# nonPAREIL INSTITUTE

**Plano, Texas**

**FINANCIAL STATEMENTS**

**As of**

**DECEMBER 31, 2014**

**TOGETHER WITH**

**INDEPENDENT AUDITORS' REPORT**

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

**nonPAREIL INSTITUTE**
**Financial Statements**
**Year Ended December 31, 2014**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors
**nonPareil Institute**
Plano, Texas

We have audited the accompanying financial statements of **nonPareil Institute**, which comprise the balance sheet as of December 31, 2014, 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 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 **nonPareil Institute** as of December 31, 2014, and the results of their operations and their 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
February 6, 2015

**nonPAREIL INSTITUTE**
**Statement of Financial Position**
**December 31, 2014**

| | | |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ | 290,178 |
| Accounts receivable | | 21,009 |
| Inventory | | 127 |
| Prepaid expenses | | 39,748 |
| **Total current assets** | | 351,062 |
| Long-term assets: | | |
| Property and equipment, - net of accumulated depreciation | | 298,398 |
| **Total long-term assets** | | 298,398 |
| **TOTAL ASSETS** | $ | 649,460 |
| **LIABILITIES** | | |
| Current liabilities: | | |
| Accounts payable | $ | 7,001 |
| Accrued expenses | | 44,865 |
| Deferred revenue | | 30,235 |
| **TOTAL LIABILITIES** | | 82,101 |
| Commitments and contingencies | | - |
| **NET ASSETS** | | |
| Unrestricted | | 330,650 |
| Temporarily restricted net assets | | 236,709 |
| **TOTAL NET ASSETS** | | 567,359 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ | 649,460 |

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

**nonPAREIL INSTITUTE**
**Statement of Activities**
**For The Year Ended December 31, 2014**

| **CHANGES IN UNRESTRICTED NET ASSETS** | | **Temporarily** | |
|---|---|---|---|
| Revenue and other support: | **Unrestricted** | **Restricted** | **Total** |
| Training fees | $ 1,125,799 | $ - | $ 1,125,799 |
| Contributions | 104,714 | 364,675 | 469,389 |
| Contributed services and materials | 166,362 | - | 166,362 |
| Fundraising | 121,578 | 12,740 | 134,318 |
| Texas Department for Assistive and Rehabilitative Services (DARS) | 118,343 | - | 118,343 |
| Sponsorships | 32,400 | - | 32,400 |
| Scholarship income | - | 25,250 | 25,250 |
| Sales income | 4,405 | - | 4,405 |
| Miscellaneous income | 2,195 | - | 2,195 |
| Interest income | 205 | - | 205 |
| Net assets released from restrictions | 211,420 | (211,420) | - |
| **Total revenue and other support** | 1,887,421 | 191,245 | 2,078,666 |
| | | | |
| Expenses: | | | |
| Program services | 1,452,307 | - | 1,452,307 |
| Supporting services: | | | |
| Management and general | 126,515 | - | 126,515 |
| Fundraising | 269,055 | - | 269,055 |
| Total supporting services | 395,570 | - | 395,570 |
| **Total expenses** | 1,847,877 | - | 1,847,877 |
| | | | |
| **Increase in net assets** | 39,544 | 191,245 | 230,789 |
| **Net assets, beginning of year** | 291,106 | 45,464 | 336,570 |
| **NET ASSETS, END OF YEAR** | $ 330,650 | $ 236,709 | $ 567,359 |

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

**nonPAREIL INSTITUTE**
**Statement of Functional Expenses**
**For The Year Ended December 31, 2014**

| | Program services | Supporting services | | | |
|---|---|---|---|---|---|
| | Programs | Management and general | Fundraising | Total | Totals |
| Advertising | $ 89,329 | $ - | $ - | $ - | $ 89,329 |
| Bad debts | 3,995 | - | 10,000 | 10,000 | 13,995 |
| Bank charges | 2,016 | 528 | 2,723 | 3,251 | 5,267 |
| Books, subscriptions and reference | 734 | 558 | - | 558 | 1,292 |
| Compensation and benefits | 1,042,375 | 80,640 | 117,477 | 198,117 | 1,240,492 |
| Cost of goods sold | 8,523 | - | - | - | 8,523 |
| Depreciation | 83,127 | 8,498 | 2,501 | 10,999 | 94,126 |
| Donated facilities | 14,908 | - | 1,200 | 1,200 | 16,108 |
| Fundraising | - | - | 77,228 | 77,228 | 77,228 |
| Furniture | 526 | 189 | - | 189 | 715 |
| Hardware | 11,990 | 2,443 | - | 2,443 | 14,433 |
| Insurance | 2,133 | 5,105 | 61 | 5,166 | 7,299 |
| Internet services | 12,667 | 524 | - | 524 | 13,191 |
| Miscellaneous | - | 469 | - | 469 | 469 |
| Office supplies | 12,645 | 3,914 | 323 | 4,237 | 16,882 |
| Professional fees | - | 8,420 | 42,000 | 50,420 | 50,420 |
| Postage and mailing | 442 | 73 | 760 | 833 | 1,275 |
| Printing and copying | 2,061 | 184 | 1,492 | 1,676 | 3,737 |
| Promotional items | 3,675 | - | 765 | 765 | 4,440 |
| Repairs and maintenance | 4,100 | 88 | - | 88 | 4,188 |
| Rent | 103,895 | 3,930 | 2,944 | 6,874 | 110,769 |
| Software and licenses | 8,207 | 1,199 | 99 | 1,298 | 9,505 |
| Special events | 23,465 | - | - | - | 23,465 |
| Telephone | 4,107 | 679 | 282 | 961 | 5,068 |
| Travel and meetings | 17,387 | 9,074 | 9,200 | 18,274 | 35,661 |
| Totals | $ 1,452,307 | $ 126,515 | $ 269,055 | $ 395,570 | $ 1,847,877 |

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

**nonPAREIL INSTITUTE**
**Statement of Cash Flows**
**For The Year Ended December 31, 2014**

| | | |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Increase in net assets | $ | 230,789 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | | 94,127 |
| Loss on disposition of property | | 377 |
| Change in operating assets and liabilities: | | |
| (Increase) in accounts receivable | | (10,495) |
| Decrease in inventory | | 1,219 |
| (Increase) in prepaid expenses | | (12,890) |
| (Decrease) in accounts payable | | (756) |
| Increase in accrued liabilities | | 8,802 |
| Increase in deferred revenue | | 12,643 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | 323,816 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchases of property and equipment | | (177,696) |
| NET CASH USED IN INVESTING ACTIVITIES | | (177,696) |
| **NET INCREASE IN CASH** | | 146,120 |
| **BEGINNING CASH AND CASH EQUIVALENTS** | | 144,058 |
| **ENDING CASH AND CASH EQUIVALENTS** | $ | 290,178 |
| SUPPLEMENTAL INFORMATION | | |
| Contributed services and materials | $ | 166,362 |

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

## NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

**nonPareil Institute D/B/A nonPareil Publishing** and **nonPareil Studio** (the Organization) is a Texas not-for-profit corporation and is located in Plano, Texas. The Organization is dedicated to providing technical and other training to students who have been diagnosed with autism. **nonPareil Institute** hopes to help them learn teamwork, create a sense of community, and achieve fulfilled lives. The programs at **nonPareil Institute** are based around practical solutions that will help them throughout their lifetimes. The Organization's revenue consists of training fees, free-will donations, contributed services and materials, fundraising, sponsorships, scholarships, sales income and interest income.

## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, 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.

### Income Taxes

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 to the Internal Revenue Service, Form 990, Return of Organizations Exempt From Federal Income Tax. nonPareil Institute is in compliance with all federal tax filings as of December 31, 2014.

### Basis of Presentation

Financial statement presentation follows the recommendations of FASB ASC 958, *Revenue Recognition – Contributions Received*, where 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 net assets and permanently restricted net assets.

### Fair Value of Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, accrued expenses and deferred revenue. Accounts receivable, prepaid expenses, accounts payable, accrued expenses and deferred revenue are stated at cost which approximates fair value. Cash and cash equivalents are stated at fair value.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,** continued

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.

Inventory

Inventory is stated at the lower of cost or market using the first-in, first-out method.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over $1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized 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. Property and equipment are depreciated using the straight-line method, ranging from three to seven years. Expenditures for repairs and maintenance are charged to operating expense as incurred.

Deferred Revenue

Resources received in exchange transactions are recognized as deferred revenue to the extent that the earnings process has not been completed. These resources are recorded as unrestricted revenues when the related obligations have been satisfied.

Net Assets

The Organization's net assets, revenues and gains, and expenses are classified as temporarily restricted and unrestricted net assets based on the existence or absence of donor imposed restrictions. Temporarily restricted net assets contain donor imposed restrictions that permit the Organization to use or expend the donated assets as specified and are satisfied by either the passage of time or the actions of the Organization, depending upon the stipulation of the donor. Unrestricted net assets are not restricted by donors, or the donor imposed restrictions have expired.

Recognition of Revenue

Revenue is recorded when earned, not when cash is received. Donations received are recorded as unrestricted, temporarily restricted or permanently restricted net assets 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 donation is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

## 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 statement of activities. Accordingly, certain costs have been allocated among the program activities and supporting services in the statement of functional expenses. Depreciation expense has been allocated to the related operating activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Advertising and Marketing Costs

The Organization charges advertising and marketing costs to operations in the year the expense is incurred. During the year ended December 31, 2014, advertising and marketing expenses incurred were $89,329.

## NOTE C – CONCENTRATION OF CREDIT RISK

As of December 31, 2014, the Organization maintained balances at a financial institution in excess of the $250,000 insured by the Federal Deposit Insurance Corporation. The amount at risk was approximately $40,000.

## NOTE D – PROPERTY AND EQUIPMENT

The Organization's property and equipment consists of the following at December 31, 2014:

| | | |
|---|---|---|
| Property and equipment: | | |
| Computer hardware | $ | 195,040 |
| Computer software | | 119,091 |
| Furniture and equipment | | 116,830 |
| Leasehold improvements | | 133,093 |
| | | 564,054 |
| Accumulated depreciation | | ( 265,656) |
| Property and equipment, net | $ | 298,398 |

The Organization expensed $94,126 to depreciation expense for the year ended December 31, 2014.

## NOTE E – CONTRIBUTED SERVICES AND MATERIALS

For 2014, the Organization received and recognized contributed services and materials as follows:

| | | |
|---|---|---|
| Donated use of facilities | $ | 17,908 |
| Gifts in kind – goods | | 59,125 |
| Gifts in kind – services | | 89,328 |
| Total | $ | 166,362 |

These amounts are included in revenue as unrestricted contributions and in the applicable expense and assets categories in the accompanying financial statements.

In addition, the Organization received contributed services and materials which are not recognized as contributions in the financial statements since the recognition criteria under U.S. GAAP were not met.

## NOTE F – TEMPORARILY RESTRICTED CONTRIBUTIONS

Temporarily restricted contributions are net assets subject to restrictions imposed by the Organization or donor that may or will be met by actions of the Board and/or passage of time. When the restriction expires (i.e., when a stipulated time restriction ends or the Board fulfills the purpose for which the net assets were restricted), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. For the year ended December 31, 2014 there was $300,171 of temporarily restricted contributions given to the Organization for a new location in Houston, Texas, $18,500 given for program extensions, $17,637 given for a new location in Portland, Oregon, $3,825 given for a new location in Fort Worth, Texas, $25,250 given for scholarships, $24,542 for leasehold improvements and for the purchase of furniture, fixtures and equipment, and $12,740 given for various.

## NOTE G – NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets of $211,420 were released from donor restrictions by incurring expenses satisfying the restricted purposes for the year ended December 31, 2014. The temporarily restricted net assets spent were $94,637 on the Houston location, $219 on program extensions, $10,655 on the Portland location, $88 on the Fort Worth location, $29,725 for scholarships, $64,408 on leasehold improvements and for the purchase of furniture, fixtures and equipment, and $11,689 for various.

## NOTE H - TEMPORARILY RESTRICTED NET ASSETS

The Organization's temporarily restricted net assets for the year ended December 31, 2014 were as follows:

| | Beginning Balance | TRNA Contributions | TRNA Released | Ending Balance |
|---|---|---|---|---|
| Houston | $ - | $ 300,171 | ($ 94,637) | $ 205,534 |
| Program extensions | - | 18,500 | (219) | 18,281 |
| Portland | - | 17,637 | (10,655) | 6,982 |
| Fort Worth | - | 3,825 | (88) | 3,737 |
| Scholarships | 4,475 | 25,250 | (29,725) | - |
| Leasehold improvements and furniture, fixtures and equipment | 39,865 | 24,542 | (64,407) | - |
| Various | 1,124 | 12,740 | (11,689) | 2,175 |
| Totals | $ 45,464 | $ 402,665 | ($ 211,420) | $ 236,709 |

## NOTE I – 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 February 6, 2015, the date that the financial statements were available to be issued.