

nonPAREIL INSTITUTE

Plano, Texas

FINANCIAL STATEMENTS

As of

DECEMBER 31, 2017 and 2016

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

Schnauffer & Walker, P.C.
Certified Public Accountants
Dallas, Texas

nonPAREIL INSTITUTE
Financial Statements
Years Ended December 31, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
nonPareil Institute
Plano, Texas

We have audited the accompanying financial statements of **nonPareil Institute** (a Texas not-for-profit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses 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 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 the 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.

To the Board of Directors of
nonPareil Institute
Independent Auditors' Report

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **nonPareil Institute** 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.

Schnauffer & Walker, P.C.

Dallas, Texas
February 14, 2018

nonPAREIL INSTITUTE
Statements of Financial Position
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 471,421	\$ 461,902
Accounts receivable	117,904	10,253
Prepaid expenses	84,527	80,203
Total current assets	<u>673,852</u>	<u>552,358</u>
Long-term assets:		
Property and equipment, - net of accumulated depreciation	177,418	263,151
Total long-term assets	<u>177,418</u>	<u>263,151</u>
Other assets:		
Deposits	12,000	12,000
Total other assets	<u>12,000</u>	<u>12,000</u>
TOTAL ASSETS	<u>\$ 863,270</u>	<u>\$ 827,509</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 4,526	\$ 9,897
Accrued expenses	76,176	59,057
Refundable advances	25,848	32,421
TOTAL LIABILITIES	<u>106,550</u>	<u>101,375</u>
NET ASSETS		
Unrestricted net assets	280,119	439,885
Temporarily restricted net assets	476,601	286,249
TOTAL NET ASSETS	<u>756,720</u>	<u>726,134</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 863,270</u>	<u>\$ 827,509</u>

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

nonPAREIL INSTITUTE
Statement of Activities
For The Year Ended December 31, 2017

CHANGES IN UNRESTRICTED NET ASSETS

	Unrestricted	Temporarily Restricted	Total
Revenue and other support:			
Training fees	\$ 2,169,841	\$ -	\$ 2,169,841
Contributed services and materials	103,192	-	103,192
Fundraising	80,382	66,575	146,957
Contributions	78,500	627,411	705,911
Sponsorships	45,000	13,000	58,000
Texas Workforce Commission (TWC)	16,615	-	16,615
Sales income	5,459	-	5,459
Miscellaneous income	4,559	-	4,559
Outsourcing contracts	2,771	-	2,771
Interest income	472	-	472
Net assets released from restrictions	516,634	(516,634)	-
Total revenue and other support	<u>3,023,425</u>	<u>190,352</u>	<u>3,213,777</u>
Expenses:			
Program services	2,771,364	-	2,771,364
Supporting services:			
Management and general	109,311	-	109,311
Development and fundraising	302,516	-	302,516
Total supporting services	<u>411,827</u>	<u>-</u>	<u>411,827</u>
Total expenses	<u>3,183,191</u>	<u>-</u>	<u>3,183,191</u>
(Decrease) increase in net assets	(159,766)	190,352	30,586
Net assets, beginning of year	<u>439,885</u>	<u>286,249</u>	<u>726,134</u>
NET ASSETS, END OF YEAR	<u>\$ 280,119</u>	<u>\$ 476,601</u>	<u>\$ 756,720</u>

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

nonPAREIL INSTITUTE
Statement of Activities
For The Year Ended December 31, 2016

CHANGES IN UNRESTRICTED NET ASSETS

	Unrestricted	Temporarily Restricted	Total
Revenue and other support:			
Training fees	\$ 1,944,076	\$ -	\$ 1,944,076
Fundraising	217,328	-	217,328
Contributed services and materials	145,802	-	145,802
Contributions	70,122	494,896	565,018
Sponsorships	59,000	-	59,000
Texas Workforce Commission (TWC)	33,480	-	33,480
Sales income	4,118	-	4,118
Miscellaneous income	2,357	-	2,357
Interest income	278	-	278
Scholarship income	2	250	252
Net assets released from restrictions	535,424	(535,424)	-
Total revenue and other support	<u>3,011,987</u>	<u>(40,278)</u>	<u>2,971,709</u>
Expenses:			
Program services	2,611,126	-	2,611,126
Supporting services:			
Management and general	114,846	-	114,846
Development and fundraising	252,161	-	252,161
Total supporting services	<u>367,007</u>	<u>-</u>	<u>367,007</u>
Total expenses	<u>2,978,133</u>	<u>-</u>	<u>2,978,133</u>
Increase (decrease) in net assets	33,854	(40,278)	(6,424)
Net assets, beginning of year	406,031	326,527	732,558
NET ASSETS, END OF YEAR	<u>\$ 439,885</u>	<u>\$ 286,249</u>	<u>\$ 726,134</u>

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

nonPAREIL INSTITUTE
Statement of Functional Expenses
For The Year Ended December 31, 2017

	Supporting services			
	Program services	Management and general	Development and fundraising	
	Programs	and general	Total	
			Totals	
Payroll and related expenses:				
Compensation and benefits	\$ 1,944,104	\$ 82,125	\$ 173,556	\$ 2,199,785
Payroll taxes	124,543	5,525	10,031	140,099
Total payroll and related expenses	2,068,647	87,650	183,587	2,339,884
Advertising	81,009	135	-	81,144
Bad debts	12,260	-	-	12,260
Bank charges	4,956	82	3,817	8,855
Books, subscriptions and reference	1,063	318	-	1,381
Cost of goods sold	1,272	-	-	1,272
Depreciation	92,123	352	276	92,751
Fundraising	-	-	100,009	100,009
Furniture	2,358	-	-	2,358
Hardware	21,486	156	142	21,784
Insurance	11,909	1,847	286	14,042
Internet services	24,214	198	123	24,535
Miscellaneous	18,128	420	-	18,548
Office supplies	18,169	234	234	18,637
Professional fees	5,531	10,870	100	16,501
Postage and mailing	968	148	1,612	2,728
Printing and copying	2,772	109	1,397	4,278
Repairs and maintenance	27,618	-	220	27,838
Rent	270,994	2,171	2,142	275,307
Software and licenses	31,034	2,815	5,528	39,377
Special events	12,886	-	-	12,886
Telephone	11,471	1,200	968	13,639
Travel and meetings	33,591	606	2,075	36,272
Utilities	16,905	-	-	16,905
Totals	\$ 2,771,364	\$ 109,311	\$ 302,516	\$ 3,183,191

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

nonPAREIL INSTITUTE
Statement of Functional Expenses
For The Year Ended December 31, 2016

	Program services		Supporting services		Totals
	Programs	Management and general	Development and fundraising	Total	
Payroll and related expenses:					
Compensation and benefits	\$ 1,678,305	\$ 85,596	\$ 89,342	\$ 174,938	\$ 1,853,243
Payroll taxes	107,664	5,491	5,731	11,222	118,886
Total payroll and related expenses	1,785,969	91,087	95,073	186,160	1,972,129
Advertising	120,846	45	759	804	121,650
Bad debts	1,829	-	-	-	1,829
Bank charges	5,254	340	2,713	3,053	8,307
Books, subscriptions and reference	1,423	116	99	215	1,638
Cost of goods sold	5,175	-	-	-	5,175
Depreciation	107,317	353	276	629	107,946
Fundraising	30	-	142,928	142,928	142,958
Furniture	5,690	-	94	94	5,784
Hardware	27,859	1,040	1,268	2,308	30,167
Insurance	10,853	5,174	2	5,176	16,029
Internet services	30,094	717	128	845	30,939
Miscellaneous	16,511	406	242	648	17,159
Office supplies	22,618	631	872	1,503	24,121
Professional fees	32,783	8,400	1,200	9,600	42,383
Postage and mailing	755	133	696	829	1,584
Printing and copying	3,781	45	833	878	4,659
Repairs and maintenance	32,943	-	-	-	32,943
Rent	295,629	2,171	2,385	4,556	300,185
Software and licenses	23,749	2,514	-	2,514	26,263
Special events	14,158	-	-	-	14,158
Telephone	6,956	561	116	677	7,633
Travel and meetings	38,956	1,113	2,477	3,590	42,546
Utilities	19,948	-	-	-	19,948
Totals	\$ 2,611,126	\$ 114,846	\$ 252,161	\$ 367,007	\$ 2,978,133

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

nonPAREIL INSTITUTE
Statements of Cash Flows
For The Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash proceeds from training fees	\$ 2,163,268	\$ 1,944,076
Cash proceeds from donors	656,260	624,018
Cash proceeds from fundraising	146,957	217,328
Cash proceeds from agencies	16,615	33,480
Cash proceeds from sales	8,230	4,118
Cash proceeds from other income	4,559	2,357
Cash proceeds from interest	472	278
Cash proceeds for scholarships	-	252
Cash expended for employee compensation and benefits	(2,182,666)	(1,853,243)
Cash expended for employer payroll taxes	(140,099)	(118,886)
Cash expended for programs	(236,040)	(261,507)
Cash expended for rent	(275,307)	(300,185)
Cash expended for development and fundraising	(100,009)	(151,712)
Cash expended for insurance	(14,042)	(16,029)
Cash expended for management and general	(21,533)	(15,721)
Cash expended for bank fees	(8,855)	(8,307)
Cash expended for costs of good sold	(1,272)	(5,175)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>16,538</u>	<u>95,142</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(7,019)	(25,136)
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(7,019)</u>	<u>(25,136)</u>
	9,519	70,006
BEGINNING CASH AND CASH EQUIVALENTS	461,902	391,896
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 471,421</u>	<u>\$ 461,902</u>
Supplemental cash flow disclosure:		
Contributed services and materials	\$ 103,192	\$ 145,802
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 30,586	\$ (6,424)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	92,752	107,946
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(107,651)	482
(Increase) in prepaid expenses	(4,324)	(9,804)
(Decrease) in accounts payable	(5,371)	(2,067)
Increase in accrued liabilities	17,119	14,729
(Decrease) in refundable advances	(6,573)	(9,720)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 16,538</u>	<u>\$ 95,142</u>

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

nonPAREIL INSTITUTE
Notes to Financial Statements

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

nonPareil Institute D/B/A nonPareil Publishing and nonPareil Studio (the Organization) is a Texas not-for-profit corporation headquartered in Plano, Texas. The Organization also has a training center in Houston, Texas. The Organization is dedicated to building better futures for adults with autism. nonPareil trains adults with autism in digital and interactive technologies through courses in design, digital art, 3D modeling, animation and coding. We also train in film, writing, publishing and other areas that tap into their passion and potential. These adults, known as “Crew,” are guided by professional technology instructors from various digital technology industries. Crew experience how to develop and launch interactive technology such as applications and video games in a professional environment where they hone their independence and teamwork abilities. Crew also develop invaluable life and vocational skills that not only complement their success within their individual technical skills training, but also improve overall sociability and adaptability with the world outside nonPareil. The Organization’s revenue consists of training fees, free-will donations, contributed services and materials, fundraising, sponsorships, outsourcing projects, sales income and interest income.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Under the accrual method of accounting, revenues are recorded when earned and expenses are recorded when incurred, irrespective of when paid. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is required to file annual reports to the Internal Revenue Service, Form 990, Return of Organizations Exempt from Federal Income Tax. nonPareil Institute is in compliance with all federal tax filings for the years ended December 31, 2017 and 2016.

Basis of Presentation

The Organization accounts for its funding in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities* (ASC Topic 958), which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. ASC Topic 958 requires that unconditional promises to give (pledges) be recorded as receivables and requires the organization to distinguish between contributions received for

nonPAREIL INSTITUTE
Notes to Financial Statements

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

each net asset category in accordance with donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that are met by actions of the Organization.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Training fees, contributions, contributed services and materials, fundraising income and sponsorships are recognized when earned. Refundable advances are recorded when the revenue is earned, not received. Contributions are recognized as revenue when received or pledged and are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the contribution is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

At December 31, 2017 and 2016 and during the years then ended, the Organization did not have any of its assets subject to permanent restrictions. At December 31, 2017 and 2016, temporarily restricted net assets were \$476,601 and \$286,249, respectively. At December 31, 2017 and 2016, unrestricted net assets of \$280,119 and \$439,885, respectively, have been designated to be used with the permission of the Board of Directors (the “Board”).

Fair Value of Financial Instruments

The Organization’s financial instruments consist of cash and cash equivalents, accounts receivable, prepaid expenses, other assets, accounts payable, accrued expenses and refundable advances. Accounts receivable, prepaid expenses, other assets, accounts payable, accrued expenses and refundable advances are stated at cost which approximates fair value. Cash and cash equivalents are stated at fair value.

Cash and Cash Equivalents

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

nonPAREIL INSTITUTE
Notes to Financial Statements

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable

Accounts receivable consists of training fees receivables and grant receivables and are recorded net of allowance for uncollectible accounts, if necessary. For the fiscal years ended December 31, 2017 and 2016, there were \$12,260 and \$1,829, respectively, recorded to bad debt expense. As of December 31, 2017 and 2016, there were \$2,000 and \$0, respectively, recorded for allowance for bad debt.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method, ranging from three to seven years. Expenditures for repairs and maintenance are charged to operating expense as incurred.

Deposits

Deposits consist of a deposit for an office lease.

Refundable Advances

Resources received in exchange transactions are recognized as refundable advances to the extent that the earnings process has not been completed. These resources are recorded as unrestricted revenues when the related obligations have been satisfied.

Recognition of Revenue

Revenue is recorded when earned, not when cash is received. Donations received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the donation is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Noncash Donations and Contributed Services

Donated materials, fixed assets, and certain services are reflected as contributions at their estimated fair values on the date of receipt and are recorded in the appropriate asset or expense account. Services are recorded if they create or enhance nonfinancial assets or require special skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

nonPAREIL INSTITUTE
Notes to Financial Statements

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Classification of Revenue and Expense

Operating activities include items which are directly related to the Organization or are essential support elements of those programs. The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program activities and supporting services in the statements of functional expenses. Depreciation expense has been allocated to the related operating activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted 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.

Advertising and Marketing Costs

The Organization charges advertising and marketing costs to operations in the year the expense is incurred. During the years ended December 31, 2017 and 2016, advertising and marketing expenses incurred were \$81,144 and \$121,650.

NOTE C – FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE D – CONCENTRATION OF CREDIT RISK

As of December 31, 2017 and 2016, the Organization maintained balances at a financial institution in excess of the \$250,000 insured by the Federal Deposit Insurance Corporation. The amounts at risk were approximately \$20,000 and \$57,000, respectively.

nonPAREIL INSTITUTE
Notes to Financial Statements

NOTE E – PROPERTY AND EQUIPMENT

The Organization’s property and equipment consists of the following at December 31st:

Property and equipment:	<u>2017</u>	<u>2016</u>
Computer hardware	\$ 260,515	\$ 256,289
Computer software	134,832	156,032
Furniture and equipment	167,207	167,207
Leasehold improvements	157,734	157,734
	<u>720,288</u>	<u>737,262</u>
Accumulated depreciation	(542,870)	(474,111)
Property and equipment, net	<u>\$ 177,418</u>	<u>\$ 263,151</u>

The Organization expensed \$92,752 and \$107,946 to depreciation expense for the years ended December 31, 2017 and 2016, respectively.

NOTE F – CONTRIBUTED SERVICES AND MATERIALS

For the years ended December 31, 2017 and 2016, the Organization received and recognized contributed services and materials as follows:

	<u>2017</u>	<u>2016</u>
Gifts in kind - services	\$ 80,138	\$ 124,472
Gifts in kind - goods	20,459	21,330
Donated use of facilities	2,595	-
Totals	<u>\$ 103,192</u>	<u>\$ 145,802</u>

These amounts are included in revenue as unrestricted contributions and in the applicable expense and assets categories in the accompanying financial statements.

In addition, the Organization received contributed services and materials which are not recognized as contributions in the financial statements since the recognition criteria under U.S. GAAP were not met.

NOTE G – OPERATING LEASE

In September, 2015, the Organization entered into an office lease with a partnership and in October 2017, the lease was amended to include additional office space. The lease expires on January 2028. The minimum future rental payments under the non-cancelable operating lease for the next five years and thereafter are estimated to be as follows:

nonPAREIL INSTITUTE
Notes to Financial Statements

NOTE G – OPERATING LEASE, continued

Years	Base rent
2018	\$ 143,758
2019	153,489
2020	157,906
2021	161,962
2022	166,018
Thereafter	906,495
Totals	<u>\$ 1,689,988</u>

The Organization expensed \$277,902 and \$300,185 to rent expense for the years ended December 31, 2017 and 2016, respectively.

NOTE H – TEMPORARILY RESTRICTED CONTRIBUTIONS

Temporarily restricted contributions are net assets subject to restrictions imposed by the Organization or donor that may or will be met by actions of the Board and/or passage of time. When the restriction expires (i.e., when a stipulated time restriction ends or the Board fulfills the purpose for which the net assets were restricted), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. For the year ended December 31, 2017 there was \$82,899 of temporarily restricted contributions given to the Organization for the location in Houston, Texas, \$94,032 given for the location in Plano, Texas, \$341,866 given for program extensions, \$121,406 given for expansion cities, \$66,783 given for scholarships. For the year ended December 31, 2016 there was \$45,611 of temporarily restricted contributions given to the Organization for the location in Houston, Texas, \$2,848 given for the location in Plano, Texas, \$444,827 given for program extensions, \$1,610 given for expansion cities, \$250 given for scholarships.

NOTE I – NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets of \$516,634 were released from donor restrictions by incurring expenses satisfying the restricted purposes for the year ended December 31, 2017. The temporarily restricted net assets spent were \$33,694 on the Houston location, \$12,178 on the Plano location, \$426,094 on program extensions, \$29,259 on the expansion cities, \$15,049 for scholarships. Temporarily restricted net assets of \$535,424 were released from donor restrictions by incurring expenses satisfying the restricted purposes for the year ended December 31, 2016. The temporarily restricted net assets spent were \$347,941 on the Houston location, \$2,993 on the Plano location, \$181,321 on program extensions, \$2,919 on the expansion cities, \$250 for scholarships.

nonPAREIL INSTITUTE
Notes to Financial Statements

NOTE J - TEMPORARILY RESTRICTED NET ASSETS

The Organization's temporarily restricted net assets for the years ended December 31, 2017 and 2016 were as follows:

<u>2017</u>				
	<u>Beginning Balance</u>	<u>TRNA Contributions</u>	<u>TRNA Released</u>	<u>Ending Balance</u>
Houston	\$ -	\$ 82,899	(\$ 33,694)	\$ 49,205
Plano	2,030	94,032	(12,178)	83,884
Program extensions	271,681	341,866	(426,094)	187,453
Expansion cities	12,538	121,406	(29,259)	104,685
Scholarships	-	66,783	(15,409)	51,374
Totals	<u>\$ 286,249</u>	<u>\$ 706,986</u>	<u>(\$ 516,634)</u>	<u>\$ 476,601</u>

<u>2016</u>				
	<u>Beginning Balance</u>	<u>TRNA Contributions</u>	<u>TRNA Released</u>	<u>Ending Balance</u>
Houston	\$ 302,330	\$ 45,611	(\$ 347,941)	\$ -
Plano	2,175	2,848	(2,993)	2,030
Program extensions	8,175	444,827	(181,321)	271,681
Expansion cities	13,847	1,610	(2,919)	12,538
Scholarships	-	250	(250)	-
Totals	<u>\$ 326,527</u>	<u>\$ 495,146</u>	<u>(\$ 535,424)</u>	<u>\$ 286,249</u>

NOTE K – SUBSEQUENT EVENTS

FASB ASC 855-10 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. That is, whether that date represents the date the financial statements were issued or were available to be issued. The Organization has evaluated subsequent events for potential recognition and/or disclosure in these financial statements through February 14, 2018, the date that the financial statements were available to be issued.