



The Greater Richmond Chamber Foundation and Subsidiary

Consolidated Financial Statements

June 30, 2018

The Greater Richmond Chamber Foundation and Subsidiary

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Independent Auditor's Report

Board of Directors
The Greater Richmond Chamber Foundation
Richmond, Virginia

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Greater Richmond Chamber Foundation and its subsidiary, which comprise the consolidated balance sheet as of June 30, 2018, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, 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 The Greater Richmond Chamber Foundation and its subsidiary as of June 30, 2018, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Greater Richmond Chamber Foundation's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mitchell Wiggins

Richmond, Virginia
November 1, 2018

The Greater Richmond Chamber Foundation and Subsidiary

Consolidated Balance Sheet

June 30, 2018, with Comparative Totals as of June 30, 2017

Assets	2018	2017
Current Assets		
Cash and cash equivalents	\$ 624,957	\$ 344,398
Accounts receivable	1,745	1,392
Grant receivable	70,324	47,022
Prepaid expenses	224,428	261,643
Total current assets	921,454	654,455
Property and Equipment		
Furniture and fixtures, artwork	36,744	34,470
Office equipment and software	3,508	2,476
	40,252	36,946
Accumulated depreciation	(37,367)	(25,409)
Total property and equipment, net	2,885	11,537
	\$ 924,339	\$ 665,992
Liabilities and Net Assets		
Current Liabilities		
Accounts payable		
Affiliate	\$ 996	\$ 9,103
Other	83,689	34,729
Total current liabilities	84,685	43,832
Net Assets		
Unrestricted	6,187	10,222
Board Designated Reserve for future use, unrestricted	75,000	75,000
Board Designated for specific programs, unrestricted	42,256	88,980
	123,443	174,202
Temporarily restricted	716,211	447,958
Total net assets	839,654	622,160
	\$ 924,339	\$ 665,992

See Notes to Consolidated Financial Statements

The Greater Richmond Chamber Foundation and Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2018, with Comparative Totals for the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Totals	
			2018	2017
Revenues				
Contributions	\$ 2,500	\$ 1,304,472	\$ 1,306,972	\$ 991,512
Interest	929	-	929	353
Total revenues	3,429	1,304,472	1,307,901	991,865
Net Assets Released from Restrictions				
Satisfaction of program restrictions	1,036,219	(1,036,219)	-	-
Total support and revenues	1,039,648	268,253	1,307,901	991,865
Expenses				
Program services				
Smart Beginnings	491,546	-	491,546	415,100
Workforce Development	132,637	-	132,637	52,614
Economic Development	111,296	-	111,296	75,000
Other programs	232,548	-	232,548	346,116
Management	7,407	-	7,407	6,975
Fundraising	114,973	-	114,973	4,658
Total expenses	1,090,407	-	1,090,407	900,463
Changes in net assets	(50,759)	268,253	217,494	91,402
Net assets, beginning	174,202	447,958	622,160	530,758
Net assets, ending	\$ 123,443	\$ 716,211	\$ 839,654	\$ 622,160

See Notes to Consolidated Financial Statements

The Greater Richmond Chamber Foundation and Subsidiary

Consolidated Statement of Cash Flows
Year Ended June 30, 2018

Cash Flows from Operating Activities	
Changes in net assets	\$ 217,494
<i>Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by (used in) operating activities</i>	
Depreciation	11,958
<i>Changes in operating assets</i>	
Accounts receivable	(353)
Grant receivable	(23,302)
Prepaid expenses	37,215
<i>Changes in operating liabilities</i>	
Accounts payable	40,853
Net cash and cash equivalents provided by operating activities	<u>283,865</u>
Cash Flows from Investing Activities	
Purchase of fixed assets	<u>(3,306)</u>
Net cash and cash equivalents (used in) investing activities	<u>(3,306)</u>
Net change in cash and cash equivalents	280,559
Cash and cash equivalents, beginning	<u>344,398</u>
Cash and cash equivalents, ending	<u>\$ 624,957</u>

See Notes to Consolidated Financial Statements

The Greater Richmond Chamber Foundation and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended June 30, 2018, with Comparative Totals for the Year Ended June 30, 2017

	Smart Beginnings	Workforce Development	Economic Development	Other Programs	Total Program Services	Manage- ment	Fund- raising	Totals	
								2018	2017
Operating Expenses									
Salaries	\$ 211,056	\$ 59,765	\$ -	\$ -	\$ 270,821	\$ -	\$ -	\$ 270,821	\$ 209,899
Payroll taxes	18,997	6,036	-	-	25,033	-	-	25,033	20,945
Tuition assistance	12,608	-	-	-	12,608	-	-	12,608	-
Fringe benefits	47,342	-	-	-	47,342	-	-	47,342	60,186
Contracts and consulting	137,512	21,600	75,000	74,500	308,612	6,000	100,000	414,612	238,390
Communications and marketing plan	-	-	36,296	1,941	38,237	-	-	38,237	-
Depreciation expense	854	-	-	-	854	-	-	854	825
Advertising and promotional items	21,633	-	-	-	21,633	-	-	21,633	20,343
Office supplies and maintenance	8,926	292	-	-	9,218	1,407	2,758	13,383	19,504
Conference and meetings	3,623	27,549	-	23,871	55,043	-	-	55,043	54,531
Travel and training	-	6,291	-	-	6,291	-	12,215	18,506	-
Miscellaneous expenses	28,995	-	-	-	28,995	-	-	28,995	32,474
Total operating expenses	491,546	121,533	111,296	100,312	824,687	7,407	114,973	947,067	657,097
Other Program Expenses									
Capital Region Collaborative	-	-	-	97,052	97,052	-	-	97,052	123,516
Greater Richmond Small Business Development Center	-	-	-	33,984	33,984	-	-	33,984	77,129
Go Bike	-	11,104	-	-	11,104	-	-	11,104	42,670
Liberty Trail	-	-	-	1,200	1,200	-	-	1,200	51
Total other program expenses	-	11,104	-	132,236	143,340	-	-	143,340	243,366
Total expenses	\$ 491,546	\$ 132,637	\$ 111,296	\$ 232,548	\$ 968,027	\$ 7,407	\$ 114,973	\$ 1,090,407	\$ 900,463

See Notes to Consolidated Financial Statements

The Greater Richmond Chamber Foundation and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2018

Note 1. Nature of Reporting Entity and Significant Accounting Policies

Nature of reporting entity

The Greater Richmond Chamber Foundation (the Foundation) is a nonprofit corporation organized under the laws of the Commonwealth of Virginia for the purpose of improving Greater Richmond's business environment and quality of life by supporting economic development, regional cooperation, education, and leadership development, often through the Greater Richmond Chamber of Commerce, also known as ChamberRVA. The Foundation is devoting significant effort to improving the Richmond Virginia region through an endeavor known as FutureRVA. FutureRVA is a comprehensive initiative that aims to move Richmond forward by addressing all aspects of what makes the region competitive, from workforce and education to quality of life and economic development. FutureRVA's goals include strengthening the local talent pipeline, attracting new talent to the region, engaging young professionals, and advocating for economic development opportunities.

Smart Beginnings Greater Richmond, LLC (Smart Beginnings), a wholly-owned subsidiary, was established on April 27, 2015, for the purpose of promoting early childhood development and school readiness.

A summary of significant accounting policies follows:

Basis of accounting

The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America on an accrual basis. Consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Principles of consolidation

The consolidated financial statements include the accounts of the Foundation and Smart Beginnings (collectively, the Organization). All significant intercompany accounts and transactions have been eliminated.

Financial statement presentation

Under current accounting standards generally accepted in the United States of America, the Foundation is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The net asset classes are summarized as follows:

Unrestricted net assets include unrestricted and board designated funds. The unrestricted and board-designated funds include revenue and expenses used currently for the general operations and programs of the Foundation. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the donor restrictions expire in the fiscal year in which the contributions are recognized.

The Greater Richmond Chamber Foundation and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2018

Note 1. Nature of Reporting Entity and Significant Accounting Policies (continued)

Temporarily restricted net assets include contributions restricted by donor designation and interest earned on restricted assets and are reported as increases in temporarily restricted net assets. When a restriction expires either with the passage of time or accomplishment of the purpose, temporarily restricted net assets are released and reclassified to unrestricted net assets.

Permanently restricted net assets include contributions restricted by donor-imposed stipulations that they be maintained permanently by the Foundation.

Cash and cash equivalents

For purposes of reporting the consolidated statement of cash flows, the Organization includes all cash accounts, which are not subject to withdrawal restrictions or penalties, certificates of deposit, and all highly liquid debt instruments purchased with a maturity of three months or less, as cash and cash equivalents on the accompanying consolidated balance sheet. The Organization, at times, may have cash in excess of insured limits. The Organization's cash is in institutions whose credit ratings are monitored by management to minimize the concentration of credit risk. At June 30, 2018, the Organization had cash balances in a financial institution in excess of that which is fully insured by the FDIC.

Accounts receivable

The Organization extends unsecured credit to its customers in the ordinary course of its activities but mitigates the associated credit risk by performing credit checks when appropriate and actively pursuing past due accounts. The allowance for uncollectible receivables is based on management's evaluation of the collectibility of individual receivables. Receivables are charged against the allowance when deemed to be uncollectible. Subsequent recoveries are recorded as income when received.

Grant receivable

Grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. The allowance for doubtful pledges is based on management's evaluation of the collectibility of individual pledges. Pledges are recorded in the allowance account when deemed to be uncollectible. Subsequent recoveries reduce the allowance.

Property and equipment

Acquisitions of property and equipment are recorded at cost. Depreciation of property and equipment is computed using the straight-line method over estimated useful lives of the respective assets.

The Greater Richmond Chamber Foundation and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2018

Note 1. Nature of Reporting Entity and Significant Accounting Policies (continued)

Income taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a Private Foundation. The Foundation is subject to tax on any unrelated business income that it may generate. Smart Beginnings is a single member LLC and, therefore, is considered a disregarded entity for tax purposes.

The Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes. Management evaluated the Organization's tax position and concluded that the Organization had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. With few exceptions, the Organization is no longer subject to income tax examinations by the taxing authorities for years ending before June 30, 2015.

The Organization includes penalties and interest assessed by income taxing authorities in operating expenses. The Organization did not have any penalties and interest relating to income taxes for the year ended June 30, 2018.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities and consolidated statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services.

Use of estimates in the preparation of consolidated financial statements

The preparation of consolidated 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Grant Receivable

The Organization had grant receivables of \$70,324, which is in temporarily restricted net assets as of June 30, 2018. This grant is for support of Smart Beginnings and is expected to be collected in less than a year.

The Greater Richmond Chamber Foundation and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2018

Note 3. Related-Party Transactions

The Organization is affiliated with the Greater Richmond Chamber of Commerce (the Chamber). The Organization and the Chamber share facilities and other services for which the Organization reimburses the Chamber on a regular basis. The Organization remitted payments to the Chamber for community building activities, FutureRVA, and other activities of \$353,705 during the year ended June 30, 2018. The Organization also remitted payments of \$27,549 to the Chamber to prepare students for their future during the year ended June 30, 2018. The Organization also paid the Chamber \$6,000 in management fees for the year ended June 30, 2018.

Note 4. Board-Designated Net Assets for Specific Programs

As stated in Note 1, unrestricted net assets include amounts designated by the Board of Directors for specific purposes. Board-designated funds at June 30, 2018 were as follows:

Chamber Charitable Community Building Initiatives	\$ 26,489
Capital Region Collaborative	6,002
Liberty Trail	9,765
	<u>\$ 42,256</u>

Note 5. Temporarily Restricted Net Assets

As stated in Note 1, temporarily restricted net assets consist of contributions received from donors who have specified how the contribution will be utilized. Temporarily restricted net assets at June 30, 2018 were as follows:

Capital Region Collaborative	\$ 90,360
Future RVA	374,932
Richmond Regional Marketing & Branding	22,945
Small Business Development	(9,272)
Smart Beginnings	237,246
	<u>\$ 716,211</u>

Note 6. Prior-Year Summarized Comparative Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

The Greater Richmond Chamber Foundation and Subsidiary
Notes to Consolidated Financial Statements
June 30, 2018

Note 7. Subsequent Events

Management has evaluated subsequent events through November 1, 2018, the date which the consolidated financial statements were available for issue.