

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
FINANCIAL STATEMENTS
Years Ended June 30, 2017 and 2016**

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INDEPENDENT AUDITORS' REPORT

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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, 2017 and 2016, 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.

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, 2017 and 2016, 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 CPA Group, P.C.

Norfolk, Virginia

September 29, 2017

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016**

ASSETS		
	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 108,421	\$ 55,399
TOTAL CURRENT ASSETS	108,421	55,399
PROPERTY AND EQUIPMENT, Net of		
Accumulated Depreciation	5,081	5,811
OTHER ASSETS		
Security Deposits	149	149
Prepaid Expense	3,416	600
TOTAL OTHER ASSETS	3,565	749
TOTAL ASSETS	\$ 117,067	\$ 61,959
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Payroll and Payroll Tax Liabilities	\$ 2,499	\$ 2,438
TOTAL CURRENT LIABILITIES	2,499	2,438
NET ASSETS		
Unrestricted Net Assets	114,568	59,521
TOTAL NET ASSETS	114,568	59,521
TOTAL LIABILITIES AND NET ASSETS	\$ 117,067	\$ 61,959

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS		
REVENUES, GAINS, AND OTHER SUPPORT		
Contributions	\$ 205,573	\$ 133,728
State Grant	29,200	29,200
TOTAL UNRESTRICTED SUPPORT	<u>234,773</u>	<u>162,928</u>
EXPENSES		
Program Services	92 164,979	143,129 91
Supporting Services - Management and General	5 9,168	12,555 8
Supporting Services - Fund Raising	3 5,579	2,442 2
TOTAL EXPENSES	<u>179,726</u>	<u>158,126</u>
INCREASE IN UNRESTRICTED NET ASSETS	55,047	4,802
NET ASSETS, BEGINNING OF YEAR	<u>59,521</u>	<u>54,719</u>
NET ASSETS, END OF YEAR	<u>\$ 114,568</u>	<u>\$ 59,521</u>

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2017**

	Program Services	Supporting Services		Total
		Management and General	Fund Raising	
Advertising	\$ 2,250	\$ 196	\$ -	\$ 2,446
Bank Charges	29	3	-	32
Conferences & Networking	3,324	-	-	3,324
Depreciation	1,818	158	-	1,976
Dues & Subscriptions	273	24	-	297
Fundraising Expenses	-	-	5,579	5,579
Internet	920	80	-	1,000
Meals & Entertainment	429	37	-	466
Miscellaneous	386	34	-	420
Office Expense	6,152	535	-	6,687
Payroll Taxes	7,523	316	-	7,839
Personnel	96,986	4,132	-	101,118
Printing & Publication	3,801	330	-	4,131
Professional Fees	11,689	1,016	-	12,705
Donated Rent	16,560	1,440	-	18,000
Telephone	2,434	212	-	2,646
Travel	5,326	463	-	5,789
Donated Utilities	2,208	192	-	2,400
Volunteer Appreciation	2,871	-	-	2,871
	<u>\$ 164,979</u>	<u>\$ 9,168</u>	<u>\$ 5,579</u>	<u>\$ 179,726</u>
	92	5	3	100

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>
	91	8	2	101

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets:	\$ 55,047	\$ 4,802
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,976	2,228
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	-	2,500
Prepaid Expenses	(2,816)	600
Increase (Decrease) in:		
Accrued Payroll and Payroll Tax Liabilities	61	(4,940)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>54,268</u>	<u>5,190</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	<u>(1,246)</u>	<u>(3,584)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,246)</u>	<u>(3,584)</u>
NET INCREASE IN CASH	53,022	1,606
CASH, BEGINNING OF YEAR	<u>55,399</u>	<u>53,793</u>
CASH, END OF YEAR	<u><u>\$ 108,421</u></u>	<u><u>\$ 55,399</u></u>

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016**

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, 2017, 2016 and 2015 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, 2017 and 2016**

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, 2017 or 2016.

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. Advertising cost expense for the years ended June 30, 2017 and 2016 were \$2,446 and \$0, respectively.

Date of Management Review

Management has evaluated subsequent events through September 29, 2017, 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, 2017 and 2016.

See independent auditors' report.

**FRIENDS OF THE PORTSMOUTH
JUVENILE COURT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016**

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, 2017 and 2016 consisted of the following:

	2017	2016
Furniture & Equipment	\$ 38,044	\$ 36,798
Less: Accumulated Depreciation	(32,963)	(30,987)
Net Property and Equipment	<u>\$ 5,081</u>	<u>\$ 5,811</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$1,976 and \$2,228, respectively.

NOTE 3 - DONATED MATERIALS, SERVICES, AND EQUIPMENT

During the years ended June 30, 2017 and 2016, the following donations were recorded as contributions-in-kind:

	2017	2016
Donated Office Rent	\$ 15,600	\$ 15,600
Donated Office Utilities	2,400	2,400
Donated Office Equipment	-	1,750
	<u>\$ 18,000</u>	<u>\$ 19,750</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, 2017 and 2016, the Organization received funding from the United Way. The Organization's proportionate share of the fund raising costs amount to \$972 and \$844, respectively.

See independent auditors' report.

September 29, 2017

To the Board of Directors
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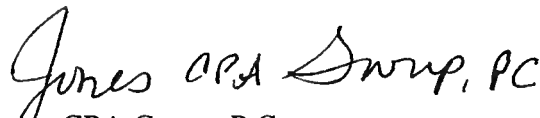
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In planning and performing our audit of the financial statements of Friends of the Portsmouth Juvenile Court, Inc. as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Friends of the Portsmouth Juvenile Court, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the board of directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.



Jones CPA Group, P.C.
Norfolk, Virginia

September 29, 2017

To the Board of Directors
Friends of the Portsmouth Juvenile Court, Inc.
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We have audited the financial statements of Friends of the Portsmouth Juvenile Court, Inc. for the year ended June 30, 2017 and 2016 and have issued our report thereon dated September 29, 2017. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing our audit. We have communicated such information in our letter to you dated July 6, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Friends of the Portsmouth Juvenile Court, Inc. as described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear.

Board of Directors
Friends of the Portsmouth Juvenile Court, Inc.
September 29, 2017
Page 2 of 3

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 29, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Board of Directors
Friends of the Portsmouth Juvenile Court, Inc.
September 29, 2017
Page 3 of 3

Finding:

During the audit it was noted that disbursements are approved by the same person authorized to sign checks.

Recommendation:

We recommend separating the disbursement approval process from the check signing by having the treasurer as the authorized check signer.

This information is intended solely for the use of the board of directors and management of Friends of the Portsmouth Juvenile Court, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


June CPA Group, P.C.