

**REPORT ON  
PRIDE OF QUAKERTOWN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**PRIDE OF QUAKERTOWN**

**Financial Statements**

**For the Year Ended December 31, 2016**

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## FINANCIAL SECTION

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HUTCHINSON, GILLAHAN & FREEH, P.C.  
ACCOUNTANTS, AUDITORS & CONSULTANTS

August 25, 2017

Board of Directors of  
Pride of Quakertown  
Quakertown, PA

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

We have reviewed the accompanying financial statements of Pride of Quakertown (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – cash basis as of December 31, 2016, and the related statement of revenues, expenses, and other changes in net assets – cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

***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; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also 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.

***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

***Basis of Accounting***

We draw attention to Note 2 of the financial statements, which describe the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than the cash basis of accounting. Our conclusion is not modified with respect to this matter.

*Hutchinson, Gillahan & Freeh, P.C.*

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## FINANCIAL STATEMENTS

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**PRIDE OF QUAKERTOWN**  
**Statement of Assets, Liabilities and Net Assets – Cash Basis**  
**As of December 31, 2016**

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**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 36,488	
<b>TOTAL CURRENT ASSETS</b>		<u>36,488</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 36,488</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

\$ -

**UNRESTRICTED NET ASSETS**

Unrestricted	\$ 36,488	
Temporarily Restricted	-	
Permanently Restricted	-	
<b>TOTAL NET ASSETS</b>		<u>36,488</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><u>\$ 36,488</u></u>

See Independent Accountants Review Report.  
The accompanying notes are an integral part of these statements.

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**PRIDE OF QUAKERTOWN**  
**Statement of Revenues, Expenses and Other Changes in Net Assets – Cash Basis**  
**December 31, 2016**

<b><u>REVENUES</u></b>	<b><u>Unrestricted</u></b>	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	<b><u>Total</u></b>
Fundraising Income	\$ 24,655	\$ -	\$ -	\$ 24,655
Donations	16,310	-	-	16,310
Sponsorship Income	6,750	-	-	6,750
<b>TOTAL REVENUE</b>	<b>47,715</b>	<b>-</b>	<b>-</b>	<b>47,715</b>
<b><u>EXPENSES</u></b>				
Fundraising Events	4,722	-	-	4,722
Scholarship Expenses	32,225	-	-	32,225
Management Expenses	2,509	-	-	2,509
Marketing Expenses	1,286	-	-	1,286
Donations	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>40,742</b>	<b>-</b>	<b>-</b>	<b>40,742</b>
 <b>Excess of Revenues over Expenses</b>	 \$ 6,973	 \$ -	 \$ -	 \$ 6,973
 <b>Net Assets, January 1, 2016</b>	 29,515	 -	 -	 29,515
 <b>Net Assets, December 31, 2016</b>	 <b>\$ 36,488</b>	 <b>\$ -</b>	 <b>\$ -</b>	 <b>\$ 36,488</b>

See Independent Accountants Review Report.  
The accompanying notes are an integral part of these statements.

**PRIDE OF QUAKERTOWN**  
**Notes to Basic Financial Statements**  
**December 31, 2016**

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**Note 1 – Nature of Operation**

The Pride of Quakertown is a Pennsylvania Corporation with tax exempt status under Section 501(c)(3) of the Internal Revenue Code of 1954 formed to provide scholarships for children under the age of 18, to participate in co-curricular activities within the Quakertown area community. The Organization has developed partnerships with a variety of recreational program leaders to determine the best way to include scholarship recipients into their desired program. The Organization is supported through fundraising events, donations, and sponsorship income.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Accounting***

The Organization prepares its financial statements on the cash basis of accounting. Under the cash basis of accounting revenues are recognized when received rather than when earned and expenses are recognized when paid rather than incurred. Consequently, fixed assets, debt, accounts receivable, trade accounts payable, and accrued expenses are not included in the financial statements as of December 31, 2016. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

***Financial Statement Presentation***

The financial statements have been prepared in accordance with Statements on Financial Accounting Standards which establish accounting standards for contributions received. Generally, the Standards prescribe that all contributions received are recognized as revenue, at their fair values, and in the period received. The Standards require that contributions received be distinguished between those that increase permanently restricted, temporarily restricted, and unrestricted net asset.

The Standards also prescribe display standards for general-purpose financial statements for all not-for-profit organizations. They require the classification of an organization's net assets, its revenue and expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. They also require that amounts for each of three classes of net assets (permanently restricted, temporarily restricted, and unrestricted) be displayed in the Statement of Assets, Liabilities and Net Assets and that the amounts of the change in each of the three classes of net assets be displayed in the Statement of Revenues, Expenses and Other Changes in Net Assets.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein, are classified and reported as:

***Unrestricted net assets*** – Net assets that are not subject to donor-imposed stipulations.

***Temporarily restricted net assets*** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Church and/or the passage of time. Temporarily restricted funds received and used within the same reporting period are included with unrestricted funds.

***Permanently restricted net assets*** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Church. Generally, the donors of these assets permit the Church to use all or part of the income earned on related investments for general or specific purposes.



**PRIDE OF QUAKERTOWN**  
**Notes to Basic Financial Statements**  
**December 31, 2016**

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**Income Taxes**

The Organization 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. The Organization has reviewed their tax positions as related to any potential unrelated business taxable income for each of the open tax years (2013 through 2015) and has concluded that there are no uncertain tax positions that would require recognition in the financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Due to the use of the cash basis of accounting, no estimates were used in the preparation of these financial statements.

**Major Sources of Support**

Public Support, Revenues and Expenses are recorded when received and disbursed following the cash basis of accounting. The major source of public support is derived from donations from businesses in the community.

Contributions received are recorded as income when they are received and classified as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of support, revenue, expenses and changes in net assets released from restrictions.

**Note 3 - Cash and Cash Equivalents**

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

The Cash and Cash Equivalents balance consists of:

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	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash in Commercial Banks	\$ 36,488	\$ -	\$ -	\$ 36,488
<b>TOTAL CASH PER FINANCIAL STATEMENTS</b>	<b>\$ 36,488</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 36,488</b>

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At December 31, 2016, the carrying amounts of the Organization's cash and equivalents at commercial banks were \$36,488 and the bank balances were \$38,160, which is covered by Federal Deposit Insurance. The difference between the carrying amount and the bank balance is outstanding checks.

**Note 4 - Donated Services**

Unpaid volunteers have made a significant contribution of their time to host fundraising events and administering the Organization. The value of the time contributed by these volunteers is not reflected in the financial statements, since it is not susceptible to objective measurement or valuation.

**PRIDE OF QUAKERTOWN**  
**Notes to Basic Financial Statements**  
**December 31, 2016**

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**Note 5 – Subsequent Events**

Subsequent events have been evaluated through August 25, 2017, the date which the financial statements were available to be issued.