

**FRIENDS OF THE PORTSMOUTH  
JUVENILE COURT, INC.  
FINANCIAL STATEMENTS**

**Years Ended June 30, 2018 and 2017**

## **TABLE OF CONTENTS**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1-2</b>
<b>FINANCIAL STATEMENTS</b>	
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

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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, 2018 and 2017, 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

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, 2018 and 2017, 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.

*Jones CPA Group, P.C.*  
Norfolk, Virginia  
September 28, 2018

**FRIENDS OF THE PORTSMOUTH  
JUVENILE COURT, INC.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2018 and 2017**

<b>ASSETS</b>		
	2018	2017
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 122,135	\$ 108,421
Accounts Receivable	10,415	-
<b>TOTAL CURRENT ASSETS</b>	132,550	108,421
<b>PROPERTY AND EQUIPMENT, Net of Accumulated Depreciation</b>	3,945	5,081
<b>OTHER ASSETS</b>		
Security Deposits	149	149
Prepaid Expense	5,590	3,416
<b>TOTAL OTHER ASSETS</b>	5,739	3,565
<b>TOTAL ASSETS</b>	\$ 142,234	\$ 117,067
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued Payroll and Payroll Tax Liabilities	\$ -	\$ 2,499
<b>TOTAL CURRENT LIABILITIES</b>	-	2,499
<b>NET ASSETS</b>		
Unrestricted Net Assets	142,234	114,568
<b>TOTAL NET ASSETS</b>	142,234	114,568
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 142,234	\$ 117,067

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH  
JUVENILE COURT, INC.  
STATEMENTS OF ACTIVITIES  
Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>UNRESTRICTED NET ASSETS</b>		
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>		
Contributions	\$ 135,518	\$ 205,573
State Grant	<u>77,260</u>	<u>29,200</u>
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<u>212,778</u>	<u>234,773</u>
<b>EXPENSES</b>		
Program Services	174,551	164,979
Supporting Services - Management and General	9,424	9,168
Supporting Services - Fund Raising	<u>1,137</u>	<u>5,579</u>
<b>TOTAL EXPENSES</b>	<u>185,112</u>	<u>179,726</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	27,666	55,047
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>114,568</u>	<u>59,521</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 142,234</u></u>	<u><u>\$ 114,568</u></u>

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH  
JUVENILE COURT, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2018**

	Supporting Services			Total
	Program Services	Management and General	Fund Raising	
Advertising	\$ 4,390	\$ 3	\$ -	\$ 4,393
Bank Charges	22	3	-	25
Conferences & Networking	2,749	35	-	2,784
Depreciation	1,794	96	-	1,890
Dues & Subscriptions	22	3	-	25
Fundraising Expenses	-	-	1,137	1,137
Insurance	460	40	-	500
Meals & Entertainment	10	77	-	87
Miscellaneous	847	45	-	892
Office Expense	9,110	691	-	9,801
Payroll Taxes	8,757	357	-	9,114
Personnel	111,388	4,806	-	116,194
Printing & Publication	2,115	284	-	2,399
Professional Fees	8,860	635	-	9,495
Donated Rent	16,200	1,800	-	18,000
Telephone	2,381	309	-	2,690
Travel	3,074	-	-	3,074
Donated Utilities	2,160	240	-	2,400
Volunteer Appreciation	212	-	-	212
	<u>\$ 174,551</u>	<u>\$ 9,424</u>	<u>\$ 1,137</u>	<u>\$ 185,112</u>

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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>

See independent auditors' report and accompanying notes.



**FRIENDS OF THE PORTSMOUTH  
JUVENILE COURT, INC.  
STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets:	\$ 27,666	\$ 55,047
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,890	1,976
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	(10,415)	-
Prepaid Expenses	(2,174)	(2,816)
Increase (Decrease) in:		
Accrued Payroll and Payroll Tax Liabilities	(2,499)	61
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>14,468</u>	<u>54,268</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(754)	(1,246)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(754)</u>	<u>(1,246)</u>
<b>NET INCREASE IN CASH</b>	13,714	53,022
<b>CASH, BEGINNING OF YEAR</b>	<u>108,421</u>	<u>55,399</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 122,135</u></u>	<u><u>\$ 108,421</u></u>

See independent auditors' report and accompanying notes.

**FRIENDS OF THE PORTSMOUTH  
JUVENILE COURT, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017**

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**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, 2018, 2017 and 2016 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, 2018 and 2017**

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**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, 2018 or 2017.

**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, 2018 and 2017 were \$4,393 and \$2,446, respectively.

**Date of Management Review**

Management has evaluated subsequent events through September 28, 2018, 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, 2018 and 2017.

See independent auditors' report.

**FRIENDS OF THE PORTSMOUTH  
JUVENILE COURT, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017**

**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, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Furniture & Equipment	\$ 38,798	\$ 38,044
Less: Accumulated Depreciation	(34,853)	(32,963)
Net Property and Equipment	<u>\$ 3,945</u>	<u>\$ 5,081</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$1,890 and \$1,976, respectively.

**NOTE 3 - DONATED MATERIALS, SERVICES, AND EQUIPMENT**

During the years ended June 30, 2018 and 2017, the following donations were recorded as contributions-in-kind:

	<u>2018</u>	<u>2017</u>
Donated Office Rent	\$ 18,000	\$ 15,600
Donated Office Utilities	2,400	2,400
	<u>\$ 20,400</u>	<u>\$ 18,000</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, 2018 and 2017, the Organization received funding from the United Way. The Organization's proportionate share of the fund raising costs amount to \$1,172 and \$972, respectively.

See independent auditors' report.