



**TUTORING PLUS OF
CAMBRIDGE, INC.**

Financial Statements

June 30, 2016

Kevin P. Martin & Associates, P.C.

TUTORING PLUS OF CAMBRIDGE, INC.

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June 30, 2016

Independent Accountants' Review Report

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Independent Accountants' Review Report

To the Board of Trustees/Directors of
Tutoring Plus of Cambridge, Inc.
Cambridge, Massachusetts

We have reviewed the accompanying financial statements of Tutoring Plus of Cambridge, Inc. (a nonprofit organization) (the Organization) which comprise the statements of financial position as of June 30, 2016 and the related statements of activities, cash flows and functional expenses for the years 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 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 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' 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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' 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 accounting principles generally accepted in the United States of America.

Kevin P. Martin & Associates, P.C.

May 3, 2017

TUTORING PLUS OF CAMBRIDGE, INC.

Statements of Financial Position

As of June 30, 2016
with Comparative Totals as of June 30, 2015

	2016	2015
Current Assets		
Cash and cash equivalents	\$ 114,715	\$ 95,459
Promises to give	15,250	-
Prepaid expenses	3,686	7,530
Total current assets	133,651	102,989
Equipment		
Equipment	29,550	27,650
Less: accumulated depreciation	(27,616)	(23,058)
Total net equipment	1,934	4,592
Total Assets	\$ 135,585	\$ 107,581
Current Liabilities		
Accounts payable	\$ 347	\$ 4,392
Accrued expenses	6,223	4,984
Deferred revenue	30,000	-
Total current liabilities	36,570	9,376
Net Assets		
Unrestricted net assets	61,765	98,205
Temporarily restricted net assets	37,250	-
Total net assets	99,015	98,205
Total Liabilities and Net Assets	\$ 135,585	\$ 107,581

See accompanying notes and independent accountant's review report

TUTORING PLUS OF CAMBRIDGE, INC.

Statements of Activities

For the Year Ended June 30, 2016
with Comparative Totals for the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
Revenue and Support				
Contributions and grants	\$ 96,427	\$ 70,750	\$ 167,177	\$ 199,249
Special events	33,301	-	33,301	30,390
In-kind donations	225,769	-	225,769	143,329
Services fees	16,000	-	16,000	6,000
Interest income	65	-	65	54
Release from restriction	33,500	(33,500)	-	-
Total Revenue and Support	405,062	37,250	442,312	379,022
Expenses				
Program services	338,878	-	338,878	241,901
General and administrative	49,224	-	49,224	49,824
Fundraising	53,400	-	53,400	61,555
Total Expenses	441,502	-	441,502	353,280
Change in Net Assets	(36,440)	37,250	810	25,742
Net Assets at Beginning of Year	98,205	-	98,205	72,463
Net Assets at End of Year	\$ 61,765	\$ 37,250	\$ 99,015	\$ 98,205

See accompanying notes and independent accountant's review report

TUTORING PLUS OF CAMBRIDGE, INC.

Statements of Cash Flows

For the Year Ended June 30, 2016
with Comparative Totals for the Year Ended June 30, 2015

Cash Flows from Operating Activities	<u>2016</u>	<u>2015</u>
Change in net assets	\$ 810	\$ 25,742
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,558	6,391
Decrease (increase) in assets,		
Promises to give	(15,250)	1,922
Prepaid expenses	3,844	(375)
Increase (decrease) in liabilities		
Accounts payable	(4,045)	(2,689)
Accrued expenses	1,239	673
Deferred revenue	<u>30,000</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>21,156</u>	<u>31,664</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	<u>(1,900)</u>	<u>(576)</u>
Net Cash Used in Investing Activities	<u>(1,900)</u>	<u>(576)</u>
Net Increase in Cash and Cash Equivalents	19,256	31,088
Cash and Cash Equivalents - Beginning	<u>95,459</u>	<u>64,371</u>
Cash and Cash Equivalents - Ending	<u>\$ 114,715</u>	<u>\$ 95,459</u>

See accompanying notes and independent accountant's review report

TUTORING PLUS OF CAMBRIDGE, INC.

Statements of Functional Expenses

For the Year Ended June 30, 2016
with Comparative Totals for the Year Ended June 30, 2015

	Prevention & Education	Tutor/Mentor Management	Total Program	General & Administrative	Fundraising	2016 Total	2015 Total
Salaries	\$ 48,870	\$ 24,902	\$ 73,772	\$ 16,212	\$ 26,631	\$ 116,615	\$ 113,975
Payroll taxes	3,789	1,915	5,704	7,809	2,304	15,817	11,624
Fringe benefits	1,309	464	1,773	138	214	2,125	3,966
Subtotal	<u>53,968</u>	<u>27,281</u>	<u>81,249</u>	<u>24,159</u>	<u>29,149</u>	<u>134,557</u>	<u>129,565</u>
Advertising	25	36	61	65	973	1,099	1,371
Bank charges	-	-	-	-	830	830	796
Consultants	-	-	-	9,540	4,095	13,635	17,414
Depreciation	2,876	-	2,876	1,490	192	4,558	6,391
Dues and subscriptions	160	20	180	-	780	960	663
Equipment maintenance	491	-	491	95	-	586	413
Field trips/transportation	220	-	220	113	75	408	2,740
In-kind facilities	18,000	-	18,000	-	2,000	20,000	18,000
In-kind services	201,605	-	201,605	-	4,164	205,769	125,329
Insurance	-	-	-	9,413	-	9,413	9,100
Meals	3,852	595	4,447	-	-	4,447	2,862
Miscellaneous	951	-	951	159	-	1,110	89
Payroll processing fees	1,301	512	1,813	256	513	2,582	2,973
Postage	89	-	89	145	212	446	1,312
Printing and copying	476	34	510	-	443	953	2,067
Professional fees	-	-	-	3,500	-	3,500	3,500
Special event expenses	-	-	-	-	9,722	9,722	10,050
Staff recruitment and development	284	-	284	-	127	411	3,939
Supplies	1,140	180	1,320	289	-	1,609	1,350
Technology	-	576	576	-	125	701	822
Telephone	343	-	343	-	-	343	314
Workstudy/interns	23,863	-	23,863	-	-	23,863	12,220
	<u>\$ 309,644</u>	<u>\$ 29,234</u>	<u>\$ 338,878</u>	<u>\$ 49,224</u>	<u>\$ 53,400</u>	<u>\$ 441,502</u>	<u>\$ 353,280</u>

See accompanying notes and independent accountant's review report

TUTORING PLUS OF CAMBRIDGE, INC.

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting policies followed by Tutoring Plus of Cambridge, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Organization was organized in Massachusetts under Chapter 180 on June 22, 1971. The mission of the Organization is to support and encourage the academic, personal and social growth of children and youth in Cambridge, Massachusetts, with the help of volunteers and community partners.

The Organization carries out its mission by providing tutoring, mentoring and academic enrichment programs to students in grades 4-12. All programs are provided free of charge to support the Organization's efforts to close the opportunity gap within its community, which disproportionately impacts youth of color and youth from low-income households. The Organization believes that the amount of money a family has should not determine a young person's access to educational, social and personal growth opportunities.

The Organization is one of the longest-running out-of-school time academic programs for Cambridge students. The Organization currently offers 1:1 tutoring and mentoring, five subject-specific enrichment programs (science, engineering, math, coding and literacy) and two gender-specific programs for middle school girls and boys. During the 2015-16 academic year, the Organization served over 230 students with the help of 200 volunteers.

(b) Standards of Accounting and Reporting

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Unrestricted - Unrestricted net assets are not subject to donor imposed restrictions. Unrestricted net assets consist of assets and contributions available for the support of operations. Unrestricted net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.

TUTORING PLUS OF CAMBRIDGE, INC.

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(b) Standards of Accounting and Reporting - continued

Temporarily Restricted - Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a 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.

(c) Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC). At times these balances may exceed the federal insurance limits of \$250,000; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. In addition to FDIC insurance, the bank balances are insured by the Depositors Insurance Fund, which insures the remaining cash balances above the \$250,000 FDIC insurance limit. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2016.

(d) Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of June 30, 2016, management has determined any allowance would be immaterial.

TUTORING PLUS OF CAMBRIDGE, INC.

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(e) Equipment

Equipment is recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Organization computes depreciation using the straight-line method over the following estimated lives for equipment of 3-5 years.

(f) Revenue Recognition

The Organization earns revenue as follows:

Contributions and Grants - Contributions and grants are recorded upon receipt or pledge as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor.

In-kind Donations - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Special Events - Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special event contributions and fees are recognized as income when received.

TUTORING PLUS OF CAMBRIDGE, INC.

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(f) Revenue Recognition - continued

Service Fees - Service fee revenue is earned and recognized by the Organization when units or services are provided and billed under various agreements funded primarily by governmental agencies. All contracts consist of cost-reimbursement contracts, all with ceiling amounts. Under the cost-reimbursement contracts, revenue recognition takes place as costs related to the services provided are incurred. Billings on the contracts are subject to final approval by the governmental Organization.

Deferred revenue represents contribution revenue received prior to year-end. These amounts are deferred and recognized over the periods to which the conditions of the contribution.

Substantially all of the Organization's revenue is derived from foundations, corporations and individual donations. During the year ended June 30, 2016, the Organization derived approximately 50% of its total revenue from in-kind contributions, 38% from contributions and grants, 8% from special events and 4% from service fees. All revenue is recorded at the estimated net realizable amounts.

(g) Fundraising

Fundraising expense relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contribution and special event revenue was 27% for the year ended June 30, 2016. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(h) Special Events

The Organization has determined that special events are incidental to its operations and therefore the direct costs of benefit to the donors is reported with fundraising expense and is not included with special events revenue.

(i) 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 and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization

Payroll and associated costs are allocated to functions based upon actual time charges. Occupancy costs are allocated based upon the allocation of salary.

TUTORING PLUS OF CAMBRIDGE, INC.

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(j) Use of Estimates

In preparing the Organization's financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

(k) Income Taxes

The Organization qualifies as an Organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1).

(l) Summarized Financial Information for 2015

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U. S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

(m) Reclassifications

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

(2) Promises to Give

Promises to give consist of contributions due with-in one year in the amount of \$15,250 as of the year ended June 30, 2016.

TUTORING PLUS OF CAMBRIDGE, INC.

Notes to Financial Statements

June 30, 2016

(3) Contributed Services, Space and Supplies in-Kind

Contributed services, space and supplies in-kind for the year ended June 30, 2016 were as follows:

Pro-bono outside services:	
Tutors	\$ 169,547
Program consultants	3,165
Site/program manager	27,918
Program/fundraising supplies	5,139
Rental space	<u>20,000</u>
Total	\$ <u>225,769</u>

(4) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2016, temporarily restricted net assets are restricted for the following purposes:

Program restricted-prevention and education	\$ 22,000
Time-general purposes	<u>15,250</u>
Total	\$ <u>37,250</u>

(5) Commitments and Contingencies

The Organization receives a portion of its funding from government agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed, if any, and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

The Organization's operations are concentrated in the social service provider field. As such, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the following:

City of Cambridge, Massachusetts

Such administrative directives, rules and regulations are subject to change by an act of Congress, act of the state and local legislature or an administrative change mandated by the City of Cambridge, Massachusetts.

TUTORING PLUS OF CAMBRIDGE, INC.

Notes to Financial Statements

June 30, 2016

(6) Deferred Revenue

During the year ended June 30, 2016, the Organization received a conditional grant in the amount of \$30,000. As of June 30, 2016, the conditions of the grant have not been met and remain in deferred revenue on the statement of financial position.

(7) Subsequent Events

The Organization has performed an evaluation of subsequent events through May 3, 2017 which is the date the Organization's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2016 that required recognition or disclosure in these financial statements.