

***CITIZEN ADVOCACY OF CHESTER COUNTY***

**FINANCIAL STATEMENTS**

**Years Ended September 30, 2015 and 2014**



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## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
Citizen Advocacy of Chester County  
Phoenixville, Pennsylvania**

We have audited the accompanying financial statements of Citizen Advocacy of Chester County (a nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2014, 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 the 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 the 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 from 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 Citizen Advocacy of Chester County as of September 30, 2015 and 2014 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.

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
February 25, 2016**

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**STATEMENTS OF FINANCIAL POSITION**

	September 30	
	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 90,022	\$ 107,215
Prepaid expenses	650	-
Net leasehold improvements and equipment	<u>499</u>	<u>999</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 91,171</u></u>	<u><u>\$ 108,214</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 4,990	\$ 8,259
Accrued payroll liabilities	<u>-</u>	<u>5,709</u>
<b>TOTAL LIABILITIES</b>	4,990	13,968
<b>NET ASSETS - Unrestricted</b>	<u>86,181</u>	<u>94,246</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 91,171</u></u>	<u><u>\$ 108,214</u></u>

*See accompanying notes.*

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**STATEMENTS OF ACTIVITIES**

	Year Ended September 30	
	2015	2014
<b>SUPPORT AND REVENUES</b>		
Support:		
Community Coalition	\$ 57,100	\$ 60,600
Special events, net of direct expenses of \$24,294 - 2015 and \$29,945 - 2014	56,427	58,711
Foundation awards	15,650	20,650
Contributions	22,267	14,582
In-kind contributions	3,939	4,729
Total Support	<u>155,383</u>	<u>159,272</u>
Revenues:		
Interest income	<u>248</u>	<u>410</u>
<b>TOTAL SUPPORT AND REVENUES</b>	155,631	159,682
 <b>PROGRAM SERVICES</b>		
Advocacy efforts	145,343	144,262
 <b>SUPPORTING SERVICES</b>		
Management and general	8,185	8,100
Fundraising	<u>10,168</u>	<u>9,644</u>
<b>TOTAL EXPENSES</b>	<u>163,696</u>	<u>162,006</u>
 <b>CHANGE IN NET ASSETS</b>	(8,065)	(2,324)
 <b>UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR</b>	<u>94,246</u>	<u>96,570</u>
 <b>UNRESTRICTED NET ASSETS AT END OF YEAR</b>	<u><u>\$ 86,181</u></u>	<u><u>\$ 94,246</u></u>

See accompanying notes.

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**STATEMENTS OF FUNCTIONAL EXPENSES**

	Year Ended September 30, 2015				Year Ended September 30, 2014			
	Program Services Advocacy Efforts	Supporting Services Management and General	Fundraising	Total	Program Services Advocacy Efforts	Supporting Services Management and General	Fundraising	Total
Salaries	\$ 95,485	\$ 5,488	\$ 8,780	\$ 109,753	\$ 87,146	\$ 5,008	\$ 8,013	\$ 100,167
Employee benefits	7,098	408	653	8,159	10,560	607	971	12,138
Rent	6,792	358	-	7,150	7,173	377	-	7,550
Payroll taxes	7,993	459	735	9,187	7,180	413	660	8,253
Professional services	5,985	315	-	6,300	9,025	475	-	9,500
Postage	213	11	-	224	1,124	59	-	1,183
Telephone and internet	2,799	147	-	2,946	2,779	146	-	2,925
Utilities	2,856	150	-	3,006	3,163	166	-	3,329
Training	3,434	181	-	3,615	1,728	91	-	1,819
Travel	6	-	-	6	36	2	-	38
Insurance	2,530	133	-	2,663	2,409	127	-	2,536
Depreciation	475	25	-	500	474	25	-	499
Repairs and maintenance	86	5	-	91	76	4	-	80
Office and Supplies	9,219	485	-	9,704	10,692	563	-	11,255
Annual appeal	372	20	-	392	697	37	-	734
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 145,343</b>	<b>\$ 8,185</b>	<b>\$ 10,168</b>	<b>\$ 163,696</b>	<b>\$ 144,262</b>	<b>\$ 8,100</b>	<b>\$ 9,644</b>	<b>\$ 162,006</b>

See accompanying notes.

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**STATEMENTS OF CASH FLOWS**

	Year Ended September 30	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (8,065)	\$ (2,324)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	500	499
Changes in:		
Prepaid expenses	(650)	1,784
Accounts payable	(3,269)	4,384
Accrued payroll liabilities	(5,709)	1,707
	<u>          </u>	<u>          </u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(17,193)	6,050
<b>CASH AT BEGINNING OF YEAR</b>	<u>107,215</u>	<u>101,165</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 90,022</u></u>	<u><u>\$ 107,215</u></u>

*See accompanying notes.*

## **CITIZEN ADVOCACY OF CHESTER COUNTY**

### **NOTES TO FINANCIAL STATEMENTS**

**September 30, 2015 and 2014**

Citizen Advocacy of Chester County (the "Organization") is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania. The purpose of the Organization is promoting, protecting, and defining the welfare and interests of, and justice for, people who are diminished in status or are seriously physically or socially isolated, through one-to-one unpaid voluntary commitments made to them by people who have the needed skills and resources.

The largest amount of support is received from the Community Coalition, a related party. This source of revenue accounts for approximately 37 percent and 38 percent of the Organization's support and revenues for the years ended September 30, 2015 and 2014, respectively.

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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##### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

##### **Basis of 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. The Organization has elected to show restricted contributions with restrictions that are met in the reporting period in which the contribution is made as unrestricted support.

##### **Cash and Cash Equivalents**

For the purpose of reporting the statements of cash flows, the Organization considers money market funds to be cash equivalents in the operating fund. The Organization places its cash in high credit quality institutions. At times, balances may exceed federally insured limits.

##### **Accounts and Grants Receivable**

The Organization bases its accounts and grants receivable on the subsequent receipt of awards for expenses recognized during the reporting period. Therefore, accounts receivable are recorded at their net realizable value and no allowance account is necessary.

##### **Contributions**

The Organization classifies all contributions as unrestricted, temporarily restricted or permanently restricted depending on the existence or nature of any donor restrictions.



**CITIZEN ADVOCACY OF CHESTER COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2015 and 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Contributed Services**

Although no value is included, the Organization receives significant volunteer hours per year. The value of these contributed services does not meet the criteria for recognition in the financial statements.

**Fixed Assets**

Fixed assets are recorded at cost at the time of purchase. The leasehold improvements and equipment are depreciated using the straight-line method over their estimated useful life of 5 to 15 years.

**Tax Exempt Status**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization files annual information returns as required. In accordance with generally accepted accounting principles, the Organization accounts for uncertain tax positions relative to unrelated business income, if any, as required. Using that guidance, management has determined that there are no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

**Functional Expense Allocations**

Expenses relating to more than one function are allocated to program and supporting services based on employee time estimates, program utilization, square footage, or other appropriate usage factors.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition through February 25, 2016, the date the financial statements were available to be issued.

**NOTE 2 - FIXED ASSETS**

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Fixed assets consist of the following at September 30:

	2015	2014
Leasehold improvements	\$ 6,285	\$ 6,285
Office equipment	3,473	3,473
Accumulated depreciation	<u>(9,259)</u>	<u>(8,759)</u>
	<u>\$ 499</u>	<u>\$ 999</u>

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2015 and 2014**

**NOTE 3 - LEASE COMMITMENT**

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The Organization leases office space on a month-to-month basis with monthly lease payments of \$600 through February 2014, increasing to \$650 in March 2014. Total rental expense was \$7,150 and \$7,550 for the years ended September 30, 2015 and 2014, respectively.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

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The Organization recognized contributions from Community Coalition of \$57,100 and \$60,600, respectively, for the years ended September 30, 2015 and 2014. A coordinator for Citizen Advocacy was the president of the Community Coalition board a portion of the years.

**NOTE 5 - SPECIAL EVENT REVENUES/EXPENSES**

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Special event revenues and expenses are summarized as follows as of September 30:

	2015		2014	
	Revenues	Expenses	Revenues	Expenses
Race	\$ 28,014	\$ 12,024	\$ 23,707	\$ 12,674
Theater	36,997	8,884	43,108	8,944
Raffle	11,671	2,479	17,925	7,532
Spaghetti Dinner	4,039	907	3,916	795
	<u>\$ 80,721</u>	<u>\$ 24,294</u>	<u>\$ 88,656</u>	<u>\$ 29,945</u>