

**COMMUNITIES IN SCHOOLS  
OF CHESTERFIELD**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2015 AND 2014**

## CONTENTS

INDEPENDENT AUDITOR'S REPORT.....	Page	1 - 2
FINANCIAL STATEMENTS		
STATEMENTS OF FINANCIAL POSITION.....		3
STATEMENTS OF ACTIVITIES .....		4
STATEMENTS OF FUNCTIONAL EXPENSES .....		5
STATEMENTS OF CASH FLOWS .....		6
NOTES TO FINANCIAL STATEMENTS .....		7 - 10



HARRIS, HARDY & JOHNSTONE, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Communities In Schools of Chesterfield  
Chesterfield, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Communities In Schools of Chesterfield (the "Organization"), which comprise the statements of financial position as of June 30, 2015 and 2014, 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 Organization'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 audits 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 Communities In Schools of Chesterfield as of June 30, 2015 and 2014, 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  
June 24, 2016

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 126,110	\$ 193,236
Investments	120,638	-
	<u>\$ 246,748</u>	<u>\$ 193,236</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 14,160</u>	<u>\$ 5,244</u>
<b>NET ASSETS</b>		
Unrestricted	187,643	167,418
Temporarily restricted	44,945	20,574
	<u>232,588</u>	<u>187,992</u>
	<u>\$ 246,748</u>	<u>\$ 193,236</u>

See Independent Auditor's Report and Notes to Financial Statements

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Contributions	\$ 53,607	\$ 86,697	\$ 140,304	\$ 40,706	\$ 26,895	\$ 67,601
In-kind donations	1,311,272	-	1,311,272	1,143,609	-	1,143,609
Unrealized gain on investments	3,606	-	3,606	-	-	-
Interest and dividends	2,174	-	2,174	289	-	289
Realized gain on sale of investments	519	-	519	-	-	-
Net assets released from restriction	62,326	(62,326)	-	16,137	(16,137)	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>1,433,504</b>	<b>24,371</b>	<b>1,457,875</b>	<b>1,200,741</b>	<b>10,758</b>	<b>1,211,499</b>
<b>EXPENSES</b>						
Program services	1,390,710	-	1,390,710	1,189,763	-	1,189,763
Management and general	22,569	-	22,569	19,240	-	19,240
<b>TOTAL EXPENSES</b>	<b>1,413,279</b>	<b>-</b>	<b>1,413,279</b>	<b>1,209,003</b>	<b>-</b>	<b>1,209,003</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>20,225</b>	<b>24,371</b>	<b>44,596</b>	<b>(8,262)</b>	<b>10,758</b>	<b>2,496</b>
Net assets, beginning of year	167,418	20,574	187,992	175,680	9,816	185,496
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 187,643</b>	<b>\$ 44,945</b>	<b>\$ 232,588</b>	<b>\$ 167,418</b>	<b>\$ 20,574</b>	<b>\$ 187,992</b>

See Independent Auditor's Report and Notes to Financial Statements

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	Programs Services	Management and General	Total	Programs Services	Management and General	Total
Assistance to students	\$ 717,100	\$ -	\$ 717,100	\$ 565,625	\$ -	\$ 565,625
Donated salaries and benefits	471,592	-	471,592	459,404	-	459,404
Office space and facility use	76,530	11,375	87,905	76,530	10,000	86,530
Student incentives	61,452	693	62,145	59,664	927	60,591
Outside services	33,804	-	33,804	10,102	-	10,102
Instructional materials	17,861	-	17,861	5,402	-	5,402
Training and professional development	7,466	2,380	9,846	6,125	2,281	8,406
Travel	1,275	4,101	5,376	930	2,966	3,896
Mentor program	1,961	61	2,022	3,443	107	3,550
Bank service fees	-	1,653	1,653	-	-	-
Printing, supplies and postage	698	699	1,397	868	869	1,737
Other	971	324	1,295	1,670	557	2,227
Telephone	-	548	548	-	646	646
Insurance	-	387	387	-	887	887
Website	-	348	348	-	-	-
	<u>\$ 1,390,710</u>	<u>\$ 22,569</u>	<u>\$ 1,413,279</u>	<u>\$ 1,189,763</u>	<u>\$ 19,240</u>	<u>\$ 1,209,003</u>

See Independent Auditor's Report and Notes to Financial Statements

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 44,596	\$ 2,496
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Unrealized gain on investments	(3,606)	-
Realized gain on sale of investments	(519)	-
Increase (decrease) in accounts payable and accrued expenses	<u>8,916</u>	<u>(9,735)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>49,387</u>	<u>(7,239)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(165,570)	-
Proceeds from sale of investments	<u>49,057</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(116,513)</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(67,126)	(7,239)
Cash and cash equivalents, beginning of year	<u>193,236</u>	<u>200,475</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 126,110</u></u>	<u><u>\$ 193,236</u></u>

See Independent Auditor's Report and Notes to Financial Statements

# COMMUNITIES IN SCHOOLS OF CHESTERFIELD

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

### NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Communities In Schools of Chesterfield (the "Organization") was incorporated in 1993. The Organization is a collaboration of business and community members whose mission is to champion the connection of needed community resources with schools to help young people successfully learn, stay in school and prepare for life.

#### Basis of Presentation

The financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) ASC 958, "*Not-for-Profit Entities*". Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted Net Assets - Net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets resulting from contributions whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

Permanently Restricted Net Assets - Net assets resulting from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions. The Organization had no permanently restricted net assets at June 30, 2015 and 2014.

#### Fair Value Measurements

The Organization applies FASB ASC 820, "*Fair Value Measurements and Disclosures*." FASB ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. FASB ASC 820 uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

- Level 1 - Quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 - Directly or indirectly observable valuations in the marketplace at the measurement date other than Level 1 inputs
- Level 3 - Valuations unobservable in the marketplace at the measurement date

#### Cash and Cash Equivalents

For purposes of the accompanying statements of cash flows, the Organization includes all cash accounts and highly liquid investments with a maturity of three months or less at the time of purchase as cash and cash equivalents.

# COMMUNITIES IN SCHOOLS OF CHESTERFIELD

## NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2015 AND 2014

### NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Contributions

The Organization reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

#### Donated Supplies and Services

Donated services are recognized as contributions in accordance with FASB ASC 958, "*Not-for-Profit Entities*", if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various assignments. The Organization receives as many as 14,000 volunteer hours per year. The value of these services has not been reflected in the accompanying financial statements.

#### Functional Allocation of Expenses

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

#### Income Taxes

The Organization is exempt from taxation under Internal Revenue Code Section 501(c)(3). The Organization is approved for tax-exempt status, qualifying for the charitable contribution deduction under Section 170(b)(1)(A), and is classified as an organization that is not 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 Organization 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 Organization and various positions related to the potential sources of unrelated business taxable income (UBTI). The Organization has recognized no uncertain tax positions for the year ended June 30, 2015. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2012.

#### Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

# COMMUNITIES IN SCHOOLS OF CHESTERFIELD

## NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2015 AND 2014

### NOTE B - INVESTMENTS

Investments in marketable securities consist of the following at June 30, 2015 and 2014, as determined by Wells Fargo, the Organization's fiduciary:

	2015		2014	
	Cost	Fair Market Value	Cost	Fair Market Value
Investments:				
Cash equivalents	\$ 4,650	\$ 4,650	\$ -	\$ -
Equities	112,382	115,988	-	-
	<u>\$ 117,032</u>	<u>\$ 120,638</u>	<u>\$ -</u>	<u>\$ -</u>

All financial assets and liabilities were measured using Level 1 inputs.

### NOTE C - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following programs at June 30, 2015 and 2014:

	2015	2014
Program Services		
Altria Companies	\$ 17,815	\$ 909
RJ Smith/Bellwood	11,511	-
Bank of America	5,513	5,000
Carver College and Career Academy	3,587	-
Capital One Grant	2,388	6,927
Chalkey Elementary	1,220	1,270
Columbia Gas	582	2,895
Salem Middle	769	1,160
Chesterfield Community High	626	986
Bellwood Elementary	585	981
Ettrick Elementary	246	246
Kohl's	103	200
Total	<u>\$ 44,945</u>	<u>\$ 20,574</u>

### NOTE D - RELATED PARTY TRANSACTIONS

Chesterfield County Public Schools (CCPS) administered one state grant program totaling \$25,000 and \$25,000 for Communities In Schools of Chesterfield for the years ended June 30, 2015 and 2014. The income and related expenses of these grants are not reflected in the Organization's accompanying financial statements as of June 30, 2015 and 2014 because they are included in the Chesterfield County Public Schools' financial statements.

# COMMUNITIES IN SCHOOLS OF CHESTERFIELD

## NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2015 AND 2014

### NOTE D - RELATED PARTY TRANSACTIONS – Continued

In addition, Chesterfield County Public Schools paid approximately \$471,592 and \$459,404, respectively of salaries and benefits and provided office space and facility use for fiscal 2015 and 2014 valued at \$76,530 for both years, which has been reflected in the accompanying statements of activities.

### NOTE E - DONATED GOODS AND SERVICES

The value of donated goods and services included in the financial statements and the corresponding expenses for the years ended June 30, 2015 and 2014 are as follows:

	2015	2014
Assistance to students	\$ 717,100	\$ 559,925
Donated salaries and benefits	471,592	459,404
Office space and facility use	76,530	76,530
Student incentives	46,050	42,050
Scholarships	-	5,700
	<u>\$ 1,311,272</u>	<u>\$ 1,143,609</u>

### NOTE F - COMMITMENTS

On August 11, 2014, the Organization entered into a one-year lease for office space, beginning September 1, 2014, for \$875 per month. On August 11, 2015, the Organization entered into another one-year lease for office space, beginning September 1, 2015, for \$875 per month. Future payments are as follows:

	Operating Leases
2016	\$ 8,750
2017	1,750
	<u>\$ 10,500</u>

Total rent expense for the years ended June 30, 2015 and 2014 was \$11,375 and \$10,000, respectively.

### NOTE G - SUBSEQUENT EVENTS

In the preparation of its financial statements, Communities In Schools of Chesterfield considered subsequent events through June 24, 2016, which was the date the financial statements were available to be issued.