

**Children First/Communities in Schools of Buncombe County**  
**Financial Statement Commentary**  
**December 31, 2018**

**Statement of Financial Position (Balance Sheet)**

1. **Cash** available for operations, represented by all cash accounts (except Operating Reserve and Assistance Fund) and undeposited funds is \$320K, down from \$327K at October 31 and \$358K at June 30. The cash balance represents approximately three months of operating expenses.
2. **Accounts Receivable** consists entirely of collectible balances (detail is included with these statements). We are currently working with Asheville Museum of Science to collect delinquent balance.
3. **Other Current Assets** includes:
  - a. Undeposited Funds, which are checks received in the office which have not yet been deposited at the bank. Large amount reflects year end giving checks received in December but deposited in January. These funds have all been deposited since 12/31.
  - b. Prepaid Expenses, representing insurance premiums paid in full and expensed monthly over the premium period.
4. **Fixed Assets and Accumulated Depreciation** balances are unchanged since 6/30/18 (depreciation entry is recorded every 6/30).
5. **Endowment Funds** held at the Community Foundation are adjusted quarterly for market changes, realized income, and administrative fees. A distribution of \$3,170 was received in July and accounted for as a reduction of the fund balance.
6. **Other Current Liabilities** includes:
  - a. Accrued Vacation, which is vacation time earned but not taken. This balance is updated annually at 6/30.
  - b. Deferred Grant Revenue, representing FEMA funds received which will not be recorded as revenue until used.

**Statement of Activity (Profit & Loss Budget Performance)**

1. **Governmental Support** includes funding from Buncombe County, City of Asheville, and FEMA.
2. **AmeriCorps Income** is down for the year due to fewer members than budgeted (19 members vs. 25 budgeted). While the reduction in income is mostly offset by reduced expenses, there is a 5.26% administrative fee that is reduced proportionately with reduced expenses. Budget was adjusted to reflect member stipends not being paid until August.
3. **Public Support** includes \$35,500 received from Sister of Mercy.
4. **Program Service Revenue** reflects Greg teaching Duke nonprofit course.
5. **Personnel Costs and Employee Benefits** expense below budget due to staffing changes.
6. **Professional and Outside Services** expense down due to decreased use of Contract Controller.
7. **AmeriCorps Personnel** expense is below budget due to fewer members than budgeted.
8. **Training and Education** is below budget year to-date due primarily to the timing of AmeriCorps orientation expenses which will be incurred later into the year than budgeted.
9. **Other Income and Expense** reports the effect of grants awarded in prior periods that are funding the current year's expenses. For the year to-date, \$170.3K of prior year grant awards has been included in operating income. The entry to "Reverse Prior Year Revenue" is required

to back out those revenues since they were already recognized in the FY18 audited financial statements. For measuring performance against budget, the Operating Income line should be used; the Other Income/Expense section is to reconcile the statements back to a GAAP reporting basis.