

Design Connect Create

Financial Statements together
with Independent Auditor's Report

December 31, 2017 and 2016

Design Connect Create
Financial Statements
December 31, 2017 and 2016

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Ratcliff & Associates, P.C.

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors of
Design Connect Create

We have audited the accompanying financial statements of Design Connect Create (a Texas nonprofit organization), which comprise the statements of financial position as of December 31, 2017, and 2016, and the related statements of activities and cash flows for the years 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 audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Design Connect Create as of December 31, 2017, and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Ratcliff & Associates, P.C.

September 7, 2018

Design Connect Create
 Statements of Financial Position
 December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current assets		
Cash and cash equivalents	\$ <u>127,576</u>	\$ <u>114,956</u>
Total current assets	<u>127,576</u>	<u>114,956</u>
Property and equipment		
Furniture and equipment	18,449	4,720
Less: accumulated depreciation	<u>(6,826)</u>	<u>(4,720)</u>
Net property and equipment	<u>11,623</u>	<u>-</u>
Total Assets	<u>\$ 139,199</u>	<u>\$ 114,956</u>
Net Assets		
Current liabilities		
Accounts payable and other accruals	\$ <u>7,910</u>	\$ <u>1,338</u>
Total current liabilities	<u>7,910</u>	<u>1,338</u>
Net assets		
Unrestricted	56,289	49,097
Unrestricted - board designated	50,000	50,000
Temporarily restricted net assets	<u>25,000</u>	<u>14,521</u>
Total net assets	<u>131,289</u>	<u>113,618</u>
Total Liabilities and Net Assets	<u>\$ 139,199</u>	<u>\$ 114,956</u>

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

Design Connect Create
 Statements of Activities
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Change in Unrestricted Net Assets		
Revenues		
Donations	\$ 24,322	\$ 20,485
Grants	75,000	70,000
Other program revenues	4,208	44,232
In kind donations	<u>30,626</u>	<u>65,296</u>
	134,156	200,013
Net assets released	<u>92,680</u>	<u>85,130</u>
Total Revenues and Support	<u>226,836</u>	<u>285,143</u>
Expenses		
Program activities	186,028	222,685
Support services		
Fundraising	5,430	5,430
General and administrative	<u>28,186</u>	<u>25,551</u>
Total Expenses	<u>219,644</u>	<u>253,666</u>
Increase in Unrestricted Net Assets	<u>7,192</u>	<u>31,477</u>
Change in Temporarily Restricted Net Assets		
Restricted contributions and grants	103,159	85,173
Net assets released	<u>(92,680)</u>	<u>(85,130)</u>
Increase in Temporarily Restricted Net Assets	<u>10,479</u>	<u>43</u>
Increase in Net Assets	17,671	31,520
Net Assets, Beginning of the Year	<u>113,618</u>	<u>82,098</u>
Net Assets, End of the Year	<u>\$ 131,289</u>	<u>\$ 113,618</u>

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

Design Connect Create
 Statements of Cash Flows
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
General contributions, grant and other program income	\$ 206,689	\$ 219,890
Cash paid for operations and programs	<u>(191,170)</u>	<u>(187,032)</u>
Net cash provided by operating activities	<u>15,519</u>	<u>32,858</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	<u>(2,899)</u>	<u>-</u>
Net cash utilized by investing activities	<u>(2,899)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	12,620	32,858
Cash and cash equivalents, beginning of the year	<u>114,956</u>	<u>82,098</u>
Cash and cash equivalents, end of the year	<u>\$ 127,576</u>	<u>\$ 114,956</u>
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities		
Increase in Net Assets	<u>\$ 17,671</u>	<u>\$ 31,520</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Noncash equipment donations received	(10,830)	-
Depreciation	2,106	-
Change in accounts payable and other accruals	<u>6,572</u>	<u>1,338</u>
Total adjustments	<u>(2,152)</u>	<u>1,338</u>
Net Cash Provided by Operating Activities	<u>\$ 15,519</u>	<u>\$ 32,858</u>

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

Design Connect Create
Notes to Financial Statements
December 31, 2017 and 2016

1 - Nature of Organization

Design Connect Create (“DCC”) is a 501(c)(3), Texas nonprofit corporation that exists to empower young women to be successful in Science, Technology, Engineering and Math (“STEM”) courses. DCC is cultivating a culture for young women where persistence is expected, curiosity is encouraged, risk is rewarded, and creativity is applauded.

In 2017 DCC offered 8 sessions and served 205 young women. Through partnerships with Mesquite ISD and Grand Prairie ISD, DCC trained 4 teachers. Since DCC first offered the physics camps in 2015, it has served a total of 470 young women and offered training to 28 teachers who have partnered with DCC to reach a total of 244 students through summer camps for GEAR UP cohorts.

2 - Summary of Significant Accounting Policies

A summary of DCC’s significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting - The financial statements of DCC are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recorded when incurred.

Revenues and Support - Revenues and support for DCC are primarily derived from donor contributions and grants from supporters. A portion of DCC’s revenues are tied to the local economy. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions.

Recognition of Donor Restrictions - DCC reports gifts of cash, other assets and investment income as temporarily restricted support if they are received with donor stipulations limiting the use of the donated assets if the restrictions are not met in the period of receipt. A donor restriction expires when a stipulated time restriction ends or a purpose restriction is accomplished. At that time temporarily restricted net assets are reclassified to unrestricted net assets. If a stipulated time restriction ends or a purpose restriction is accomplished during the year the donation is received, the donation is recognized as unrestricted revenue.

Programs - DCC pursues its mission through the execution of the following programs:

Program Activities - Provide out-of-school education in the fields of science, technology, engineering and mathematics for young women attending secondary school.

Fundraising - encouraging additional contributions and grants for DCC and its programs.

General and Administrative - providing administrative support to the above functional areas.

Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimates included in these financial statements and disclosures are the valuations of in-kind donated services, depreciation, and the allocation of functional expenses.

Design Connect Create
Notes to Financial Statements
December 31, 2017 and 2016

2 - Summary of Significant Accounting Policies (continued)

In-kind Donated Services and Assets - Contributed services are recognized as unrestricted revenues if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. Contributed services that do not meet these criteria are not recognized as revenue. For the years ended December 31, 2017 and 2016 in-kind services consist of staff and professional services valued at \$8,500 and \$57,500, respectively. These valuations are based upon market compensation for equivalent staff positions provided during the year.

A substantial number of volunteers have also donated significant amounts of their time to DCC's programs. However, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition.

Donated space to be used for program and administrative purposes was provided to DCC. For the years ended December 31, 2017 and 2016 in-kind space usage was valued at \$11,296 and \$7,796, respectively. These valuations are based upon estimates for similar space.

Donated assets of equipment or supplies that are material are recorded at fair market value as revenue and to the appropriate asset or expense account on the date of receipt. In the absence of donor restrictions, donated assets are reported as unrestricted revenue. For the year ended December 31, 2017, DCC received \$10,830 in equipment for camp activities

Functional Allocation of Expenses - The costs of providing DCC's programs and supporting services are presented on a functional basis. Accordingly, certain costs, including in-kind staff services, have been allocated among the programs and supporting services benefited.

Cash Equivalents - For purposes of the statements of cash flows, DCC considers all short-term investments and other current assets with an original maturity of three months or less as well as cash held for long-lived assets to be cash and cash equivalents.

Furniture and Equipment - Furniture and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. DCC capitalizes assets with a cost greater than \$1,000. Repairs and maintenance are expensed as incurred unless they materially extend the useful life of the related asset, in which case they are capitalized and depreciated. When furniture and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation are removed, and a gain or loss, if any, is included in operations. Depreciation is computed using a straight-line method over the estimated useful lives. Furniture and equipment have estimated useful lives ranging from 3 to 10 years.

Income Tax Status - DCC is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation, except on net income derived from unrelated business activities. For the years ended December 31, 2017 and 2016, DCC has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. DCC believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Tax returns of DCC are open to examination by the relevant taxing authorities for a period of three year from the date the returns are filed.

Design Connect Create
Notes to Financial Statements
December 31, 2017 and 2016

3 - Net Assets

Net assets for the year ended December 31, 2017 and 2016, are presented as follows:

	<u>Unrestricted</u>	<u>Unrestricted board- designated</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Balance, December 31, 2015	\$ 67,620	\$ -	\$ 14,478	\$ 82,098
Increase	31,477	-	43	31,520
Transfer	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Balance, December 31, 2016	49,097	50,000	14,521	113,618
Increase	<u>7,192</u>	<u>-</u>	<u>10,479</u>	<u>17,671</u>
Balance, December 31, 2017	<u>\$ 56,289</u>	<u>\$ 50,000</u>	<u>\$ 25,000</u>	<u>\$ 131,289</u>

For the year ended December 31, 2017 and 2016, unrestricted board-designated net assets funds are held for reserve.

For the year ended December 31, 2017 and 2016, net assets temporarily restricted by donors are for the following purposes:

	<u>2017</u>	<u>2016</u>
HTHH - to purchase equipment, enabling two full camps to run in parallel in DFW	\$ 5,000	\$ 4,521
RSMIS Foundation - physics camp for young women	<u>20,000</u>	<u>10,000</u>
Total	<u>\$ 25,000</u>	<u>\$ 14,521</u>

4 - Subsequent Events

DCC has evaluated subsequent events through the date of the Independent Auditor's Report on page one, which is the date the statements were available to be issued.