VIRGINIA MENTORING PARTNERSHIP

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

CONTENTS

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, 2015 and 2014, 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.

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, 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 14, 2016

VIRGINIA MENTORING PARTNERSHIP

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 82,891	$ 102,949
Accounts receivable	14,233	19,350
Prepaid expenses	-	2,000
TOTAL CURRENT ASSETS	97,124	124,299
PROPERTY AND EQUIPMENT	70,640	70,640
Less: Accumulated depreciation	62,943	58,357
NET PROPERTY AND EQUIPMENT	7,697	12,283
TOTAL ASSETS	$ 104,821	$ 136,582
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 37,052	$ 31,526
Accrued expenses	13,459	12,302
Unearned income	-	5,000
TOTAL LIABILITIES	50,511	48,828
NET ASSETS		
Unrestricted	54,310	76,503
Temporarily restricted	-	11,251
TOTAL NET ASSETS	54,310	87,754
TOTAL LIABILITIES AND NET ASSETS	$ 104,821	$ 136,582

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA MENTORING PARTNERSHIP

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		
	Unrestricted	Temporarily Restricted	Total
REVENUES			
Grants	$ 18,459	$ 283,000	$ 301,459
Fees for training services/conferences	81,560	-	81,560
In-kind donations	73,759	-	73,759
Contributions	44,611	-	44,611
Special event	33,465	-	33,465
Interest	16	-	16
Net assets released from restrictions	294,251	(294,251)	-
TOTAL REVENUES	546,121	(11,251)	534,870
EXPENSES			
Salaries and wages	217,673	-	217,673
VCU facilities and administrative charge	100,424	-	100,424
Fringe benefits	75,246	-	75,246
Program training costs	71,712	-	71,712
Office rent	25,339	-	25,339
Fund development and counseling	15,826	-	15,826
Special event	12,871	-	12,871
Audit and accounting	12,605	-	12,605
Telecommunications	10,876	-	10,876
Travel	10,301	-	10,301
Depreciation	4,586	-	4,586
Supplies and materials	2,856	-	2,856
Public relations and promotional materials	2,761	-	2,761
Staff training	2,327	-	2,327
Meetings	1,848	-	1,848
Miscellaneous	1,051	-	1,051
Postage	12	-	12
TOTAL EXPENSES	568,314	-	568,314
DECREASE IN NET ASSETS	(22,193)	(11,251)	(33,444)
Net assets, beginning of year	76,503	11,251	87,754
NET ASSETS, END OF YEAR	$ 54,310	$ -	$ 54,310

See Independent Auditor's Report and Notes to Financial Statements

2014		
Unrestricted	Temporarily Restricted	Total
$ 11,484	$ 211,083	$ 222,567
100,764	-	100,764
71,851	-	71,851
32,253	-	32,253
43,525	-	43,525
22	-	22
232,584	(232,584)	-
492,483	(21,501)	470,982
247,492	-	247,492
97,869	-	97,869
78,130	-	78,130
58,109	-	58,109
24,090	-	24,090
4,641	-	4,641
18,758	-	18,758
12,230	-	12,230
10,704	-	10,704
8,823	-	8,823
4,866	-	4,866
2,898	-	2,898
6,363	-	6,363
2,305	-	2,305
1,035	-	1,035
1,720	-	1,720
727	-	727
580,760	-	580,760
(88,277)	(21,501)	(109,778)
164,780	32,752	197,532
$ 76,503	$ 11,251	$ 87,754

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA MENTORING PARTNERSHIP

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	$ (33,444)	$ (109,778)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	4,586	4,866
Change in operating assets and liabilities		
Decrease in accounts receivable	5,117	14,124
(Increase) decrease in prepaid expenses	2,000	(331)
Increase (decrease) in accounts payable	5,526	(11,856)
Increase in accrued expenses	1,157	12,302
Decrease in unearned income	(5,000)	(22,900)
NET CASH USED IN OPERATING ACTIVITIES	(20,058)	(113,573)
NET DECREASE IN CASH	(20,058)	(113,573)
Cash and cash equivalents, beginning of year	102,949	216,522
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 82,891	$ 102,949

See Independent Auditor's Report and Notes to Financial Statements

VIRGINIA MENTORING PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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 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, 2015 and 2014.
>
> *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.

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, 2015 and 2014, 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.

Fair Value Measurements
The Partnership applies Financial Accounting Standards Board (FASB) ASC 820, "*Fair Value Measurements and Disclosures*." FASB ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, 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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2015. The Partnership is generally no longer subject to examination by the Internal Revenue Service for years before 2012.

Concentrations of Credit Risk

The Partnership maintains its cash balances in one financial institution in Richmond, Virginia. Balances at December 31, 2015 and 2014 were insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Partnership had on deposit at times during 2015 and 2014 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.

	2015	2014
Program services:		
Mentoring activities	$ 460,212	$ 448,107
Support services:		
Management and general	52,899	60,886
Fund development	55,203	71,767
Total support services	108,102	132,653
	$ 568,314	$ 580,760

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 2015 ($73,759) and the year 2014 ($71,851) 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, 2015 and 2014 are available for the following programs:

	2015	2014
Genworth Foundation – training and technical assistance	$ -	$ 9,167
Altria – training and technical assistance	-	2,084
	$ -	$ 11,251

NOTE F - NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose during the years ended December 31, 2015 and 2014:

	2015	2014
Claude Moore Charitable Foundation	$ 75,000	$ 75,000
Altria	52,084	75,000
The Robins Foundation	50,000	-
The Community Foundation	40,000	35,000
Genworth Foundation	24,167	15,000
Memorial Foundation for Children	15,000	-
United Way Services	12,500	5,000
Dominion Foundation	10,000	6,667
Seay Foundation	10,000	-
Midlothian Rotary	3,000	-
Bank of America	2,500	-
Capital One Services	-	3,750
Corporation for National and Community Service – VISTA	-	17,083
Mary Morton Parsons Foundation	-	84
	$ 294,251	$ 232,584

NOTE G - SUBSEQUENT EVENT

In the preparation of its financial statements, the Partnership considered subsequent events through June 14, 2016, which was the date the financial statements were available to be issued.