increase in accounts payable	<u>11,409</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>21,760</u>
INCREASE IN CASH AND CASH EQUIVALENTS	21,760
CASH AND CASH EQUIVALENTS - BEGINNING	<u>114,626</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 136,386</u></u>

See notes to financial statements

SO WHAT ELSE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 1 – NATURE OF ACTIVITIES

So What Else, Inc. is a 501(C)(3) corporation that is incorporated in the State of Maryland. The Organization provides recreational, fitness, academic, cultural, and community service programs for at-risk youth in the Washington, DC metropolitan area. The Organization works with community leaders to improve and achieve a lasting positive change in the lives of underprivileged children and provides grants, volunteer services, and other contributions to other not-for-profit Organizations that have a similar mission, in order to strengthen the infrastructure of the non-profit community. The Organization accomplishes its mission by raising funds and providing resources to and on behalf of certain individuals and enterprises in need.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with United States generally accepted accounting principles for not-for-profit Organizations.

Cash and Cash Equivalents

For purposes of financial reporting and the statement of cash flows, the Organization considers all highly liquid investments available for current use, with an initial maturity of three months or less, to be cash equivalents.

Net Assets

Net assets are classified based on the existence, or absence, or restrictions imposed by donors. Accordingly, net assets are reported in the following classifications:

- Net assets without donor restrictions – net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the Organization’s mission.
- Net assets with donor restrictions – net assets subject to restrictions imposed by donors. Some restrictions are temporary in nature; those restrictions are either met by certain actions performed by the Organization or through the passage of time. Other restrictions are perpetual in nature, where the donor has stipulated the funds be maintained by the Organization perpetually.

SO WHAT ELSE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Net Assets – continued

Donor-restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from the net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions

Contributions are recognized as revenue in the period received or unconditionally promised, whichever is earlier. Contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions.

Contributed Services

No amounts have been reflected in the financial statements for donated services as of the year ended December 31, 2018. The Organization generally pays for services requiring expertise; however, on occasion, the Organization has employed individuals who volunteer their time and perform a variety of tasks that assist the Organization in achieving their objective. No such events have occurred during the year ended December 31, 2018.

Grant Income

The Organization received grants from several Foundations during 2018. The grants were for the purpose of general operations and had no donor restrictions.

Income Tax Status

The Organization is a not-for-profit Organization that is exempt from federal 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.

SO WHAT ELSE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 2 – SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

Estimates

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. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expense. Actual results could differ from the estimates.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs, management and general, and fundraising. Expenses are allocated based on estimates of time and effort.

Property and Equipment

The Organization's policy is to capitalize property and equipment over \$5,000 and lesser amounts are expensed. Purchased property and equipment is carried at cost; donations of property and equipment are recorded as contributions at their estimated fair value – such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how donated assets are to be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. Net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives.

New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, and other matters. The Organization has implemented the update in its financial statements.

SO WHAT ELSE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 3 – REVENUE CONCENTRATION

For the year ended December 31, 2018, the aggregate amount of revenue recognized was \$655,592. Revenues are derived from three sources: contributions, gala contributions, and government grants; individually, these amounts represent 36%, 46%, and 18% of the aggregate revenue recognized during the year ended December 31, 2018, respectively. See Note 6 for contributions made by related parties.

NOTE 4 – RISK

Financial instruments which subject the Organization to concentrations of credit risk consist primarily of cash and certificates of deposit, which are maintained at a local bank. The Organization does not maintain deposits that exceed Federal Deposit Insurance Corporation limits.

NOTE 5 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 22, 2019, the date the financial statements were available to be issued.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Organization is a not-for-profit entity focused on creating a lasting positive change for individuals who are underprivileged. The Organization receives contributions and grants from donors, which are then expended accordingly or contributed to another not-for-profit institution with a mission in alignment with the Organization's mission, for them to expend. With regard to individuals contributors contributing aggregate amounts exceeding \$5,000, the following members from the Organization's Board of Directors, had contributed the following amounts during the year ended December 31, 2018:

<u>Name (relationship to the Organization)</u>	<u>Amount</u>	<u>Percentage of total income</u>
Clark Winchole	\$ 10,000	3.5%
Rich & Fran Silbert	\$50,000	
Brett Bernstein (SWE director)	10,000	3.0%
Gary Day (SWE director)	23,000	4.7%
Richard Silbert (David Silbert relative)	25,000	5.1%
David Silbert (SWE executive director)	16,500	3.4%
Totals	<u>\$ 70,000</u>	<u>19.7%</u>