

**VIRGINIA MENTORING PARTNERSHIP**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

## 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, 2017 and 2016, and the related statements of activities 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.

*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, 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.

*Harris, Hardy ; Johnstone, P.C.*

Richmond, Virginia  
June 11, 2018

VIRGINIA MENTORING PARTNERSHIP  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 90,774	\$ 78,295
Accounts receivable	22,526	44,706
Prepaid expenses	<u>136</u>	<u>135</u>
TOTAL CURRENT ASSETS	<u>113,436</u>	<u>123,136</u>
<b>PROPERTY AND EQUIPMENT</b>	60,225	70,640
Less: Accumulated depreciation	<u>57,227</u>	<u>66,672</u>
NET PROPERTY AND EQUIPMENT	<u>2,998</u>	<u>3,968</u>
	<u>\$ 116,434</u>	<u>\$ 127,104</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 30,885	\$ 33,876
Accrued expenses	-	14,454
Unearned income	<u>2,500</u>	<u>-</u>
TOTAL LIABILITIES	<u>33,385</u>	<u>48,330</u>
<b>NET ASSETS</b>		
Unrestricted	25,018	8,774
Temporarily restricted	<u>58,031</u>	<u>70,000</u>
TOTAL NET ASSETS	<u>83,049</u>	<u>78,774</u>
	<u>\$ 116,434</u>	<u>\$ 127,104</u>

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA MENTORING PARTNERSHIP

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUES</b>			
Grants	\$ 22,612	\$ 297,100	\$ 319,712
Fees for training services/conferences	128,578	-	128,578
In-kind donations	78,174	-	78,174
Contributions	33,445	-	33,445
Special event	25,730	-	25,730
Interest	22	-	22
Loss on disposal of property and equipment	(428)	-	(428)
Net assets released from restrictions	309,069	(309,069)	-
TOTAL REVENUES	<u>597,202</u>	<u>(11,969)</u>	<u>585,233</u>
<b>EXPENSES</b>			
Salaries and wages	214,989	-	214,989
VCU facilities and administrative charge	101,906	-	101,906
Program training costs	83,554	-	83,554
Fringe benefits	71,806	-	71,806
Office rent	33,534	-	33,534
Telecommunications	14,361	-	14,361
Special event	12,607	-	12,607
Audit and accounting	12,509	-	12,509
Travel	9,459	-	9,459
Fund development and counseling	8,968	-	8,968
Miscellaneous	5,592	-	5,592
Supplies and materials	3,069	-	3,069
Depreciation	2,692	-	2,692
Staff training	2,195	-	2,195
Public relations and promotional materials	1,874	-	1,874
Meetings	1,681	-	1,681
Postage	162	-	162
Support services	-	-	-
TOTAL EXPENSES	<u>580,958</u>	<u>-</u>	<u>580,958</u>
INCREASE (DECREASE) IN NET ASSETS	<u>16,244</u>	<u>(11,969)</u>	<u>4,275</u>
Net assets, beginning of year	<u>8,774</u>	<u>70,000</u>	<u>78,774</u>
NET ASSETS, END OF YEAR	<u>\$ 25,018</u>	<u>\$ 58,031</u>	<u>\$ 83,049</u>

See Independent Auditor's Report and Notes to Financial Statements

2016		
Unrestricted	Temporarily Restricted	Total
\$ 18,486	\$ 270,500	\$ 288,986
154,115	-	154,115
82,775	-	82,775
71,581	-	71,581
29,368	-	29,368
11	-	11
-	-	-
200,500	(200,500)	-
<u>556,836</u>	<u>70,000</u>	<u>626,836</u>
251,408	-	251,408
113,309	-	113,309
62,582	-	62,582
88,274	-	88,274
23,999	-	23,999
9,254	-	9,254
12,648	-	12,648
15,778	-	15,778
8,352	-	8,352
719	-	719
1,793	-	1,793
3,081	-	3,081
3,729	-	3,729
3,309	-	3,309
2,137	-	2,137
1,715	-	1,715
253	-	253
32	-	32
<u>602,372</u>	<u>-</u>	<u>602,372</u>
(45,536)	70,000	24,464
<u>54,310</u>	<u>-</u>	<u>54,310</u>
<u>\$ 8,774</u>	<u>\$ 70,000</u>	<u>\$ 78,774</u>

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA MENTORING PARTNERSHIP

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 4,275	\$ 24,464
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	2,692	3,729
Loss on disposal of property and equipment	428	-
(Increase) decrease in		
Accounts receivable	22,180	(30,473)
Prepaid expenses	(1)	(135)
Increase (decrease) in		
Accounts payable	(2,991)	(3,176)
Accrued expenses	(14,454)	995
Unearned income	2,500	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>14,629</u>	<u>(4,596)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(2,150)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,150)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	12,479	(4,596)
Cash and cash equivalents, beginning of year	<u>78,295</u>	<u>82,891</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 90,774</u>	<u>\$ 78,295</u>

See Independent Auditor's Report and Notes to Financial Statements



# VIRGINIA MENTORING PARTNERSHIP

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

### NOTE A - DESCRIPTION OF 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.

The Partnership is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and would be taxed only to the extent it has taxable trade or business income unrelated to its exempt purpose. Contributions to the Partnership qualify for charitable tax deductions as described in the Code.

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The financial statements of the Partnership have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Partnership reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### Net Assets

The Partnership classifies resources for accounting and reporting purposes into three classes of net assets based on the existence or absence of donor-imposed restrictions. A description of the three classes follows:

*Permanently restricted* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Partnership. The Partnership had no permanently restricted net assets at December 31, 2017 and 2016.

*Temporarily restricted* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Partnership and/or the passage of time.

*Unrestricted* - Net assets that are not subject to donor-imposed stipulations. Since the mentoring program constitutes the Partnership's sole activity, all contributions to the Partnership for the mentoring program are classified and reported as unrestricted contributions unless further restricted by the donor.

#### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

Contributions, including unconditional pledges, are recognized when donors’ commitments are received. Conditional pledges become unconditional and are recognized when the conditions are substantially met. Unconditional pledges are recognized at the estimated present value, net of an allowance for uncollectible amounts. Contributions are classified as unrestricted assets unless the donor has restricted the contribution to a specific purpose.

# VIRGINIA MENTORING PARTNERSHIP

## NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2017 AND 2016

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Partnership considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. At December 31, 2017 and 2016, management considers accounts receivable to be fully collectible and therefore has recorded no allowance.

#### Property and Equipment

Purchases of property and equipment with estimated useful lives of more than one year are recorded at cost. Depreciation is computed using the straight-line method over the useful lives ranging from 3 to 7 years.

#### Income Taxes

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 year ended December 31, 2017. The Partnership is generally no longer subject to examination by the Internal Revenue Service for years before 2014.

# VIRGINIA MENTORING PARTNERSHIP

## NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2017 AND 2016

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Concentrations of Credit Risk

The Partnership maintains its cash balances in one financial institution in Richmond, Virginia. Balances at December 31, 2017 and 2016 were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Partnership had on deposit at times during 2017 and 2016 amounts in excess of FDIC coverage.

### NOTE C - FUNCTIONAL EXPENSES

The costs of providing the sole program and activities of the Partnership have been summarized on a functional basis in the table below. Certain costs have been allocated among the programs and supporting services.

	<u>2017</u>	<u>2016</u>
Program services:		
Mentoring activities	\$ 476,232	\$ 459,786
Support services:		
Management and general	46,387	55,108
Fund development	58,339	87,478
Total support services	<u>104,726</u>	<u>142,586</u>
	<u>\$ 580,958</u>	<u>\$ 602,372</u>

### NOTE D - 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 2017 (\$78,174) and the year 2016 (\$82,775) 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 E - RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2017 and 2016 totaling \$58,031 and \$70,000, respectively, were available for training and technical assistance.

### NOTE F - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose during the years ended December 31, 2017 and 2016 totaling \$309,069 and \$200,500, respectively.

# VIRGINIA MENTORING PARTNERSHIP

## NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2017 AND 2016

### NOTE G - LEASE COMMITMENT

The Partnership entered into a lease for office space in January 2017. Lease expense under the lease was \$33,534 for the year ended December 31, 2017. Minimum future lease payments required under the lease at December 31, 2017 are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 32,300
2019	32,300
2020	32,300
2021	32,300
	<u>\$ 129,200</u>

### NOTE H - SUBSEQUENT EVENT

In the preparation of its financial statements, the Partnership considered subsequent events through June 11, 2018, which was the date the financial statements were available to be issued.