

**COMMUNITIES IN SCHOOL OF VIRGINIA**

**Financial Statements**  
**For the year ended**  
**June 30, 2014**  
**(with comparative financial information**  
**for the year ended June 30, 2013)**

# COMMUNITIES IN SCHOOLS OF VIRGINIA

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# Frank Barcalow CPA, P.L.L.C.

## Independent Auditor's Report

Board of Directors  
Communities In Schools of Virginia  
Richmond, Virginia

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

We have audited the accompanying financial statements of Communities In Schools of Virginia which comprise the statement of financial position as of June 30, 2014 and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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 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 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 audit 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 Virginia as of June 30, 2014 and the changes in its net assets, and its cash flows for the year then ended June 30, 2014 in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited the Communities In Schools of Virginia 2013 financial statements, and our report dated August 28, 2013, expressed an unqualified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in material respects, with the audited financial statements from which it has been derived.

*Frank Barcalow CPA, PLLC*

Richmond, Virginia  
September 12, 2014

# Communities in Schools of Virginia

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## Statements of Financial Position

June 30, 2014

(with comparative totals for the year ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 603,345	\$ 559,126
Restricted cash equivalents	71,631	60,757
Other receivables	3,472	3,496
Grants receivable	150,000	100,000
Prepaid expenses	<u>2,652</u>	<u>2,875</u>
<b>Total current assets</b>	<u>831,100</u>	<u>726,254</u>
<b>Property and equipment</b>		
Office furniture, fixtures and equipment	15,628	14,961
Less accumulated depreciation	<u>11,771</u>	<u>10,441</u>
<b>Total property and equipment</b>	<u>3,857</u>	<u>4,520</u>
<b>Total assets</b>	<u><u>\$ 834,957</u></u>	<u><u>\$ 730,774</u></u>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accrued expenses	\$ 19,942	\$ 16,607
Deferred revenue	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>19,942</u>	<u>16,607</u>
<b>Net assets</b>		
Unrestricted	593,384	553,409
Temporarily restricted	<u>221,631</u>	<u>160,758</u>
<b>Total net assets</b>	<u>815,015</u>	<u>714,167</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 834,957</u></u>	<u><u>\$ 730,774</u></u>

See notes to the financial statements.

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## Statement of Activities

For the Year Ended June 30, 2014

(with summarized totals for the year ended June 30, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
<b>Public support and revenue</b>				
Contributions	\$ 181,375	\$ -	\$ 181,375	\$ 125,967
Grants	-	897,600	897,600	794,000
Other income	1,541	-	1,541	648
<b>Total public support and revenue</b>	<u>182,916</u>	<u>897,600</u>	<u>1,080,516</u>	<u>920,615</u>
<b>Net assets released from restrictions</b>	<u>836,727</u>	<u>(836,727)</u>	<u>-</u>	<u>-</u>
<b>Total public support and revenue</b>	<u>1,019,643</u>	<u>60,873</u>	<u>1,080,516</u>	<u>920,615</u>
<b>Expenditures</b>				
Program services	805,750	-	805,750	441,948
Supporting services				
General and administrative	130,627	-	130,627	126,163
Development	43,291	-	43,291	30,049
<b>Total Supporting services</b>	<u>173,918</u>	<u>-</u>	<u>173,918</u>	<u>156,212</u>
<b>Total expenditures</b>	<u>979,668</u>	<u>-</u>	<u>979,668</u>	<u>598,160</u>
<b>Change in net assets</b>	39,975	60,873	100,848	322,455
<b>Net assets at beginning of year</b>	<u>553,409</u>	<u>160,758</u>	<u>714,167</u>	<u>391,712</u>
<b>Net assets at end of year</b>	<u>\$ 593,384</u>	<u>\$ 221,631</u>	<u>\$ 815,015</u>	<u>\$ 714,167</u>

See notes to the financial statements.

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## Statement of Functional Expenses For the Year Ended June 30, 2014 (with comparative totals for the year ended June 30, 2013)

				2014
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 166,125	\$ 80,354	\$ 28,842	\$ 275,321
Employee benefits and payroll taxes	41,246	19,951	7,161	68,358
Meetings	-	930	-	930
New Regional Affiliates	443,308	-	-	443,308
Pass through funding	46,490	-	-	46,490
Depreciation	801	388	139	1,328
Supplies	704	340	123	1,167
Professional fees	82,471	22,933	4,969	110,373
Rent	9,003	4,354	1,563	14,920
Travel	12,755	-	-	12,755
Miscellaneous	2,847	1,377	494	4,718
<b>Total expense</b>	<b>\$ <u>805,750</u></b>	<b>\$ <u>130,627</u></b>	<b>\$ <u>43,291</u></b>	<b>\$ <u>979,668</u></b>

  

				2013
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 183,896	\$ 75,126	\$ 22,660	\$ 281,682
Employee benefits and payroll taxes	45,697	18,669	5,630	69,996
Meetings	-	2,105	-	2,105
New Regional Affiliates	167,735	-	-	167,735
Pass through funding	12,500	-	-	12,500
Depreciation	1,405	574	173	2,152
Supplies	670	274	83	1,027
Professional fees	-	23,919	-	23,919
Rent	8,095	3,307	997	12,399
Travel	17,309	-	-	17,309
Miscellaneous	4,641	2,189	506	7,336
	<b>\$ <u>441,948</u></b>	<b>\$ <u>126,163</u></b>	<b>\$ <u>30,049</u></b>	<b>\$ <u>598,160</u></b>

See notes to the financial statements.

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## Statement of Cash Flows June 30, 2014

	<u>2014</u>
<b>Cash flows from operating activities</b>	
Change in net assets	\$ 100,848
Adjustments to reconcile change in net assets to net cash(used in) provided by operating activities:	
Depreciation	1,330
Changes in operating assets and liabilities:	
(Increase) decrease in grants and other receivables	(49,976)
(Increase) decrease in prepaid expenses	223
Increase (decrease) in accounts payable and accrued expenses	3,335
Increase (decrease) in deferred revenue	-
	<u>55,760</u>
<b>Net cash (used in) provided by operating activities</b>	
<b>Cash flows from investing activities</b>	
Purchase of property and equipment	<u>(667)</u>
	<u>(667)</u>
<b>Net cash (used in) provided by investing activities</b>	
<b>Cash flows from financing activities</b>	
Change in restricted cash designated for programs	<u>(10,874)</u>
	<u>(10,874)</u>
<b>Net cash (used in) provided by financing activities</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>	44,219
<b>Cash at beginning of year</b>	<u>559,126</u>
<b>Cash at end of year</b>	<u><u>\$ 603,345</u></u>

See notes to financial statements.

# Communities In Schools of Virginia

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## Notes to Financial Statements June 30, 2014

### Note 1 - Summary of significant accounting policies

#### *Nature of organization*

Communities In Schools of Virginia (CISVA) is a nonprofit corporation incorporated for the purpose of providing a connection of needed community resources with schools to help young people successfully learn, stay in school, and prepare for post-secondary education opportunities. CISVA will coordinate and replicate the “Communities in Schools” model program with the Commonwealth of Virginia and will provide training and technical assistance for such model programs.

#### *Basis of accounting*

The accounting system is maintained and financial reports are prepared in accordance with the accrual basis of accounting. Under generally accepted accounting principles, CISVA is required to report 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.

#### *Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### *Cash equivalents*

For purposes of the statement of cash flows, the Corporation considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

#### *Contributions*

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. CISVA has no permanently restricted net assets as of June 30, 2014 and 2013.

#### *Grant support*

The Corporation may receive assistance in the form of capital and operating grants from governmental and non-governmental sources. Grant revenues are recorded when earned. Revenues are accrued when conditions for funding have been met and funding is reasonably assured.

(continued)



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## Notes to Financial Statements June 30, 2014

### Note 1 - Summary of significant accounting policies (continued)

#### *Equipment*

Equipment is stated at cost, net of accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives (generally 5 years) of the assets. Expenditures for repairs and maintenance are expensed in the year which they were incurred. The Corporation capitalizes all equipment over \$1,000 purchased.

#### *Donated property, materials, and services*

Property and materials donated to the Corporation are recorded at its fair market value at the time of receipt.

The value of donated services, representing services rendered by various organizations and individuals at no charge to the Corporation, is based on the approximate fair market value of the services received. These services are recognized both as support and expenses, and therefore, do not effect the overall net assets.

#### *Functional expenses*

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

#### *Income taxes*

The Internal Revenue Service has determined that the Corporation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Corporation are tax deductible as defined by Section 170 of the Code. In addition, the Internal Revenue Service has determined that the Corporation is not a "private foundation" within the meaning of Section 509(a) of the Code.

### Note 2 - Concentration of credit risk

Financial instruments which potentially subject the Corporation to concentrations of credit risk consist principally of cash, cash equivalents and receivables. The Corporation maintains its cash balances with a high quality financial institution located in Richmond, Virginia which at times may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. These balances over federally insured limits of \$250,000 amounted to \$298,145 and \$384,017 as of June 30, 2014 and 2013, respectively. The Corporation's unsecured receivables are due from pledges or grants; therefore, its ability to collect is affected by the financial condition of the debtor.

### Note 3 - Concentration of funding

CISVA received approximately 49% of its grant funding from a grant from Commonwealth of Virginia, Department of Education, for the year ended June 30, 2014 related to establishing New Regional Affiliates.

# Communities In Schools of Virginia

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## Notes to Financial Statements June 30, 2014

### Note 4 – Related parties

The Corporation shares office space and personnel costs with the Virginia Literacy Foundation which is reimbursed monthly, for the administrative assistance/bookkeeping, office supplies, and internet/phone costs. Rental cost is reimbursed directly to the landlord. The total costs reimbursed for 2014 were \$32,264. These costs are included within office costs and salaries expense in the statement of activities.

A lease was signed between Communities in School of Northern Virginia and a separate Organization, whose President is also, a Board member of CISVA. Funding for this rental expense is incurred with grants received from CISVA. The lease term is annually renewed each April. Total rental expense for the current year was \$7,500.

### Note 5 - Retirement plan

CISVA has a SIMPLE IRA plan for all eligible employees. CISVA matches a maximum of 3% of an employees' salary. Total retirement expense for the year ended June 30, 2014 was \$8,457 and is included in employee benefits.

### Note 6 – Restricted cash and cash equivalents

Restricted cash is composed of the net balance of funds remaining from grants received from various foundations and corporations, and the State of Virginia for establishing New Regional Affiliates and other projects. CIS Affiliates employ site coordinators who work within the schools, to coordinate support services for students to resolve issues that might be barriers to succeeding academically. Total restricted cash as of June 30, 2014 and 2013 was \$71,631 and \$60,757, respectively.

### Note 7 – Commitments

CISVA has committed to an annual one year lease for office space with the Virginia Literacy Foundation. The rental expense is shared approximately fifty percent. The lease, dated November 1, 2007 is for a twelve -month term and may automatically renew with a 3% escalation clause, annually. Current monthly rental expense for the CISVA is \$1,343, until November 1, 2014. Total rental cost for the year ended June 30, 2014 was \$14,920.

### Note 8 - Grants receivable

The grants receivable are to be received by the Corporation for years subsequent to June 30, 2014 are deemed to be fully collectible by management. The grants receivable are due from one Foundation and a Corporation and are related to program support to serve students in various public State schools. Grants receivable are considered current.

# **Communities In Schools of Virginia**

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## **Notes to Financial Statements June 30, 2014**

### **Note 9 - Subsequent events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 12, 2014, the date the financial statements were issued.

### **Note 10 - Pass through funding**

CISVA received pass through funding of \$106,875 from City of Richmond School Board, as a reimbursement for purchase of software; for use in Adult Career Development Center and two Performance Learning Centers, during the 2014 school year. These funds are not presented on the Statement of Activities, as CISVA acts as a conduit for these types of funds.

### **Note 11 - Temporarily restricted net assets**

Temporarily restricted net assets as of June 30, 2014 consists of \$221,631 from state funding and grants receivable from a private foundation and a corporation for specific purposes and time period. Temporarily restricted net assets as of June 30, 2013 consists of \$160,758 from state funding and pledges from a private foundation and a corporation for specific purposes and time period. Net assets released from restrictions of \$836,727, are related to purpose restrictions being met.