

MAKING IT BETTER
(a nonprofit corporation)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2019

TABLE OF CONTENTS

	Page No.
Independent Auditor's Report	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6

GOMEZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

5177 RICHMOND AVE. SUITE 1100

HOUSTON, TX 77056

TEL: (713) 666-5900

FAX: (713) 666-1049

<http://www.gomezandco.com>

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Making It Better
Houston, Texas

We have audited the accompanying financial statements of Making It Better (MIB) (a nonprofit organization), which comprise the statement of financial position as of July 31, 2019, and the related statements of activities, functional expenses 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

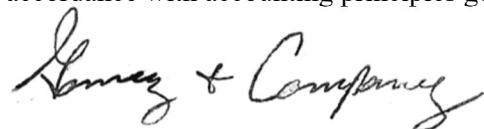
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 MIB as of July 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



November 22, 2019
Houston, Texas

MAKING IT BETTER
STATEMENT OF FINANCIAL POSITION
July 31, 2019

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 370,369
Pledges Receivable	6,000
Prepays	39,442
Certificate of Deposit	152,230
TOTAL CURRENT ASSETS	<u>\$ 568,041</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 36,208
Payroll Liabilities	5,925
Accrued Wages	10,448
Deferred Revenue	160,600
TOTAL CURRENT LIABILITIES	<u>213,181</u>

NET ASSETS

Without Donor Restrictions	354,860
With Donor Restrictions	-
TOTAL NET ASSETS	<u>354,860</u>

TOTAL LIABILITIES NET ASSETS	<u>\$ 568,041</u>
-------------------------------------	--------------------------

See auditor's report and accompanying notes to financial statements

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2019**

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

SUPPORT AND REVENUE

Contributions	\$ 455,941.00
In-kind Contributions	123,737
Program Service (Contracts)	107,000
Other Income	631,542
Interest Income	3,482
Total Support and Revenue without Donor Restrictions	<u>1,321,702</u>

EXPENSES

Program Services	868,986
Management & General	142,722
Fundraising	386,400
Total Expenses	<u>1,398,108</u>

INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(76,406)</u>
---	-----------------

NET ASSETS, beginning of year	<u>431,266</u>
--------------------------------------	----------------

NET ASSETS, end of year	<u><u>\$ 354,860</u></u>
--------------------------------	--------------------------

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 0, 1900**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	Literacy Program	Management and General	Fundraising	
Salaries	\$ 541,034	\$ 38,555	\$ 131,462	\$ 711,051
Payroll taxes	41,617	955	9,826	52,398
Auto Expense	786	-	-	786
Occupancy	1,296	-	-	1,296
Training	1,831	2,080	455	4,366
Supplies	48,385	543	1,460	50,388
Fundraisers	-	-	169,131	169,131
Office Expenses	34,028	3,295	7,180	44,503
Postage and shipping	-	969	405	1,374
Conference and meetings	2,120	192	2,656	4,968
Travel	3,287	-	2,203	5,490
Professional fees	11,068	83,053	31,548	125,669
Contributions Expense	155,481	10,090	-	165,571
Miscellaneous expenses	7,386	999	1,984	10,369
Bank Fees	-	361	12,011	12,372
Dues and Subscriptions	-	-	7,216	7,216
Insurance	20,667	1,630	8,863	31,160
	<u>\$ 868,986</u>	<u>\$ 142,722</u>	<u>\$ 386,400</u>	<u>\$ 1,398,108</u>

See auditor's report and accompanying notes to financial statements

**MAKING IT BETTER
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (76,406)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Pledges receivable	(5,449)
Prepaid expenses	(607)
Other assets	46,526
Accounts payable	35,919
Accrued Wages	10,448
Accrued Liabilities	(3,480)
Payroll liabilities	4,618
Net Operating Cash Flow	<u>11,569</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of CD	<u>(66,100)</u>
Net Investment Cash Flow	<u>(66,100)</u>

Net Increase (Decrease) in Cash (54,531)

CASH AT BEGINNING OF YEAR 424,900

CASH AT END OF YEAR \$ 370,369

See auditor's report and accompanying notes to financial statements.

MAKING IT BETTER

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019

A. Organization:

Making It Better (MIB) is a nonprofit corporation incorporated in 2006 under the laws of the State of Texas for the purpose of performing educational and charitable activities. The primary objective of MIB is to provide opportunities to under-serve children that address the needs to the whole child- academic, social, emotional and to include their families in the process.

They presently operate in 10 HISD Campuses and multiple community sites.

B. Summary of Significant Accounting Policies:

NEW ACCOUNTING PRONOUNCEMENT

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the corporation, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the corporation's year ending July 31, 2019 and thereafter and must be applied on a retrospective basis. The corporation adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

BASIS OF PRESENTATION:

The financial statements of the Corporation have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

SUPPORT & REVENUE:

Support and revenue are recorded based on the accrual method.

CLASSIFICATION OF NET ASSETS

Net assets of the Corporation are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

MAKING IT BETTER

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019

B. Summary of Significant Accounting Policies: (Continued)

CLASSIFICATION OF NET ASSETS (Continued)

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Corporation. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

On occasion, the governing board may designate a portion of net assets without donor restrictions for a specific purpose. Designated net assets are not governed by donor-imposed restrictions and may be reversed by the governing board at any time.

All net assets of the corporation at July 31, 2019 were considered to be net assets without donor restrictions.

PROPERTY & EQUIPMENT:

Property and equipment purchased by MIB is recorded at cost. Donated equipment is recorded at its fair value on the date of the gift. All purchases and donations in excess of \$500 are capitalized. Depreciation is provided on the straight-line method based upon an estimated useful life of three to thirty years.

CASH DONATIONS & DONATED SERVICES:

Cash donations are considered to be available for unrestricted use unless specifically restricted by the donor. No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such donations. Nevertheless, a substantial number of volunteers have donated their time in connection with the programs of the Organization.

FUNCTIONAL EXPENSES:

Expenses are charged to program services based on direct expenditures incurred. Functional expenses which cannot readily be related to program services are allocated between programs and supporting services based upon a reasonable method for allocating the Organization's indirect functional expenditures.

MAKING IT BETTER

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019

B. Summary of Significant Accounting Policies: (Continued)

INCOME TAXES:

MIB qualifies as a tax-exempt organization under section 501(c) (3) of the Internal Revenue Code and, therefore has no provision for income taxes. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi).

ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires MIB's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CONTRIBUTIONS:

In accordance with *Financial Accounting Standards Board Accounting Standards Codification 958 Not-for-Profit Entities- 605 Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

PLEDGES AND ACCOUNTS RECEIVABLE:

Contributions are recognized when the donor makes a promise to give to MIB that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor-restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

No provision has been made for uncollectible promises to give and accounts receivable as of the statement of financial position date, given that none have been identified.

CASH & CASH EQUIVALENTS:

For purposes of the statement of cash flows, MIB considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

MAKING IT BETTER

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019

C. Restrictions on Net Assets:

At July 31, 2019, the Corporation's net assets did not have donor-imposed restrictions. Net assets were also free of any self-imposed designations of the governing board. All assets of the Corporation were available for meeting its operational needs and charitable purpose.

D. Certificate of Deposits:

The Corporation has a twelve-month certificate of deposit with an interest rate of 2.4% as of July 31, 2019. The certificate of deposit matures on March 22, 2020. Investment in certificate of deposit total \$152,230 at July 31, 2019

E. Liquidity and Availability of Financial Assets:

The following reflects the Corporation's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets at year-end	\$	528,599
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions as to use		-
Donor-imposed restrictions as to time		-
Donor-restricted to maintain as an endowment		-
Financial assets available to meet cash needs for general expenditure within one year	\$	<u>528,599</u>

The Corporation manages its liquid assets conservatively within standard depository bank accounts at a national bank. Cash is managed to provide sufficient funds for meeting general expenditures of the Corporation and near-term expenses of producing services and activities for camps, retreats, and other facilities operations.

F. Related Party Transactions:

The Corporation contracted with Monsterville's Wines, a private company owned by a Board member to provide wines for their Magnum Gala Event. Total payments for wines for the year ending July 31, 2019 were \$20,965.

MAKING IT BETTER

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019

G. In-Kind Contributions:

The Corporation received donated office space, professional services, supplies for program and fundraising events. The total In-Kind contributions received were approximately \$123,737 for the year ended July 31, 2019.

H. Evaluation of Subsequent Events:

The Corporation has evaluated subsequent events through November 22, 2019, the date which the financial statements were available to be issued.