

Henrico Christmas Mother

Financial Statements

February 29, 2024 and February 28, 2023



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HENRICO CHRISTMAS MOTHER

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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 29, 2024 and February 28, 2023 and the related statements of revenues, disbursements, and changes in net assets – modified cash basis, and functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements. 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis of the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

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 accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States. Our conclusion is not modified with respect to this matter.



June 28, 2024
Glen Allen, Virginia

HENRICO CHRISTMAS MOTHER

Statements of Assets, Liabilities and Net Assets – Modified Cash Basis
February 29, 2024 and February 28, 2023

	<u>Assets</u>	
	<u>2024</u>	<u>2023</u>
Current assets:		
Cash	\$ 446,095	\$ 456,161
Inventory	<u>30,276</u>	<u>32,975</u>
Total assets	<u>\$ 476,371</u>	<u>\$ 489,136</u>
	<u>Liabilities and Net Assets</u>	
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Net assets without donor restrictions:		
Undesignated	405,405	418,524
Board designated	<u>70,966</u>	<u>70,612</u>
Total net assets	<u>476,371</u>	<u>489,136</u>
Total liabilities and net assets	<u>\$ 476,371</u>	<u>\$ 489,136</u>

See independent 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 29, 2024 and February 28, 2023

	<u>2024</u>	<u>2023</u>
Revenues:		
Contributions of cash and other financial assets	\$ 238,386	\$ 240,442
Contributions of nonfinancial assets	278,417	284,635
Interest and dividend income	<u>5,725</u>	<u>621</u>
Total revenues	<u>522,528</u>	<u>525,698</u>
Expenses:		
Program services	480,915	472,007
Supporting services		
General and administrative	47,011	46,782
Fundraising	<u>7,367</u>	<u>8,487</u>
Total expenses	<u>535,293</u>	<u>527,276</u>
Change in net assets	(12,765)	(1,578)
Net assets, beginning of year	<u>489,136</u>	<u>490,714</u>
Net assets, end of year	<u>\$ 476,371</u>	<u>\$ 489,136</u>

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

HENRICO CHRISTMAS MOTHER

Statement of Functional Expenses – Modified Cash Basis
Year Ended February 29, 2024 with Comparative Totals for 2023

	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>2024</u> <u>Total</u>	<u>2023</u> <u>Total</u>
Elderly/disabled adults	\$ 31,415	\$ -	\$ -	\$ 31,415	\$ 28,436
Clothing	23,535	-	-	23,535	20,224
Food	104,147	-	-	104,147	96,806
Toys	55,058	-	-	55,058	54,188
Books	7,519	-	-	7,519	3,658
Adult welfare	1,500	-	-	1,500	2,500
Foster care	2,500	-	-	2,500	2,500
Distributions of noncash contributions	224,153	-	-	224,153	239,752
Dankos	-	-	-	-	286
Postage	-	13	1,270	1,283	1,680
Insurance	-	3,097	-	3,097	4,523
Personnel	22,528	-	-	22,528	19,066
Rent and phone	-	28,838	-	28,838	25,637
Computer	3,848	2,184	-	6,032	4,993
Banking fees	-	84	-	84	111
Printing and copying	1,116	10	2,523	3,649	4,375
Salaries	-	6,907	2,938	9,845	10,346
Office supplies	3,596	178	-	3,774	586
Equipment	-	-	-	-	1,549
Professional fees	-	5,700	-	5,700	5,400
Business registration fees	-	-	296	296	200
Communication	-	-	340	340	460
	<u>\$ 480,915</u>	<u>\$ 47,011</u>	<u>\$ 7,367</u>	<u>\$ 535,293</u>	<u>\$ 527,276</u>

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

HENRICO CHRISTMAS MOTHER

Statement of Functional Expenses – Modified Cash Basis Year Ended February 28, 2023

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2023 Total</u>
Elderly/disabled adults	\$ 28,436	\$ -	\$ -	\$ 28,436
Clothing	20,224	-	-	20,224
Food	96,806	-	-	96,806
Toys	54,188	-	-	54,188
Books	3,658	-	-	3,658
Adult welfare	2,500	-	-	2,500
Foster care	2,500	-	-	2,500
Distributions of noncash contributions	239,752	-	-	239,752
Dankos	286	-	-	286
Postage	-	12	1,668	1,680
Insurance	-	4,523	-	4,523
Personnel	19,066	-	-	19,066
Rent and phone	-	25,637	-	25,637
Computer	3,006	1,987	-	4,993
Banking fees	-	111	-	111
Printing and copying	1,290	224	2,861	4,375
Salaries	-	7,137	3,209	10,346
Office supplies	295	202	89	586
Equipment	-	1,549	-	1,549
Professional fees	-	5,400	-	5,400
Business registration fees	-	-	200	200
Communication	-	-	460	460
	<u>\$ 472,007</u>	<u>\$ 46,782</u>	<u>\$ 8,487</u>	<u>\$ 527,276</u>

See independent 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. Effective December 1, 2016, the Organization incorporated as a Virginia Nonstock Corporation. 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. A statement of cash flows is not presented.

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. The balances were maintained under the FDIC insurance limit.

Contributed Materials and Services: The value of contributed non-financial assets are recognized in the statements of revenues, disbursements, and changes in net assets – modified cash basis as contributions of nonfinancial assets. Revenue related to the contribution of non-financial assets is recorded upon donation.

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.

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

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” or “when examined” by the applicable tax authority.

HENRICO CHRISTMAS MOTHER

Notes to Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Income Tax Uncertainties, Continued: 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 is not currently under audit by any tax jurisdiction.

Net Assets: Nonprofit organizations are required to classify their net assets into two classes – net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include funds that are not subject to donor-imposed stipulations on the Organization as to their use or purpose. The Organization's Board has designated funds to meet needs of Henrico County residents under the guidelines maintained by the Theresa Dankos Memorial Fund Committee. These funds are separately maintained in a named bank account and spent annually at a rate not to exceed five percent of the value of the funds on deposit in such account as of the first day of each fiscal year and are noted as board designated on the statements of assets, liabilities, and net assets – modified cash basis.

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

The Organization's net assets are all considered without donor restrictions as all funds are used to support its mission.

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 June 28, 2024, the date the financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying financial statements.

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.

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Notes to Financial Statements, Continued

3. Liquidity and Availability of Financial Assets:

Due to no donor restrictions on net assets, all cash and cash equivalents are available for general expenditure over the next year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations become due.

4. 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.

5. Contributions of Non-Financial Assets:

For the years ended February 29, 2024 and February 28, 2023, contributed nonfinancial assets recognized within the statements of revenue, disbursements and changes in net assets – modified cash basis included:

	2024	2023
Seniors/disabled	\$ 30,464	\$ 24,638
Clothing	30,221	33,925
Food	100,976	132,894
Books	12,737	16,214
Toys	49,755	32,081
Rent and equipment	51,366	44,703
Other	2,898	180
	<u>\$ 278,417</u>	<u>\$ 284,635</u>

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. The value of contributed services and materials that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and are of the type that would have been purchased if not contributed. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the fair value at the time of donation, based on market prices for similar items. These amounts are included in contributions on the statements of revenue, disbursements and changes in net assets – modified cash basis. 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.