

***CITIZEN ADVOCACY OF CHESTER COUNTY***

**FINANCIAL STATEMENTS**

**Years Ended September 30, 2016 and 2015**



## TABLE OF CONTENTS

	Pages
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	2
Statements of Activities .....	3
Statements of Functional Expenses .....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6 - 8



**Herbein + Company, Inc.**  
2763 Century Boulevard  
Reading, PA 19610  
P: 610.378.1175  
F: 610.378.0999  
[www.herbein.com](http://www.herbein.com)

## **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, 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 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, 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.

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
February 23, 2017**

*Succeed With Confidence*

CITIZEN ADVOCACY OF CHESTER COUNTY

STATEMENTS OF FINANCIAL POSITION

	September 30	
	2016	2015
<b>ASSETS</b>		
Cash and cash equivalents	\$ 84,258	\$ 90,022
Grants receivable	10,000	-
Prepaid expenses	650	650
Net leasehold improvements and equipment	-	499
	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<b><u>\$ 94,908</u></b>	<b><u>\$ 91,171</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 5,100	\$ 4,990
<b>NET ASSETS</b>		
Unrestricted	85,808	86,181
Temporarily restricted	4,000	-
	<u>          </u>	<u>          </u>
<b>TOTAL NET ASSETS</b>	<b><u>89,808</u></b>	<b><u>86,181</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 94,908</u></b>	<b><u>\$ 91,171</u></b>

See accompanying notes.

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**STATEMENTS OF ACTIVITIES**

	Year Ended September 30	
	2016	2015
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>		
<b>Support and Revenues</b>		
Support:		
Community Coalition	\$ 59,100	\$ 57,100
Special events, net of direct expenses of \$24,226 - 2016 and \$24,294 - 2015	67,563	56,427
Foundation awards	10,600	15,650
Contributions	26,418	22,267
In-kind contributions	3,763	3,939
Total support	<u>167,444</u>	<u>155,383</u>
Revenues:		
Interest income	<u>111</u>	<u>248</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>167,555</u>	<u>155,631</u>
 <b>Program Expenses</b>		
Advocacy efforts	148,814	145,343
 <b>Supporting Services</b>		
Management and general	8,396	8,185
Fundraising	<u>10,718</u>	<u>10,168</u>
<b>TOTAL EXPENSES</b>	<u>167,928</u>	<u>163,696</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	(373)	(8,065)
 <b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>		
<b>Support</b>		
Foundation awards	<u>4,000</u>	<u>-</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>4,000</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	3,627	(8,065)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>86,181</u>	<u>94,246</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 89,808</u>	<u>\$ 86,181</u>

See accompanying notes.

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**STATEMENTS OF FUNCTIONAL EXPENSES**

	Year Ended September 30, 2016				Year Ended September 30, 2015			
	Program Services Advocacy Efforts	Supporting Services			Program Services Advocacy Efforts	Supporting Services		
		Management and General	Fundraising	Total		Management and General	Fundraising	Total
Salaries	\$ 98,195	\$ 5,643	\$ 9,030	\$ 112,868	\$ 95,485	\$ 5,488	\$ 8,780	\$ 109,753
Employee benefits	10,608	610	975	12,193	7,098	408	653	8,159
Rent	7,410	390	-	7,800	6,792	358	-	7,150
Payroll taxes	7,751	445	713	8,909	7,993	459	735	9,187
Professional services	7,196	379	-	7,575	5,985	315	-	6,300
Postage	769	41	-	810	213	11	-	224
Telephone and internet	2,376	125	-	2,501	2,799	147	-	2,946
Utilities	2,286	120	-	2,406	2,856	150	-	3,006
Training	226	12	-	238	3,434	181	-	3,615
Travel	153	8	-	161	6	-	-	6
Insurance	2,419	127	-	2,546	2,530	133	-	2,663
Depreciation	474	25	-	499	475	25	-	500
Repairs and maintenance	-	-	-	-	86	5	-	91
Office and supplies	7,559	398	-	7,957	9,219	485	-	9,704
Annual appeal	1,392	73	-	1,465	372	20	-	392
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 148,814</b>	<b>\$ 8,396</b>	<b>\$ 10,718</b>	<b>\$ 167,928</b>	<b>\$ 145,343</b>	<b>\$ 8,185</b>	<b>\$ 10,168</b>	<b>\$ 163,696</b>

See accompanying notes.

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**STATEMENTS OF CASH FLOWS**

	Year Ended September 30	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 3,627	\$ (8,065)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	499	500
Changes in:		
Grants receivable	(10,000)	-
Prepaid expenses	-	(650)
Accounts payable	110	(3,269)
Accrued payroll liabilities	-	(5,709)
	<u>                    </u>	<u>                    </u>
<b>NET DECREASE IN CASH</b>	(5,764)	(17,193)
 <b>CASH AT BEGINNING OF YEAR</b>	 <u>90,022</u>	 <u>107,215</u>
	 <b>CASH AT END OF YEAR</b>	 <b>CASH AT END OF YEAR</b>
	<u>\$ 84,258</u>	<u>\$ 90,022</u>

## **CITIZEN ADVOCACY OF CHESTER COUNTY**

### **NOTES TO FINANCIAL STATEMENTS**

**September 30, 2016 and 2015**

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 35 percent and 37 percent of the Organization's support and revenues for the years ended September 30, 2016 and 2015, respectively.

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

---

##### **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, 2016 and 2015**

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

---

**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.

**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 23, 2017, the date the financial statements were available to be issued.

**NOTE 2 - FIXED ASSETS**

---

Fixed assets consist of the following at September 30:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 6,285	\$ 6,285
Office equipment	3,473	3,473
Accumulated depreciation	<u>(9,758)</u>	<u>(9,259)</u>
	<u>\$ -</u>	<u>\$ 499</u>

**CITIZEN ADVOCACY OF CHESTER COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2016 and 2015**

**NOTE 3 - LEASE COMMITMENT**

---

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 \$7,800 and \$7,150 for the years ended September 30, 2016 and 2015, respectively.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

---

The Organization recognized contributions from Community Coalition of \$59,100 and \$57,100, respectively, for the years ended September 30, 2016 and 2015. Members of the Citizen Advocacy board serve on the board of the Community Coalition.

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

---

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

	2016		2015	
	Revenues	Expenses	Revenues	Expenses
Race	\$ 32,782	\$ 11,356	\$ 28,014	\$ 12,024
Theater	41,709	8,409	36,997	8,884
Raffle	13,400	3,485	11,671	2,479
Spaghetti dinner	3,898	976	4,039	907
	<u>\$ 91,789</u>	<u>\$ 24,226</u>	<u>\$ 80,721</u>	<u>\$ 24,294</u>

**NOTE 6 - NET ASSETS**

---

Temporarily restricted net assets are available for the following purposes as of September 30:

	2016	2015
2016-2017 General Operating	\$ 4,000	\$ -