

ENROLL INDY, INC.

FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For the Year Ended June 30, 2018
and the Five Months Ended June 30, 2017



TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
 FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Change in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows.....	6
Notes to the Financial Statements.....	7 - 10



Donovan CPAs

Independent Auditors' Report

To the Board of Directors
Enroll Indy, Inc.

We have audited the accompanying financial statements of Enroll Indy, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year ended June 30, 2018 and the five months ended June 30, 2017, 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.

Auditors' 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 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 auditors' 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 auditors consider 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Enroll Indy, Inc. as of June 30, 2018 and 2017, and the change in its net assets, functional expenses, and cash flows for the year ended June 30, 2018 and the five months ended 2017 in conformity with accounting principles generally accepted in the United States of America.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The signature is written in a cursive style with a large, prominent initial "D".

Indianapolis, Indiana
October 4, 2018

ENROLL INDY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 492,056	\$ 276,985
Grants receivable	-	75,000
Prepaid expenses	29,123	10,739
Other current assets	<u>250</u>	<u>-</u>
<i>Total current assets</i>	521,429	362,724
PROPERTY AND EQUIPMENT, NET	5,837	5,436
OTHER ASSET		
Website development asset, net	<u>367,114</u>	<u>349,102</u>
TOTAL ASSETS	<u><u>\$ 894,380</u></u>	<u><u>\$ 717,262</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 49,611	\$ 3,187
Accrued expenses	<u>19,581</u>	<u>17,979</u>
<i>Total current liabilities</i>	<u>69,192</u>	<u>21,166</u>
NET ASSETS		
Unrestricted:		
Undesignated	331,148	207,801
Invested in long-lived assets	372,951	354,538
Temporarily restricted	<u>121,089</u>	<u>133,757</u>
<i>Total net assets</i>	<u>825,188</u>	<u>696,096</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 894,380</u></u>	<u><u>\$ 717,262</u></u>

See independent auditors' report and accompanying notes to the financial statements

ENROLL INDY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended June 30, 2018 and the Five Months Ended June 30, 2017

	<u>2018</u>			<u>2017</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT						
Contributions	\$ 882,661	\$ 121,089	\$ 1,003,750	\$ 543,950	\$ 133,757	\$ 677,707
In-kind contributions	41,609	-	41,609	306,144	-	306,144
Other	651	-	651	-	-	-
Net assets released from restrictions	133,757	(133,757)	-	-	-	-
<i>Total revenue and support</i>	<u>1,058,678</u>	<u>(12,668)</u>	<u>1,046,010</u>	<u>850,094</u>	<u>133,757</u>	<u>983,851</u>
EXPENSES						
Program services	789,131	-	789,131	235,157	-	235,157
Management and general	104,017	-	104,017	40,632	-	40,632
Fundraising	23,770	-	23,770	11,966	-	11,966
<i>Total expenses</i>	<u>916,918</u>	<u>-</u>	<u>916,918</u>	<u>287,755</u>	<u>-</u>	<u>287,755</u>
CHANGE IN NET ASSETS	141,760	(12,668)	129,092	562,339	133,757	696,096
NET ASSETS, BEGINNING OF YEAR	<u>562,339</u>	<u>133,757</u>	<u>696,096</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 704,099</u>	<u>\$ 121,089</u>	<u>\$ 825,188</u>	<u>\$ 562,339</u>	<u>\$ 133,757</u>	<u>\$ 696,096</u>

See independent auditors' report and accompanying notes to the financial statements

ENROLL INDY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018 and the Five Months Ended June 30, 2017

	2018				2017			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
FUNCTIONAL EXPENSES								
Salaries and wages	\$ 327,842	\$ 44,198	\$ 21,366	\$ 393,406	\$ 116,231	\$ 14,977	\$ 10,521	\$ 141,729
Professional fees	151,689	22,266	296	174,251	35,794	10,463	115	46,372
Amortization of website development asset	125,988	-	-	125,988	48,307	-	-	48,307
Marketing and communication	77,265	-	-	77,265	9,745	-	-	9,745
Employee benefits	31,859	3,168	296	35,323	8,400	525	98	9,023
Payroll taxes	27,596	3,691	1,599	32,886	8,510	1,063	731	10,304
Technology	28,435	-	-	28,435	1,213	-	-	1,213
Office expense	-	26,163	-	26,163	-	12,122	-	12,122
Occupancy	10,481	1,000	129	11,610	5,599	697	477	6,773
Travel	6,964	-	-	6,964	1,094	-	-	1,094
Depreciation	-	2,408	-	2,408	-	661	-	661
Insurance	286	955	-	1,241	264	34	24	322
Workers compensation expense	726	145	84	955	-	-	-	-
Other expense	-	23	-	23	-	90	-	90
<i>Total functional expenses</i>	<u>\$ 789,131</u>	<u>\$ 104,017</u>	<u>\$ 23,770</u>	<u>\$ 916,918</u>	<u>\$ 235,157</u>	<u>\$ 40,632</u>	<u>\$ 11,966</u>	<u>\$ 287,755</u>

See independent auditors' report and accompanying notes to the financial statements

ENROLL INDY, INC.
STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2018 and the Five Months Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 129,092	\$ 696,096
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on disposal of property and equipment	435	-
In-kind contributions capitalized as website development asset	(40,000)	(299,756)
Depreciation	2,408	661
Amortization of website development asset	125,988	48,307
Changes in certain assets and liabilities:		
Grants receivable	75,000	(75,000)
Prepaid expenses	(18,384)	(10,739)
Other current assets	(250)	-
Accounts payable	6,424	3,187
Accrued expenses	1,602	17,979
	<u>282,315</u>	<u>380,735</u>
<i>Net cash provided by operating activities</i>	<u>282,315</u>	<u>380,735</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(3,244)	(3,750)
Cash payments for website development costs	(64,000)	(100,000)
	<u>(67,244)</u>	<u>(103,750)</u>
<i>Net cash used in investing activities</i>	<u>(67,244)</u>	<u>(103,750)</u>
NET CHANGE IN CASH	215,071	276,985
CASH, BEGINNING OF PERIOD	<u>276,985</u>	<u>-</u>
CASH, END OF YEAR	<u>\$ 492,056</u>	<u>\$ 276,985</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Website development asset acquired through in-kind contributions	\$ 40,000	\$ 297,409
Website development asset included in accounts payable	40,000	-
Property and equipment acquired through in-kind contribution	-	2,347

See independent auditors' report and accompanying notes to the financial statements

ENROLL INDY, INC
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018 and the Five Months Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – Enroll Indy, Inc. (the “Organization”) was established in February 2017 to help families choose schools that meet their children's needs by providing a one-stop enrollment process, school information that is relevant and easy to understand, and data to inform about school improvement in Indianapolis, Indiana.

The Organization receives funding entirely from grants and donations from supporting organizations. None of the activities of the Organization generate revenue.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting as required by accounting principles generally accepted in the United States of America.

Basis of Presentation – The Organization reports financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Restricted revenue and support whose restrictions are met within the same year as received (that is, when the purpose restriction is accomplished) are reported as unrestricted revenue and support in the accompanying financial statements

- Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization.
- Temporarily restricted net assets represent resources restricted by donors for specific purposes or time periods for which restrictions have not yet been met.
- Permanently restricted net assets represent donated resources with stipulations that they be used for specific purpose, be preserved, or be invested to provide a permanent source of income. The Organization has no permanently restricted net assets at June 30, 2018 and 2017.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition – Contributions are recognized when the donor makes a promise to give in writing to the Organization that is, in substance, unconditional. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions are recorded as unrestricted or temporarily restricted depending upon the existence or nature of any donor restrictions. All donor-restricted support with restrictions not met in the current year is reported as an increase in temporarily restricted net assets. When the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

ENROLL INDY, INC
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018 and the Five Months Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

In-kind contributions in 2018 primarily represent a \$40,000 payment from Indianapolis Public Schools to a website development vendor on behalf of the Organization. In-kind contributions during 2017 primarily represent transfers of assets from The Mind Trust, Inc. to the Organization, as described in Note 2.

Income Taxes – Enroll Indy, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the Organization would be subject to tax on income unrelated to its tax-exempt purpose. For the year ended June 30, 2018 and the five month period ended June 30, 2017, no accounting for federal and state income taxes was included in the accompanying financial statements.

Professional accounting standards require the Organization to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The Organization has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Once filed, the returns are subject to audit for a period of three years. Since the Organization was established in 2017, all returns filed to date are subject to audit.

Grants Receivable – Grants receivable at June 30, 2017 were due from a donor in support of a future fiscal period. The full amount of the grants receivable were collected in the year ended June 30, 2018. As such, no allowance for doubtful accounts was recorded.

Property and Equipment – Property and equipment is valued at historical cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years. It is the Organization’s policy to capitalize purchases of property and equipment that benefit future periods and exceed \$1,000 in cost.

Website Development Asset – Website development asset represents transfers of valuable capitalized website development costs incurred by The Mind Trust, Inc. as well as direct expenditures incurred by the Organization to continue to develop its primary asset, the Enroll Indy website. The Organization accounts for the website development asset in accordance with FASB ASC 350-40-25 “Internal-use Software,” which requires the various costs associated with developing an internal-use software to be capitalized or expensed according to its project stage. Capitalized website development costs are amortized over their estimated useful lives of 4 years.

Accrued Expenses – Accrued expenses consists primarily of unused paid time off. Employees are eligible to accrue up to 160 hours of paid time off. These expenses are accrued when incurred, and relieved as utilized by the employee, or upon termination.

Subsequent Events – Subsequent events have been evaluated by management through October 4, 2018, which is the date the financial statements were available to be issued.

ENROLL INDY, INC
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018 and the Five Months Ended June 30, 2017

NOTE 2 - WEBSITE DEVELOPMENT ASSET

The Organization’s primary assets are its SchoolFinder tool and OneMatch application, which were both developed for the Organization and are available through its website (www.enrollindy.org). The majority of the costs capitalized as of June 30, 2017 were incurred by The Mind Trust, Inc., and were transferred to the Organization in February 2017 through an in-kind contribution. Costs incurred by The Mind Trust, Inc. prior to the transfer were accounted for in accordance with FASB ASC 350-40-25 “Internal-use Software,” and were assigned 4 year useful lives. Additions to the website development asset after February 2017 represent direct expenses incurred by the Organization or payments to website development vendors by outside parties on behalf of the Organization.

The value of the website development asset was accumulated as follows:

Prior To Establishment of the Organization:	
Total cost capitalized by The Mind Trust, Inc.	\$ 313,750
Amortization of costs prior to transfer	<u>(16,341)</u>
2017 Transactions:	
In-kind contribution of website development asset	297,409
Direct expenditures incurred by the Organization	100,000
Less: current year amortization	<u>(48,307)</u>
Balance as of June 30, 2017:	
Website development asset, net	349,102
2018 Transactions:	
In-kind contribution of website development asset	40,000
Direct expenditures incurred by the Organization	104,000
Less: current year amortization	<u>(125,988)</u>
Balance as of June 30, 2018:	
Website development asset, net	\$ <u>367,114</u>

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2018</u>	<u>2017</u>
Purpose restriction:		
Executive Director salary and benefits	\$ -	\$ 58,756
Unified enrollment program	121,089	
Time restriction:		
Restricted to fiscal year 2018	<u>-</u>	<u>75,000</u>
	\$ <u>121,089</u>	\$ <u>133,756</u>

All temporarily restricted net assets as of June 30, 2017 were released from restrictions during 2018.

ENROLL INDY, INC
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2018 and the Five Months Ended June 30, 2017

NOTE 4 - FUNCTIONAL ALLOCATION OF EXPENSE

Expenses are classified according to the functional purpose for which the costs are incurred. The cost of providing program, management and general, and fundraising services has been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program, management and general, and fundraising services benefited.

NOTE 5 - OPERATING LEASE

The Organization leases certain office space from the Board of School Commissioners of the City of Indianapolis. Monthly rent expense under this lease is \$968, and the lease expires in October 2018. The lease renews annually thereafter under the same terms.

NOTE 6 - CONCENTRATION OF RISK

The Organization received a majority of its revenue and support from a limited number of sources. Changes in funding from these sources could significantly impact the Organization and jeopardize its ability to continue as a going concern.

Percentage of revenue and support by source:

	<u>2018</u>	<u>2017</u>
The Mind Trust	38 %	92 %
Walton Family Foundation	49	*
Central Indiana Community Foundation	*	8
Other	13	-
	100 %	100 %

** Not a major source of revenue and support in the period presented.*

Bank deposits are maintained at First Republic Bank and are insured up to the FDIC insurance limit. As of June 30, 2018, and occasionally throughout the year, cash balances exceeded the FDIC insurance limit.

NOTE 7 - RETIREMENT PLAN

The Organization offers a 401(k) defined contribution plan through its professional employer organization. All employees with a minimum of nine months of services are eligible to participate. Under the 401(k) plan, the Organization matches 50% of each employee's contributions up to 6%, not to exceed 3% of total compensation. Retirement plan expense was \$4,610 and \$1,104 for the year ended June 30, 2018 and the five months ended June 30, 2017, respectively.