

**COMMUNITIES IN SCHOOLS  
OF CHESTERFIELD**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Communities In Schools of Chesterfield  
Chesterfield, Virginia

We have audited the statement of financial position of Communities In Schools of Chesterfield (the "Organization") as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 at June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Richmond, Virginia  
February 15, 2011

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

ASSETS

|                                   |                   |
|-----------------------------------|-------------------|
| Cash and cash equivalents         | \$ 53,493         |
| Investments, at fair market value | <u>93,018</u>     |
| TOTAL ASSETS                      | <u>\$ 146,511</u> |

LIABILITIES AND NET ASSETS

LIABILITIES

|                                       |                 |
|---------------------------------------|-----------------|
| Accounts payable and accrued expenses | <u>\$ 6,321</u> |
|---------------------------------------|-----------------|

NET ASSETS

|                        |               |
|------------------------|---------------|
| Unrestricted           | 128,811       |
| Temporarily restricted | <u>11,379</u> |

|                  |                |
|------------------|----------------|
| TOTAL NET ASSETS | <u>140,190</u> |
|------------------|----------------|

|                                  |                   |
|----------------------------------|-------------------|
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 146,511</u> |
|----------------------------------|-------------------|

See Notes to Financial Statements

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>      |
|--|---------------------|-----------------------------------|-------------------|
| <b>REVENUES AND OTHER SUPPORT</b>            |                     |                                   |                   |
| Contributions                                | \$ -                | \$ 137,246                        | \$ 137,246        |
| In-kind donations                            | 530,047             | -                                 | 530,047           |
| Unrealized gains (losses) on investments     | 7,475               | -                                 | 7,475             |
| Interest and dividends                       | 495                 | 3,127                             | 3,622             |
| Net assets released from restriction         |                     |                                   |                   |
| Satisfaction of program restrictions         | 356,081             | (356,081)                         | -                 |
|  | <u>894,098</u>      | <u>(215,708)</u>                  | <u>678,390</u>    |
| <b>TOTAL REVENUES AND<br/>OTHER SUPPORT</b>  |                     |                                   |                   |
| <b>EXPENSES</b>                              |                     |                                   |                   |
| Program services                             | 655,593             | -                                 | 655,593           |
| Management and general                       | 24,351              | -                                 | 24,351            |
| Fundraising                                  | 11,562              | -                                 | 11,562            |
|  | <u>691,506</u>      | <u>-</u>                          | <u>691,506</u>    |
| <b>TOTAL EXPENSES</b>                        |                     |                                   |                   |
| <b>INCREASE (DECREASE) IN<br/>NET ASSETS</b> | 202,592             | (215,708)                         | (13,116)          |
| Net Assets - Beginning of year               | <u>(73,781)</u>     | <u>227,087</u>                    | <u>153,306</u>    |
| <b>NET ASSETS, END OF YEAR</b>               | <u>\$ 128,811</u>   | <u>\$ 11,379</u>                  | <u>\$ 140,190</u> |

See Notes to Financial Statements

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2010

|   |                  |
|---|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES  |                  |
| Decrease in net assets  | \$ (13,116)      |
| Adjustments to reconcile increase (decrease) in net<br>assets to net cash provided by (used in)<br>operating activities |                  |
| Unrealized (gains) losses on investments  | (7,475)          |
| Increase in accounts payable<br>and accrued expenses  | <u>5,669</u>     |
| NET CASH USED IN<br>OPERATING ACTIVITIES  | <u>(14,922)</u>  |
| CASH FLOWS FROM INVESTING ACTIVITIES  |                  |
| Purchase of investments   | <u>(3,128)</u>   |
| NET DECREASE IN<br>CASH AND CASH EQUIVALENTS  | (18,050)         |
| Cash and cash equivalents, beginning of year  | <u>71,543</u>    |
| CASH AND CASH EQUIVALENTS, END OF YEAR  | <u>\$ 53,493</u> |

See Notes to Financial Statements

# COMMUNITIES IN SCHOOLS OF CHESTERFIELD

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

### 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 statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

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.

#### Use of Estimates

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

#### Cash and cash equivalents

For purposes of the statement 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.

#### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. In calculating realized gains and losses, the cost of securities sold is determined by the specific identification method.

# COMMUNITIES IN SCHOOLS OF CHESTERFIELD

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

### 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 statement of activities as net assets released from restrictions.

#### 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 income taxes as an affiliate of the Chesterfield Public Education Foundation, an exempt organization under Section 501(c)(3) of the Internal Revenue Code, and has been determined to be a charitable organization which qualifies contributions, bequest and legacies as deductions by the donor for income, estate and gift tax purposes. In addition, the Organization qualifies for charitable contributions deductions under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Organization did not have any net unrelated business income for the year ended June 30, 2010.

The Organization adopted FASB ASC 740, "*Income Taxes*", related to accounting for uncertainty in income taxes, which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. The standard also provides guidance on penalties and interest, classification, and disclosure. The Organization has not identified any uncertain tax positions. The Chesterfield Public Education Foundation's income tax returns, including the combined results of the Organization, remain open for examination by tax authorities for years since 2007.

#### Fair Value Measurements

The Organization has implemented FASB ASC 820, "*Fair Value Measurements and Disclosures*", which 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



COMMUNITIES IN SCHOOLS OF CHESTERFIELD

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE B - INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities as of June 30, 2010 are summarized as follows:

|              | <u>Cost</u> | <u>Market Value</u> |
|--------------|-------------|---------------------|
| Mutual funds | \$ 91,134   | \$ 93,018           |

Investment income (loss) included on the accompanying statements of activities consists of the following for the year ended June 30, 2010:

|  |                  |
|--|------------------|
| Interest and dividends (including \$495 of interest from cash account) | \$ 3,622         |
| Unrealized gains (losses) on investments                               | <u>7,475</u>     |
|  | <u>\$ 11,097</u> |

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2010:

| <u>Description</u>                           | <u>Investments in Securities</u> |
|--|----------------------------------|
| Level 1: Quoted prices                       | \$ -                             |
| Level 2: Other significant observable inputs | 93,018                           |
| Level 3: Significant unobservable inputs     | -                                |
| Total fair value                             | <u>\$ 93,018</u>                 |

NOTE C - RESTRICTED NET ASSETS

Restricted net assets are available for the following programs as of June 30, 2010:

|   |                  |
|---|------------------|
| Temporarily Restricted                  |                  |
| Bellwood Summer Library Program         | \$ 7,684         |
| CPEF Mentor Program                     | 2,310            |
| Chalkey Elementary School               | 402              |
| Midlothian Rotary Scholarship           | 323              |
| School supplies                         | 295              |
| Dr. Billy Cannady Scholarship           | 220              |
| Bank of America Grant                   | 110              |
| Ettrick Elementary                      | 35               |
| Total Temporarily Restricted Net Assets | <u>\$ 11,379</u> |

# COMMUNITIES IN SCHOOLS OF CHESTERFIELD

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

### NOTE D – RELATED PARTY TRANSACTIONS

Chesterfield County Public Schools administered one state grant program totaling \$20,000 for Communities In Schools of Chesterfield for the year ended June 30, 2010. The income and related expenses of this grant are not reflected in the Organization’s financial statements as of June 30, 2010 because they are included in the Chesterfield County Public Schools financial statements.

In addition to the expenses covered by the aforementioned grant, Chesterfield County Public Schools paid approximately \$431,936 of salaries and benefits for Communities In Schools of Chesterfield activities for the year ended June 30, 2010.

### NOTE E - DONATED GOODS AND SERVICES

The value of donated goods and services included in the financial statements and the corresponding expenses for the year ended June 30, 2010 are as follows:

|                               |                   |
|-------------------------------|-------------------|
| Assistance to students        | \$ 345,925        |
| Student incentives            | 78,570            |
| Office space and facility use | 60,217            |
| Mentoring program             | 36,635            |
| Scholarships                  | 8,700             |
|                               | <u>\$ 530,047</u> |

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 more than 6,800 hours per year. The value of these services has not been reflected in the financial statements.

# COMMUNITIES IN SCHOOLS OF CHESTERFIELD

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

### NOTE F – COMPARATIVE INFORMATION

At June 30, 2009, the financial statements of Communities In Schools of Chesterfield were combined with the financial statements of the Chesterfield Public Education Foundation.

The following summarized comparative information has been derived from Chesterfield Public Education Foundation's statement of financial position at June 30, 2009.

|                                       |                   |
|---------------------------------------|-------------------|
| Assets                                |                   |
| Cash and cash equivalents             | \$ 71,543         |
| Investments, at fair market value     | 82,415            |
| Total Assets                          | <u>\$ 153,958</u> |
| Liabilities and Net Assets            |                   |
| Liabilities                           |                   |
| Accounts payable and accrued expenses | \$ 652            |
| Net Assets                            |                   |
| Unrestricted                          | (73,781)          |
| Temporarily Restricted                | 227,087           |
| Total Liabilities and Net Assets      | <u>\$ 153,958</u> |

The following summarized comparative information has been derived from Chesterfield Public Education Foundation's statement of activities for the year ended June 30, 2009.

|  |                   |
|--|-------------------|
| Revenues and Other Support               |                   |
| Contributions                            | \$ 115,226        |
| Interest and dividends                   | 3,762             |
| In-kind donations                        | 467,864           |
| Unrealized gains (losses) on investments | (6,222)           |
| Total Revenues and Other Support         | <u>580,630</u>    |
| Expenses                                 |                   |
| Program services                         | 574,454           |
| Management and general                   | 12,083            |
| Total Expenses                           | <u>586,537</u>    |
| Decrease in Net Assets                   | <u>\$ (5,907)</u> |

### NOTE G – SUBSEQUENT EVENTS

In the preparation of its financial statements, Communities In Schools of Chesterfield considered subsequent events through February 15, 2011, which was the date the financial statements were available to be issued.

## ACCOMPANYING INFORMATION



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

INDEPENDENT AUDITOR'S REPORT ON ACCOMPANYING INFORMATION

Board of Directors  
Communities In Schools of Chesterfield  
Chesterfield, Virginia

We have audited the financial statements of Communities In Schools of Chesterfield for the year ended June 30, 2010 and have issued our report thereon dated February 15, 2011. Our audit of the financial statements was made in accordance with auditing standards generally accepted in the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our audit of the basic financial statements was performed for the purpose of forming an opinion on those statements taken as a whole. The accompanying schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Richmond, Virginia  
February 15, 2011

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010

|                                       | <u>Programs<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>      |
|---------------------------------------|------------------------------|-----------------------------------|--------------------|-------------------|
| Assistance to students                | \$ 355,203                   | \$ -                              | \$ -               | \$ 355,203        |
| Student incentives                    | 114,127                      | 961                               | -                  | 115,088           |
| Office space and facility use         | 60,217                       | 9,859                             | -                  | 70,076            |
| Mentor program                        | 52,696                       | 745                               | -                  | 53,441            |
| Outside services                      | 33,092                       | -                                 | -                  | 33,092            |
| Special events                        | 18,735                       | 848                               | -                  | 19,583            |
| Contractual services                  | 1,267                        | 1,962                             | 11,562             | 14,791            |
| Awards initiatives                    | 7,688                        | 2,108                             | -                  | 9,796             |
| Training and professional development | 3,949                        | 2,529                             | -                  | 6,478             |
| Instructional materials               | 5,962                        | -                                 | -                  | 5,962             |
| Travel                                | 1,035                        | 2,847                             | -                  | 3,882             |
| Printing, supplies and postage        | 1,308                        | 1,642                             | -                  | 2,950             |
| Insurance                             | -                            | 500                               | -                  | 500               |
| Equipment and software                | -                            | 350                               | -                  | 350               |
| Other                                 | 314                          | -                                 | -                  | 314               |
|                                       | <u>\$ 655,593</u>            | <u>\$ 24,351</u>                  | <u>\$ 11,562</u>   | <u>\$ 691,506</u> |

See Independent Auditor's Report on Accompanying Information