

HENRICO CHRISTMAS MOTHER

Financial Statements

February 28, 2014 and 2013

HENRICO CHRISTMAS MOTHER

Table of Contents

	<u>Page</u>
Report of Independent Accountants	1
Financial Statements:	
Statements of Assets, Liabilities and Net Assets – Modified Cash Basis	2
Statements of Revenues, Disbursements and Changes in Net Assets - Modified Cash Basis	3
Statements of Functional Expenses – Modified Cash Basis	4
Notes to Financial Statements	6

REPORT OF INDEPENDENT ACCOUNTANTS

To the Executive Board of
Henrico Christmas Mother
Henrico, Virginia

We have reviewed the accompanying statements of assets, liabilities and net assets – modified cash basis of Henrico Christmas Mother (“the Organization”) as of February 28, 2014 and 2013 and the related statements of revenue, disbursements, and changes in net assets – modified cash basis and functional expenses – modified cash basis for the years then ended. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of the Organization’s management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting, as described in Note 1.



October 14, 2014
Glen Allen, Virginia

HENRICO CHRISTMAS MOTHER

Statements of Assets, Liabilities and Net Assets – Modified Cash Basis February 28, 2014 and 2013

	<u>Assets</u>	
	<u>2014</u>	<u>2013</u>
Current assets:		
Cash	\$ 594,045	\$ 611,135
Inventory	<u>48,954</u>	<u>44,061</u>
Total assets	<u>\$ 642,999</u>	<u>\$ 655,196</u>
	<u>Liabilities and Net Assets</u>	
Liabilities	\$ -	\$ -
Net assets:		
Unrestricted	<u>642,999</u>	<u>655,196</u>
Total net assets	<u>642,999</u>	<u>655,196</u>
Total liabilities and net assets	<u>\$ 642,999</u>	<u>\$ 655,196</u>

See accountants' review report and accompanying notes to financial statements.

HENRICO CHRISTMAS MOTHER

Statements of Revenue, Disbursements and Changes in Net Assets – Modified Cash Basis
Years Ended February 28, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues:		
Contributions	\$ 461,956	\$ 462,037
Interest and dividend income	1,913	2,646
	<u>463,869</u>	<u>464,683</u>
Total revenues		
Expenses:		
Program services	435,440	467,847
Supporting services		
General and administrative	29,040	27,981
Fundraising	11,586	11,132
	<u>476,066</u>	<u>506,960</u>
Total expenses		
Change in net assets	(12,197)	(42,277)
Net assets, beginning of year	<u>655,196</u>	<u>697,473</u>
Net assets, end of year	<u>\$ 642,999</u>	<u>\$ 655,196</u>

See accountants' review report and accompanying notes to financial statements.

HENRICO CHRISTMAS MOTHER

Statement of Functional Expenses – Modified Cash Basis
Year Ended February 28, 2014 with Comparative Totals for 2013

	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>2014</u> <u>Total</u>	<u>2013</u> <u>Total</u>
Elderly/Disabled Adults	\$ 21,797	\$ -	\$ -	\$ 21,797	\$ 21,109
Clothing	23,552	-	-	23,552	32,193
Food	55,671	-	-	55,671	63,450
Toys	59,447	-	-	59,447	57,771
Community sponsorship	2,707	-	-	2,707	3,363
Adult welfare	2,050	-	-	2,050	1,500
Foster care	1,960	-	-	1,960	1,960
Distributions of noncash contributions	251,752	-	-	251,752	269,455
Dankos	1,500	-	-	1,500	-
Postage	-	78	2,113	2,191	2,071
Insurance	-	1,529	-	1,529	1,478
Personnel	13,380	-	-	13,380	16,544
Rent and phone	-	16,487	-	16,487	15,538
Computer	-	118	-	118	289
Banking fees	-	158	-	158	28
Printing and copying	-	1,623	2,053	3,676	4,993
Salaries	-	4,120	5,607	9,727	7,855
Office supplies	1,624	323	234	2,181	938
Sponsorship	-	-	250	250	250
Volunteers	-	854	-	854	755
Accounting fees	-	3,750	-	3,750	3,690
Business registration fees	-	-	200	200	480
PayPal fee	-	-	139	139	101
Communication	-	-	990	990	1,149
	<u>\$ 435,440</u>	<u>\$ 29,040</u>	<u>\$ 11,586</u>	<u>\$ 476,066</u>	<u>\$ 506,960</u>

See accountants' review report and accompanying notes to financial statements.

HENRICO CHRISTMAS MOTHER

Statement of Functional Expenses – Modified Cash Basis Year Ended February 28, 2013

	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Elderly/Disabled Adults	\$ 21,109	\$ -	\$ -	\$ 21,109
Clothing	32,193	-	-	32,193
Food	63,450	-	-	63,450
Toys	57,771	-	-	57,771
Community sponsorship	3,363	-	-	3,363
Adult welfare	1,500	-	-	1,500
Foster care	1,960	-	-	1,960
Distributions of noncash contributions	269,455	-	-	269,455
Postage	-	106	1,965	2,071
Insurance	-	1,478	-	1,478
Personnel	16,544	-	-	16,544
Rent and phone	-	15,538	-	15,538
Computer	-	289	-	289
Banking fees	-	28	-	28
Printing and copying	-	1,623	3,370	4,993
Salaries	-	3,992	3,863	7,855
Office supplies	502	202	234	938
Sponsorship	-	-	250	250
Volunteers	-	755	-	755
Accounting fees	-	3,690	-	3,690
Business registration fees	-	280	200	480
PayPal fee	-	-	101	101
Communication	-	-	1,149	1,149
	<u>\$ 467,847</u>	<u>\$ 27,981</u>	<u>\$ 11,132</u>	<u>\$ 506,960</u>

See accountants' review report and accompanying notes to financial statements.

HENRICO CHRISTMAS MOTHER

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization: The Henrico Christmas Mother (the "Organization") is a private, nonprofit organization that was formed in the Commonwealth of Virginia in 1942. The Organization's purpose is to provide new clothes, toys, books, and food to needy Henrico County residents during the holiday season. The Organization's financial support comes from donations from the general public, church groups, civic groups, county organizations, corporations and privately-owned companies.

Basis of Accounting: The financial statements of the Organization include the accounts of the Henrico Christmas Mother and the Dankos Memorial Fund and have been prepared on the modified cash basis of accounting. Accordingly, revenue is recorded when received rather than when earned and disbursements are recorded when paid rather than when the obligation is incurred. Inventory is recorded at the time it is donated or when a disbursement is made to purchase inventory

Cash: The Organization considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents. The Organization maintains its cash balances in four separate financial institutions. At times the balances are in excess of the FDIC insurance limit.

Contributed Materials and Services: The value of contributed goods and the value of contributed services that either (a) created or enhanced a non-financial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would have been purchased if not contributed, are recognized in the combined financial statements, if material. The Organization received \$284,751 of in-kind contributions during the year ended February 28, 2014 and \$298,405 during the year ended February 28, 2013 that met the criteria for recognition in the financial statements and were measurable. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and committee assignments. The value of these services is not recognized in the financial statements.

Income Taxes: The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

HENRICO CHRISTMAS MOTHER

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Income Tax Uncertainties: The Organization follows the Financial Accounting Standards Board guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" to "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization's income tax returns for years since 2011 remain open for examination by tax authorities. The Organization is not currently under audit by any tax jurisdiction.

Use of Estimates: The preparation of financial statements in conformity with the modified cash basis of accounting 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.

Net Assets: Nonprofit organizations are required to classify their net assets into three classes – unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets include funds that are not subject to donor-imposed stipulations on the Organization as to their use or purpose.

Temporarily restricted net assets are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets are subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the actions of the Organization.

The Organization's net assets are all considered unrestricted as all funds are used to support its mission.

HENRICO CHRISTMAS MOTHER

Notes to Financial Statements, Continued

1. **Summary of Significant Accounting Policies, Continued:**

Functional Expenses: Directly identifiable expenses are charged to program services. Expenses related to more than one function are charged to program services on the basis of a cost allocation plan. Fundraising expenses include those expenses incurred to generate donations to the Organization. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Subsequent Events: Management has evaluated subsequent events through October 14, 2014, the date the financial statements were available for issuance, and has determined that no additional disclosures are necessary.

2. **Inventory:**

Purchased inventory is stated using the specific identification method. Donated inventory is stated based on an estimated value at the time of donation. Inventory consists primarily of toys, books, clothes, and gift cards.

3. **Guarantees:**

Pursuant to its Articles of Incorporation, the Organization has certain obligations to indemnify its current officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Organization's request in such capacities. The maximum liability under these obligations is limited under the Code of Virginia.