

# **Side Project, Inc.**

**(a Non-Profit Corporation)**

*Financial Statements*

December 31, 2016

# SKM

SCHAFFNER KNIGHT MINNAUGH & CO.

*Certified Public Accountants*

[www.skmco.com](http://www.skmco.com)

Erie, PA  Jamestown, NY

*An Independently Owned Member, RSM US Alliance*

**Side Project, Inc. (a Non-Profit Corporation)**  
**Financial Statements**

**Year Ended December 31, 2016**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Side Project, Inc. (a Non-Profit Corporation)  
Erie, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying financial statements of Side Project, Inc. (a Non-Profit Corporation), which comprise the statement of financial position as of December 31, 2016, 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 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. 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.

An independently owned member  
RSM US Alliance



**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Side Project, Inc. as of December 31, 2016, 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.

*Schlusser, Knight, Mirvosh & Company P.C.*

Erie, Pennsylvania  
September 25, 2017

**Side Project, Inc. (a Non-Profit Corporation)**  
**Statement of Financial Position**  
**December 31, 2016**

**ASSETS**

Current assets:

Cash	\$ 14,255
Restricted cash	62,191
Accounts receivable	7,459
Total assets	<u>\$ 83,905</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$ 2,500
Total liabilities	<u>2,500</u>

Net assets:

Unrestricted	19,214
Temporarily restricted	62,191
Total net assets	<u>81,405</u>

Total liabilities and net assets	<u>\$ 83,905</u>
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*See notes to financial statements.*

**Side Project, Inc. (a Non-Profit Corporation)**  
**Statement of Activities**  
**Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Total
Revenues and Support			
Contributions:			
Grants	\$ 2,925	\$ 70,150	\$ 73,075
Donations	31,759	5,000	36,759
Fundraising events	8,285	-	8,285
Program service revenues	69,865	-	69,865
Other income	1,205	-	1,205
Total revenues and support	114,039	75,150	189,189
Net assets released from restriction	41,803	(41,803)	-
Total unrestricted revenues	155,842	33,347	189,189
Expenses			
Program expenses:			
Charitable contributions	14,362	-	14,362
Client expenses	1,672	-	1,672
Office expenses	10,324	-	10,324
Payroll	68,652	-	68,652
Travel	17,167	-	17,167
Workshops	6,569	-	6,569
Fundraising expenses	10,299	-	10,299
General and administrative expenses:			
Advertising	3,506	-	3,506
Dues and subscriptions	826	-	826
Insurance	3,654	-	3,654
Legal and professional	2,208	-	2,208
Office expenses	2,581	-	2,581
Other expenses	4,707	-	4,707
Total expenses	146,527	-	146,527
Increase in net assets	9,315	33,347	42,662
Net assets at beginning of year	9,899	28,844	38,743
Net assets at end of year	\$ 19,214	\$ 62,191	\$ 81,405

*See notes to financial statements.*

**Side Project, Inc. (a Non-Profit Corporation)**  
**Statement of Cash Flows**  
**Year Ended December 31, 2016**

<b>Operating Activities:</b>	
Increase in net assets	\$ 42,662
Changes in operating assets and liabilities using cash:	
Accounts receivable	(3,525)
Accounts payable	(1,100)
Net cash and restricted cash provided by operating activities	<u>38,037</u>
Net increase in cash and restricted cash	38,037
Cash and restricted cash at beginning of year	<u>38,409</u>
Cash and restricted cash at end of year	<u><u>\$ 76,446</u></u>

*See notes to financial statements.*

**Side Project, Inc. (a Non-Profit Corporation)**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

**1. Nature of Activities**

Side Project, Inc. (the Organization) is a 501(c)(3) non-profit organization whose mission is to promote social justice and social change by incubating and developing grassroots projects, with operations in Palm Beach County, Florida as well as in Pittsburgh and Erie, Pennsylvania. The Organization supports individuals, organizations, and institutions focused on social change as they begin to identify, utilize, and add to the existing assets of their community.

**2. Summary of Significant Accounting Policies**

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

**Use of 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 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenue and support are recognized in the period earned and expenses are recognized when incurred.

**Revenue Recognition**

The Organization recognizes program service revenue in the period in which the service revenue is earned.

The Organization recognizes contributions as revenue in the period in which a pledge (promise to give) is received. The Organization considers all contributions to be unrestricted unless specifically restricted by the donor.

**Net Assets**

The Organization classifies resources for accounting and reporting purposes into separate net asset classes based on the absence or existence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories. A description of the Organization's net asset categories is as follows:

Unrestricted Net Assets – Unrestricted net assets are not subject to donor-imposed restrictions or stipulations as to purpose or use.

**Side Project, Inc. (a Non-Profit Corporation)**  
**Notes to Financial Statements (continued)**

**2. Summary of Significant Accounting Policies (continued)**

**Net Assets (continued)**

Temporarily Restricted Net Assets – Temporarily restricted net assets are subject to donor-imposed restrictions or stipulations that may or will be met either by actions of the Organization or the passage of time.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor-imposed restrictions 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 released and reported in the statement of activities as net assets released from restrictions. However, donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

**Cash**

Cash includes all checking account cash balances. At times, cash deposits may exceed federally insured limits.

**Restricted Cash**

Restricted cash represents cash in which the use is restricted to the projects as designated by the donors, and is expected to be used during the course of the next year.

**Accounts Receivable**

The Organization uses the allowance method to account for potential doubtful accounts. Based on collection history and management's review of specific accounts, the Organization believes no allowance for doubtful accounts is necessary at December 31, 2016.

**Income Taxes**

The Organization is exempt for federal tax purposes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

The Organization follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic on *Income Taxes*, which prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before recognized in financial statements. The Organization's statement of financial position at December 31, 2016 does not include any liabilities associated with uncertain tax positions; further, the Organization has no unrecognized tax benefits. The Organization would classify interest and penalties as income tax expense if any were incurred. The Organization is no longer subject to examination of its tax returns for years before December 31, 2013.

**Side Project, Inc. (a Non-Profit Corporation)**  
**Notes to Financial Statements (continued)**

**2. Summary of Significant Accounting Policies (continued)**

**Advertising**

The costs of advertising are recorded as expense when they are incurred. Advertising costs amounted to \$3,506 for the year ended December 31, 2016.

**Subsequent Events**

The Organization has evaluated subsequent events through September 25, 2017, the date the financial statements were available to be issued.

**3. Lease**

The Organization leases a vehicle under an operating lease agreement, requiring monthly payments of \$348 through July 2018. Rental expense amounted to \$5,444 for the year ended December 31, 2016.

**4. Restriction of Net Assets**

Temporary restrictions on net assets at December 31, 2016 are related to numerous community building and social justice projects.