

**COMMUNITIES IN SCHOOLS
OF CHESTERFIELD**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2014 AND 2013

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, 2014 and 2013, 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, 2014 and 2013, 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
March 20, 2015

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	<u>\$ 193,236</u>	<u>\$ 200,475</u>
TOTAL ASSETS	<u><u>\$ 193,236</u></u>	<u><u>\$ 200,475</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 5,244</u>	<u>\$ 14,979</u>
NET ASSETS		
Unrestricted	167,418	175,680
Temporarily restricted	<u>20,574</u>	<u>9,816</u>
TOTAL NET ASSETS	<u>187,992</u>	<u>185,496</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 193,236</u></u>	<u><u>\$ 200,475</u></u>

See Independent Auditor's Report and Notes to Financial Statements

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT						
Contributions	\$ 40,706	\$ 26,895	\$ 67,601	\$ 50,187	\$ 43,715	\$ 93,902
In-kind donations	1,143,609	-	1,143,609	1,062,522	-	1,062,522
Realized gain on sale of investments	-	-	-	2,050	-	2,050
Interest and dividends	289	-	289	319	-	319
Net assets released from restriction						
Satisfaction of program restrictions	16,137	(16,137)	-	42,870	(42,870)	-
TOTAL REVENUES AND OTHER SUPPORT	1,200,741	10,758	1,211,499	1,157,948	845	1,158,793
EXPENSES						
Program services	1,189,763	-	1,189,763	1,141,378	-	1,141,378
Management and general	19,240	-	19,240	17,317	-	17,317
TOTAL EXPENSES	1,209,003	-	1,209,003	1,158,695	-	1,158,695
INCREASE (DECREASE) IN NET ASSETS	(8,262)	10,758	2,496	(747)	845	98
Net Assets - Beginning of year	175,680	9,816	185,496	176,427	8,971	185,398
NET ASSETS, END OF YEAR	\$ 167,418	\$ 20,574	\$ 187,992	\$ 175,680	\$ 9,816	\$ 185,496

See Independent Auditor's Report and Notes to Financial Statements

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2014 AND 2013

	2014			2013		
	Programs Services	Management and General	Total	Programs Services	Management and General	Total
Assistance to students	\$ 565,625	\$ -	\$ 565,625	\$ 468,300	\$ -	\$ 468,300
Donated salaries and benefits	459,404	-	459,404	475,642	-	475,642
Office space and facility use	76,530	10,000	86,530	76,530	9,859	86,389
Student incentives	59,664	927	60,591	58,053	1,089	59,142
Outside services	10,102	-	10,102	33,439	-	33,439
Training and professional development	6,125	2,281	8,406	3,597	3,041	6,638
Instructional materials	5,402	-	5,402	17,519	-	17,519
Travel	930	2,966	3,896	1,232	1,200	2,432
Mentor program	3,443	107	3,550	2,805	88	2,893
Other	1,670	557	2,227	1,474	378	1,852
Printing, supplies and postage	868	869	1,737	787	648	1,435
Insurance	-	887	887	-	387	387
Telephone	-	646	646	-	602	602
Awards initiatives	-	-	-	2,000	-	2,000
Website	-	-	-	-	25	25
	<u>\$ 1,189,763</u>	<u>\$ 19,240</u>	<u>\$ 1,209,003</u>	<u>\$ 1,141,378</u>	<u>\$ 17,317</u>	<u>\$ 1,158,695</u>

See Independent Auditor's Report and Notes to Financial Statements

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 2,496	\$ 98
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Realized gain on sale of investments	-	(2,050)
Increase (decrease) in accounts payable and accrued expenses	<u>(9,735)</u>	<u>14,979</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(7,239)</u>	<u>13,027</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	<u>-</u>	<u>115,360</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>115,360</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,239)	128,387
Cash and cash equivalents, beginning of year	<u>200,475</u>	<u>72,088</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 193,236</u></u>	<u><u>\$ 200,475</u></u>

See Independent Auditor's Report and Notes to Financial Statements

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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 accompanying 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. The Organization had no permanently restricted net assets at June 30, 2014 and 2013.

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 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.

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.

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2014 AND 2013

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

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 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 Organization's income tax returns for years since 2011 remain open for examination by tax authorities.

The Organization is exempt under Internal Revenue Code Section 501(c)(3) and the tax statutes of the Commonwealth of Virginia. In addition, the Organization qualifies as a public charity under Section 170(b)(1)(A)(ii) and has been classified as an organization that is not a private foundation.

NOTE B - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following programs as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Program Services		
Capital One Grant	\$ 6,927	\$ 2,594
Bank of America	5,000	-
Columbia Gas	2,895	-
Chalkey Elementary	1,270	2,304
Salem Middle	1,160	1,288
Chesterfield Community High	986	2,011
Bellwood Elementary	981	248
Altria Companies	909	969
Ettrick Elementary	246	246
Kohl's	200	-
Dominion	-	156
Total	<u>\$ 20,574</u>	<u>\$ 9,816</u>

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2014 AND 2013

NOTE C - RELATED PARTY TRANSACTIONS

Chesterfield County Public Schools (CCPS) administered one state grant program totaling \$25,000 and \$20,000 for Communities In Schools of Chesterfield for the years ended June 30, 2014 and 2013. The income and related expenses of these grants are not reflected in the Organization's accompanying financial statements as of June 30, 2014 and 2013 because they are included in the Chesterfield County Public Schools financial statements.

In addition, Chesterfield County Public Schools paid approximately \$459,404 and \$475,642, respectively of salaries and benefits and provided office space and facility use for fiscal 2014 and 2013 valued at \$76,530 for both years, which has been reflected in the accompanying statements of activities.

NOTE D - 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, 2014 and 2013 are as follows:

	2014	2013
Assistance to students	\$ 559,925	\$ 455,100
Donated salaries and benefits	459,404	475,642
Office space and facility use	76,530	76,530
Student incentives	42,050	42,050
Scholarships	5,700	13,200
	<u>\$ 1,143,609</u>	<u>\$ 1,062,522</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 as many as 14,000 volunteer hours per year. The value of these services has not been reflected in the accompanying financial statements.

NOTE E - COMMITMENTS

On August 22, 2013, the Organization entered into a one-year lease for office space, beginning September 1, 2013, for \$875 per month. On August 11, 2014, the Organization entered into another one-year lease for office space, beginning September 1, 2014, for \$875 per month. Future payments are as follows:

	Operating Leases
2015	\$ 8,750
2016	1,750
	<u>\$ 10,500</u>

COMMUNITIES IN SCHOOLS OF CHESTERFIELD

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2014 AND 2013

NOTE E - COMMITMENTS - Continued

Total rent expense for the years ended June 30, 2014 and 2013 was \$10,000 and \$9,859, respectively.

NOTE F - SUBSEQUENT EVENTS

In the preparation of its financial statements, Communities In Schools of Chesterfield considered subsequent events through March 20, 2015, which was the date the financial statements were available to be issued.