

FRIENDS OF THE PORTSMOUTH

JUVENILE COURT, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2016 and 2015

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-10

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Friends of the Portsmouth Juvenile Court, Inc.
Portsmouth, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of **Friends of the Portsmouth Juvenile Court, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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

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 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 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 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.

Norfolk Office
749 Boush Street
Norfolk, VA 23510
757.627.7672

Virginia Beach Office
100 Constitution Drive
Suite 200
Virginia Beach, VA 23462
757.631.4760

Newport News Office
11837 Rock Landing Drive
Suite 202
Newport News, VA 23606
757.596.3046

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 Friends of the Portsmouth Juvenile Court, Inc. as of June 30, 2016 and 2015, 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.

James de Group, P.C.

Norfolk, Virginia
November 3, 2016

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015**

ASSETS		
	2016	2015
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 55,399	\$ 53,793
Accounts Receivable	-	2,500
TOTAL CURRENT ASSETS	55,399	56,293
PROPERTY AND EQUIPMENT, Net of		
Accumulated Depreciation	5,811	4,455
OTHER ASSETS		
Security Deposits	149	149
Prepaid Expense	600	1,200
TOTAL OTHER ASSETS	749	1,349
TOTAL ASSETS	\$ 61,959	\$ 62,097
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Payroll and Payroll Tax Liabilities	\$ 2,438	\$ 7,378
TOTAL CURRENT LIABILITIES	2,438	7,378
NET ASSETS		
Unrestricted Net Assets	59,521	54,719
TOTAL NET ASSETS	59,521	54,719
TOTAL LIABILITIES AND NET ASSETS	\$ 61,959	\$ 62,097

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS		
REVENUES, GAINS, AND OTHER SUPPORT		
Contributions	\$ 133,728	\$ 132,561
State Grant	<u>29,200</u>	<u>29,200</u>
TOTAL UNRESTRICTED SUPPORT	<u>162,928</u>	<u>161,761</u>
EXPENSES		
Program Services	143,129	118,685
Supporting Services - Management and General	12,555	21,971
Supporting Services - Fund Raising	<u>2,442</u>	<u>1,690</u>
TOTAL EXPENSES	<u>158,126</u>	<u>142,346</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	4,802	19,415
NET ASSETS, BEGINNING OF YEAR	<u>54,719</u>	<u>35,304</u>
NET ASSETS, END OF YEAR	<u>\$ 59,521</u>	<u>\$ 54,719</u>

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2016**

	Program Services	Supporting Services		Total
		Management and General	Fund Raising	
Bank Charges	\$ 35	\$ 7	\$ -	\$ 42
Conferences & Networking	2,738	-	-	2,738
Depreciation	1,897	331	-	2,228
Dues & Subscriptions	252	48	-	300
Fundraising Expenses	-	-	2,442	2,442
Insurance	735	140	-	875
Internet	840	160	-	1,000
Meals & Entertainment	229	44	-	273
Miscellaneous	740	141	-	881
Office Expense	3,211	612	-	3,823
Payroll Taxes	7,290	385	-	7,675
Personnel	95,296	5,000	-	100,296
Printing & Publication	1,791	341	-	2,132
Professional Fees	6,607	1,258	-	7,865
Supplies	321	61	-	382
Donated Rent	15,120	2,880	-	18,000
Telephone	3,415	650	-	4,065
Travel	596	113	-	709
Donated Utilities	2,016	384	-	2,400
	<u>\$ 143,129</u>	<u>\$ 12,555</u>	<u>\$ 2,442</u>	<u>\$ 158,126</u>

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2015**

	Program Services	Supporting Services		Total
		Management and General	Fund Raising	
Bank Charges	\$ 29	\$ 6	\$ -	\$ 35
Conferences & Networking	3,455	25	-	3,480
Depreciation	2,995	571	-	3,566
Dues & Subscriptions	168	32	-	200
Fundraising Expenses	-	-	1,690	1,690
Insurance	1,786	340	-	2,126
Internet	1,094	208	-	1,302
Meals & Entertainment	549	104	-	653
Miscellaneous	218	41	-	259
Office Expense	3,662	697	-	4,359
Payroll Taxes	7,310	1,392	-	8,702
Personnel	86,150	16,409	-	102,559
Printing & Publication	1,288	245	-	1,533
Professional Fees	6,220	1,185	-	7,405
Telephone	3,552	676	-	4,228
Travel	127	24	-	151
Utilities	82	16	-	98
	<u>\$ 118,685</u>	<u>\$ 21,971</u>	<u>\$ 1,690</u>	<u>\$ 142,346</u>

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets:	\$ 4,802	\$ 19,415
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	2,228	3,566
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	2,500	(2,000)
Security Deposits	-	1,425
Prepaid Expenses	600	(684)
Increase (Decrease) in:		
Accounts Payable/Accrued Expenses	<u>(4,940)</u>	<u>3,379</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>5,190</u>	<u>25,101</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	<u>(3,584)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(3,584)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	1,606	25,101
CASH, BEGINNING OF YEAR	<u>53,793</u>	<u>28,692</u>
CASH, END OF YEAR	<u>\$ 55,399</u>	<u>\$ 53,793</u>

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Friends of the Portsmouth Juvenile Court, Inc. (FRIENDS) is a tax-exempt nonprofit organization established to help children and families that come before the attention of the Juvenile and Domestic Relations Court. The Organization strives to strengthen the institutions, programs, and resources available to respond most effectively to the needs of these children and their families.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The federal income tax returns of the Organization for June 30, 2016, 2015 and 2014 are subject to examination by the IRS, generally for three years after they are filed.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization 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.

Unrestricted net assets - Net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donated assets received with restrictions that are met in the same fiscal year are reported as unrestricted.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that are maintained permanently by the organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates

The preparation of the Organization's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions which affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

See independent auditors' report.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 assets. When 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. Friends of the Portsmouth Juvenile Court, Inc. does not have temporarily restricted or permanently restricted net assets as of June 30, 2016 or 2015.

Functional Allocation of Expenses

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

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of short maturities of those financial instruments.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method based on the estimated useful lives of the related assets, ranging from 5 to 30 years.

Maintenance and repairs, including replacement of minor items of physical properties, are charged to expense; major additions are capitalized.

Advertising Costs

Advertising costs are expensed as incurred. There were no advertising costs for the years ended June 30, 2016 and 2015.

Date of Management Review

Management has evaluated subsequent events through November 3, 2016, the date which the financial statements were available to be issued.

Retirement Plan

The Organization funds a Simplified Employee Pension Individual Retirement Account for eligible employees. No contributions have been made to the plan for the years ended June 30, 2016 and 2015.

See independent auditors' report.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Economic Dependency

The Organization receives substantial support from government agencies. If a significant reduction in the level of support were to occur, it would affect the Organization's future programs and activities.

NOTE 2 - SUMMARY OF PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Furniture & Equipment	\$ 36,798	\$ 33,211
Less: Accumulated Depreciation	(30,987)	(28,756)
Net Property and Equipment	<u>\$ 5,811</u>	<u>\$ 4,455</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$2,228 and \$3,566, respectively.

NOTE 3 - DONATED MATERIALS, SERVICES, AND EQUIPMENT

During the years ended June 30, 2016 and 2015, the following donations were recorded as contributions-in-kind:

	<u>2016</u>	<u>2015</u>
Donated Office Rent	\$ 18,000	\$ -
Donated Office Utilities	2,400	-
Donated Office Equipment	1,750	-
	<u>\$ 22,150</u>	<u>\$ -</u>

NOTE 4 - LEASES

Beginning July 1, 2014, the Organization has been receiving office space and related utilities at Portsmouth Judicial Center as a non-cash contribution.

NOTE 5 - FUND RAISING COSTS

During the years ended June 30, 2016 and 2015, the Organization received funding from the United Way. The Organization's proportionate share of the fund raising costs amount to \$844 and \$888, respectively.

See independent auditors' report.