VIRGINIA MENTORING PARTNERSHIP

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

CONTENTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Virginia Mentoring Partnership
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Virginia Mentoring Partnership (a nonprofit organization) (the "Partnership"), which comprise the statements of financial position as of December 31, 2018 and 2017, 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

The Partnership's 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 Partnership'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 Partnership'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.

300 Arboretum Place, Suite 660, Richmond, Virginia 23236 Tel: 804-560-0560 Fax: 804-560-0553 hhjcpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Virginia Mentoring Partnership as of December 31, 2018 and 2017, 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.

Harris, Hardy & Johnstone, P.C.

Richmond, Virginia
August 7, 2019

VIRGINIA MENTORING PARTNERSHIP

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 98,335	$ 90,774
Accounts receivable	40,656	22,526
Prepaid expenses	635	136
Property and equipment, net	1,543	2,998
	$ 141,169	$ 116,434
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 31,529	$ 30,885
Unearned income	-	2,500
TOTAL LIABILITIES	31,529	33,385
NET ASSETS		
Without donor restrictions	109,640	25,018
With donor restrictions	-	58,031
TOTAL NET ASSETS	109,640	83,049
	$ 141,169	$ 116,434

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA MENTORING PARTNERSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Support, Other Than Special Events			
Contributions			
Individuals	$ 70,585	$ -	$ 70,585
Corporations	20,917	289,875	310,792
In-kind	74,734	-	74,734
Total Support, Other Than Special Events	166,236	289,875	456,111
Special Events			
Special event contributions and sponsorships	39,329	-	39,329
Special event revenue	9,069	-	9,069
Less: Direct benefits to donors	(9,729)	-	(9,729)
Net Support from Special Events	38,669	-	38,669
Program Services Revenue			
Fees for training services/conferences	124,803	-	124,803
Total Program Services Revenue	124,803	-	124,803
Other Revenues, Gains and (Losses)			
Investment return, net	232	-	232
Total Other Revenues, Gains and (Losses)	232	-	232
Net Assets Released from Restrictions			
Satisfaction of program restrictions	337,906	(337,906)	-
Satisfaction of use restrictions	10,000	(10,000)	-
Total Net Assets Released from Restrictions	347,906	(347,906)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	677,846	(58,031)	619,815
EXPENSES AND LOSSES			
Program Services			
Training and technical assistance	428,515	-	428,515
Management and General	56,897	-	56,897
Fundraising	107,812	-	107,812
TOTAL EXPENSES AND LOSSES	593,224	-	593,224
CHANGE IN NET ASSETS	84,622	(58,031)	26,591
NET ASSETS, beginning of year	25,018	58,031	83,049
NET ASSETS, end of year	$ 109,640	$ -	$ 109,640

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA MENTORING PARTNERSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Support, Other Than Special Events			
Contributions			
Individuals	$ 33,445	$ -	$ 33,445
Corporations	22,612	287,100	309,712
In-kind	78,174	-	78,174
Total Support, Other Than Special Events	134,231	287,100	421,331
Special Events			
Special event contributions and sponsorships	18,240	9,704	27,944
Special event revenue	7,490	296	7,786
Less: Direct benefits to donors	(10,641)	-	(10,641)
Net Support from Special Events	15,089	10,000	25,089
Program Services Revenue			
Fees for training services/conferences	128,578	-	128,578
Total Program Services Revenue	128,578	-	128,578
Other Revenues, Gains and (Losses)			
Investment return, net	22	-	22
Other revenue	(428)	-	(428)
Total Other Revenues, Gains and (Losses)	(406)	-	(406)
Net Assets Released from Restrictions			
Satisfaction of program restrictions	309,069	(309,069)	-
Satisfaction of use restrictions	-	-	-
Total Net Assets Released from Restrictions	309,069	(309,069)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	586,561	(11,969)	574,592
EXPENSES AND LOSSES			
Program Services			
Training and technical assistance	464,886	-	464,886
Management and General	46,387	-	46,387
Fundraising	59,044	-	59,044
TOTAL EXPENSES AND LOSSES	570,317	-	570,317
CHANGE IN NET ASSETS	16,244	(11,969)	4,275
NET ASSETS, beginning of year	8,774	70,000	78,774
NET ASSETS, end of year	$ 25,018	$ 58,031	$ 83,049

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA MENTORING PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Training and Technical Assistance	Management and General	Fundraising	Total
Salaries and wages	$ 148,962	$ 22,776	$ 62,800	$ 234,538
Fringe benefits	40,358	8,716	23,927	73,001
	189,320	31,492	86,727	307,539
VCU facilities and administrative charge	85,221	8,021	7,018	100,260
Program training costs	96,390	-	-	96,390
Office rent	27,455	2,584	2,261	32,300
Fund development and counseling	6,699	-	10,115	16,814
Audit and accounting	1,326	11,934	-	13,260
Travel	10,653	-	-	10,653
Telecommunications	3,706	377	170	4,253
Staff training	2,706	-	-	2,706
Supplies and materials	2,295	216	189	2,700
Depreciation	1,237	116	102	1,455
Meetings	1,330	70	-	1,400
Miscellaneous	51	1,259	-	1,310
Public relations and promotional materials	102	-	937	1,039
Bad debt	-	800	-	800
Postage	24	28	293	345
	$ 428,515	$ 56,897	$ 107,812	$ 593,224

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA MENTORING PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Training and Technical Assistance	Management and General	Fundraising	Total
Salaries and wages	$ 173,347	$ 12,392	$ 29,250	$ 214,989
Fringe benefits	56,413	4,613	10,780	71,806
	229,760	17,005	40,030	286,795
VCU facilities and administrative charge	86,620	8,153	7,133	101,906
Program training costs	83,554	-	-	83,554
Office rent	28,504	2,683	2,347	33,534
Telecommunications	12,303	1,187	871	14,361
Audit and accounting	1,251	11,258	-	12,509
Fund development and counseling	4,500	-	6,434	10,934
Travel	9,459	-	-	9,459
Miscellaneous	48	5,544	-	5,592
Supplies and materials	2,608	245	216	3,069
Depreciation	2,289	215	188	2,692
Staff training	2,195	-	-	2,195
Public relations and promotional materials	187	-	1,687	1,874
Meetings	1,597	84	-	1,681
Postage	11	13	138	162
	$ 464,886	$ 46,387	$ 59,044	$ 570,317

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA MENTORING PARTNERSHIP

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 26,591	$ 4,275
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,455	2,692
Loss on disposal of property and equipment	-	428
(Increase) decrease in		
Accounts receivable	(18,130)	22,180
Prepaid expenses	(499)	(1)
Increase (decrease) in		
Accounts payable	644	(2,991)
Accrued expenses	-	(14,454)
Unearned income	(2,500)	2,500
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,561	14,629
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	-	(2,150)
NET CASH USED IN INVESTING ACTIVITIES	-	(2,150)
NET INCREASE IN CASH	7,561	12,479
CASH AND CASH EQUIVALENTS, beginning of year	90,774	78,295
CASH AND CASH EQUIVALENTS, end of year	$ 98,335	$ 90,774

See Independent Auditor's Report and Notes to Financial Statements

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Virginia Mentoring Partnership (the "Partnership") is a nonstock, not-for-profit corporation. The Partnership is engaged principally in providing mentoring relationships and economic opportunities for disadvantaged and at-risk youth in the Commonwealth of Virginia.

Summary of Significant Accounting Policies

The Partnership prepares its financial statements in accordance with accounting principles generally accepted in the United States of America for not-for-profit entities. The significant accounting and reporting policies used by the Partnership are described subsequently to enhance the usefulness and understandability of the financial statements.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities as of the date of the financial statements. On an ongoing basis, the Partnership's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Partnership's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Income Taxes

The Partnership is exempt from federal income taxes as defined under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Partnership's tax-exempt purpose could be subject to taxation as unrelated business income. In addition, the Partnership qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Partnership may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Partnership and various positions related to the potential sources of unrelated business taxable income (UBTI). The Partnership has recognized no uncertain tax positions for the years ended December 31, 2018 and 2017. The Partnership is generally no longer subject to examination by the Internal Revenue Service for years before 2015.

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Classification of Transactions
All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Cash Equivalents
Cash equivalents include all deposits in banks and highly liquid investments with original maturity dates of less than three months. The carrying value of cash equivalents approximated fair value because of the short maturities of those financial instruments.

Accounts Receivable
Accounts receivable are primarily unsecured non-interest-bearing amounts due from mentoring program services. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Unconditional Promises to Give
Unconditional promises to give are recognized as contributions when the promise is received. Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value as of the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises.

Property and Equipment
Property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Equipment is capitalized if it has a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets.

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets
The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions
Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Partnership, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions
Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Partnership must continue to use the resources in accordance with the donor's instructions.

The Partnership's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Partnership, unless the donor provides more specific directions about the period of its use.

Revenue Recognition
Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Expense Recognition and Allocation
The cost of providing the Partnership's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Depreciation, facilities and equipment, office, and other expenses that cannot be directly identified are allocated based on management's best estimate of each program and supporting activity supported.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Partnership.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Partnership generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Reclassifications
Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

Concentrations of Credit Risk
The Partnership maintains its cash balances in one financial institution in Richmond, Virginia. Balances at December 31, 2018 and 2017 were insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Partnership had on deposit at times during 2018 and 2017 amounts in excess of FDIC coverage.

NOTE B - CHANGE IN ACCOUNTING PRINCIPLE

The Partnership implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources

The changes have the following effect on net assets as of December 31, 2017:

	As Originally Presented	After Adoption of ASU 2016-14
Net Asset Class		
Unrestricted net assets	$ 25,018	
Temporarily restricted net assets	58,031	
Net assets without donor restrictions		$ 25,018
Net assets with donor restrictions		58,031
Total Net Assets	$ 83,049	$ 83,049

NOTE C - LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 and 2017 are:

	2018	2017
Financial assets		
Cash and cash equivalents	$ 98,335	$ 90,774
Accounts receivable	40,656	22,526
Prepaid expenses	635	136
Total financial assets	139,626	113,436
Less financial assets held to meet donor-imposed restrictions:		
Purpose restricted net assets (Note E)	-	58,031
Amount available for general expenditures within one year	$ 139,626	$ 55,405

As part of the Partnership's liquidity management plan, cash in excess of operational requirements is invested in cash equivalents.

NOTE D - PROPERTY AND EQUIPMENT, NET

Property and equipment includes the following groups of assets as of December 31, 2018 and 2017:

	2018	2017
Equipment	$ 60,225	$ 60,225
Less: Accumulated depreciation	58,682	57,227
Net property and equipment	$ 1,543	$ 2,998

NOTE E - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2018 and 2017 totaling $0 and $58,031, respectively, were available for training and technical assistance.

NOTE F - IN-KIND DONATIONS

The Partnership applies to Virginia Commonwealth University (VCU) annually for a grant award that provides for VCU to act as the fiscal agent for the Partnership. Monthly, VCU bills the Partnership for the expenditures made on its behalf. Part of this monthly billing is a charge for indirect costs (facilities/administrative costs). VCU presently bills the Partnership 8% of direct costs for this charge versus the standard 30%. The difference for the year 2018 ($74,734) and the year 2017 ($78,174) has been recorded as an in-kind donation with an offsetting VCU facilities and administrative charge under expenses in the accompanying statements of activities.

NOTE G - LEASE COMMITMENT

The Partnership entered into a lease for office space in January 2017. Lease expense under the lease was $32,300 for the years ended December 31, 2018 and 2017. Minimum future lease payments required under the lease at December 31, 2018 are as follows:

Year	Amount
2019	$ 32,300
2020	32,300
2021	32,300
	$ 96,900

NOTE H - SUBSEQUENT EVENTS

In the preparation of its financial statements, the Partnership considered subsequent events through August 7, 2019, which was the date the financial statements were available to be issued.