

THE LADDER ALLIANCE, INC.

Financial Statements

For the Year Ended December 31, 2014

CHARLES O. PAUL

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Ladder Alliance, Inc.

We have audited the accompanying financial statements of The Ladder Alliance, Inc. (the Organization) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, cash flows and functional expenses 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 of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ladder Alliance, Inc. as of December 31, 2014 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Ladder Alliance's 2013 financial statements, and our report dated May 28, 2014 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statement from which it has been derived.



CHARLES O. PAUL, CPA
North Richland Hills, Texas
June 4, 2015

THE LADDER ALLIANCE, INC.
Statement of Financial Position
December 31, 2014
With Summarized Financial Information at
December 31, 2013

	2014	2013
<u>ASSETS</u>		
Cash and cash equivalents	\$ 68,836	\$ 88,556
Grant receivable	66,716	23,000
Pledges receivables	-	2,093
Resale inventory	9,600	-
Prepaid expenses	5,279	2,888
Fixed assets at cost, net of accumulated depreciation	3,050	5,777
Total assets	\$ 153,481	\$ 122,314
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 17,965	\$ 15,069
Total current liabilities	17,965	15,069
Commitments and contingencies		
Net assets:		
Unrestricted		
Undesignated	105,448	54,687
Board designated for reserve	30,068	50,058
Unrestricted net assets	135,516	104,745
Temporarily restricted	-	2,500
Total net assets	135,516	107,245
Total liabilities and net assets	\$ 153,481	\$ 122,314

The accompanying notes are an integral part of the financial statements
(1)

THE LADDER ALLIANCE, INC.
Statement of Activities
For the Year Ended December 31, 2014
With Summarized Financial Information at
For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>2014 Temporarily Restricted</u>	<u>Total</u>	<u>2013</u>
Revenue and support:				
Contributions and grants	\$ 223,452	\$ -	\$ 223,452	\$ 190,760
Contributions and grants - In-Kind	93,475	-	93,475	8,985
Government grants	95,315	-	95,315	85,641
Special events, net of expenses of \$26,925	71,808	-	71,808	37,492
Tuition, fees and sales	8,837	-	8,837	6,986
Interest income	11	-	11	19
Assets released from restriction	<u>2,500</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>
	495,398	(2,500)	492,898	329,883
Expenses:				
Program services	341,234	-	341,234	259,977
Supporting Services:				
General and administrative expense	66,869	-	66,869	37,247
Fundraising	<u>56,524</u>	<u>-</u>	<u>56,524</u>	<u>55,199</u>
	<u>464,627</u>	<u>-</u>	<u>464,627</u>	<u>352,423</u>
Change in net assets	30,771	(2,500)	28,271	(22,540)
Net assets, beginning of year	<u>104,745</u>	<u>2,500</u>	<u>107,245</u>	<u>129,785</u>
Net assets, end of year	<u>\$ 135,516</u>	<u>\$ -</u>	<u>\$ 135,516</u>	<u>\$ 107,245</u>

The accompanying notes are an integral part of the financial statements
(2)

THE LADDER ALLIANCE, INC.
Statement of Cash Flows
For the Year Ended December 31, 2014
With Summarized Financial Information at
For the Year Ended December 31, 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 28,271	\$ (22,540)
Adjustments to reconcile the increase in net assets to net cash provided by operating activities:		
Depreciation	1,541	2,328
Loss on disposal of assets	1,528	-
Change in the following:		
Grants receivable	(43,716)	(10,931)
Other receivables	2,093	2,621
Inventory	(9,600)	-
Prepaid expenses	(2,391)	(223)
Accounts payable and accrued liabilities	2,897	8,593
Net cash provided by operating activities	<u>(19,377)</u>	<u>(20,152)</u>
Cash flows from investing activities:		
Proceeds from sale of assets	2,829	
Capital expenditures	(3,172)	-
Net cash used in investing activities	<u>(343)</u>	<u>-</u>
Cash flows from financing activities:	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	(19,720)	(20,152)
Cash and cash equivalents, beginning of year	<u>\$88,556</u>	<u>108,708</u>
Cash and cash equivalents, end of year	<u><u>\$ 68,836</u></u>	<u><u>\$ 88,556</u></u>
Supplemental cash flow information		
Interest received	\$ 11	\$ 19
Interest paid	-	-
Schedule of non-cash investing and financing activities:		
None		

The accompanying notes are an integral part of the financial statements
(3)

THE LADDER ALLIANCE, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2014
With Summarized Financial Information at
For the Year Ended December 31, 2013

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>2013 Total Expenses</u>
Salaries	\$ 181,745	\$ 32,295	\$ 48,815	\$ 262,855	\$ 229,017
Payroll Taxes	12,895	2,291	3,463	18,649	18,847
Employee Benefits	15,810	2,809	4,246	22,865	14,391
Total	210,450	37,395	56,524	304,369	262,255
Computer expense	7,848	-	-	7,848	2,241
Contract services	3,654	-	-	3,654	6,564
Professional fees	-	3,500	-	3,500	3,500
Dues	-	795	-	795	1,265
Insurance	3,280	820	-	4,100	4,015
Supplies	3,892	1,944	-	5,836	7,297
Student expenses	54,895	-	-	54,895	18,392
Postage	-	1,272	-	1,272	979
Printing and copying	178	45	-	223	395
Occupancy	53,846	13,461	-	67,307	38,400
Telephone	1,650	413	-	2,063	2,377
Bank charges	-	1,654	-	1,654	1,502
Bad debt expense	-	3,000	-	3,000	-
Miscellaneous	-	868	-	868	439
Staff development	-	174	-	174	474
Total expenses before depreciation and loss on disposal of assets	339,693	65,341	56,524	461,558	350,095
Loss on disposal of assets	-	1,528	-	1,528	2,328
Depreciation	1,541	-	-	1,541	-
Total expenses	\$ 341,234	\$ 66,869	\$ 56,524	\$ 464,627	\$ 352,423

The accompanying notes are an integral part of the financial statements

THE LADDER ALLIANCE, INC.
Notes to Financial Statements

1. Summary of Significant Accounting Policies

(a) Organization and Continued Operations

The Ladder Alliance, Inc. (Organization) was formed as a charitable corporation incorporated under the laws of the State of Texas. The purpose of the Organization is to provide disadvantaged and abused women, in the greater Fort Worth, Texas, area basic computer application and job skills as well as some basic life skills such as financial literacy to enable them to begin a life of self-sufficiency.

(b) Basis of Accounting and Financial Statement Presentation

The Organization's financial statements are presented on the accrual basis of accounting in accordance with statements issued by the Financial Accounting Standards. Under those statements, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted - includes funds that represent resources over which the Board of Directors has discretionary control to carry out operations of the Organization in accordance with its bylaws.

Temporarily Restricted - includes funds that represent resources expendable only for those operating purposes specified by the donor. Resources of this classification originate principally from grants and gifts.

Permanently Restricted - includes funds that have been accepted with donor stipulations that the principal be maintained intact in perpetuity with only the income to be utilized. The Organization currently has no permanently restricted net assets.

(c) Contributions and Grants

Contributions and Grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the restrictions are met in the year of contribution, the amounts of temporarily restricted gifts are listed as unrestricted contributions.

(d) Fixed Assets

Expenditures for furniture and equipment are stated at cost. Donated assets are recorded at their estimated fair market value at the date of contribution. The Organization capitalized fixed assets with a useful life in excess of one year. Depreciation of fixed assets is calculated on the straight-line method over three - ten years.

THE LADDER ALLIANCE, INC.
Notes to Financial Statements

(e) Income Taxes

The Organization is exempt from federal income taxes under provisions of Section 501(c) 3 of the Internal Revenue Code. The organization has been determined by the Internal Revenue Service to be a public charity.

(f) Functional Expenses Allocation

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

(g) Contributed Services

A substantial number of volunteers have donated significant amounts of time to the Organization's activities. However, the Organization only recognizes donated services that create or enhance nonfinancial assets, or that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. See note 4 to the financial statements. No amounts have been presented in the financial statements for contributed services, as the amounts are immaterial.

(h) Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with maturity of three months or less to be cash equivalents. The Organization places its cash with quality financial institutions and limits its exposure by controlling the cash balances it maintains in any one financial institution. The Organization has never experienced losses from credit risk associated with its cash balances.

(i) Allowance for Uncollectible Accounts

In the opinion of management there are no significant uncollectible accounts. Therefore, no allowance for doubtful accounts has been provided in these statements.

(j) Inventory

Inventory consists primarily of items donated for resale or use within the Organization's programs. Inventory is recorded at estimated fair value when received with the balance estimated remaining at the end of the year reflected as an unrestricted asset.

(j) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

THE LADDER ALLIANCE, INC.
Notes to Financial Statements

(k) Comparative Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31 2013, from which the summarized information was derived.

(l) Subsequent Events

Management evaluates subsequent events through the date of the report, which is the date the financial statements were available to be issued.

(m) Reclassifications

Certain reclassifications have been made to the summarized 2013 comparative information in order for it to be comparative with the 2014 presentation.

2. Grants Receivable

Grants receivable represents \$11,716 in unreimbursed expenses under a Community Development Block Grant contract with the City of Fort Worth and other amounts due from local foundations and donors.

3. Fixed Assets

The composition of fixed assets at December 31, 2014 is as follows:

Furniture, fixtures and equipment	\$ 17,666
Less accumulated depreciation	<u>14,616</u>
	<u>\$ 3,050</u>

4. Occupancy and Contributions and Grants In-Kind

Until October 1, 2014, the Organization leased space from a local church. Effective October 1, 2014, the Organization relocated to a building that is supported through government funds to further certain charitable activities. The space is provided as in-kind support to those organizations. The estimated value of the rent and other occupancy expenses for The Ladder Alliance is \$37,375 and has been included as such on the statement of activities and the statement of functional expenses.

During 2014, the Organization received clothing from a local retail company with the intent that the clothing be used in the Organization's resale shop as well as to provide support to students. The estimated value of the clothing provided is \$48,000 with \$9,600 of that being recorded as inventory at December 31, 2014 and the remainder has been reflected as a component of student expenses on the statement of functional expenses.

THE LADDER ALLIANCE, INC.
Notes to Financial Statements

The remaining balance of contributions and grants in-kind represent computers that were donated to the organization and used as awards for student.

5. Commitments and Contingencies

Grants and bequests require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of funds to the grantor. Although that remains a possibility, the Board deems such contingency remote since by accepting the gifts and their terms, the Organization has, in essence, accommodated the provisions of the gift.

6. Concentrations

During 2014, the Organization received a grant from a local municipality that constituted 19% of total support and revenue.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets that were available at December 31, 2013 were used as a part of the Organization's special events activities in 2014 as required by the donor.