

Children First/Communities in Schools of Buncombe County
Financial Statement Commentary
October 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 \$327K, down from \$358K at June 30 but up from \$296K at Sept 30 due to the collection of quarter end receivables. The cash balance represents approximately three months of operating expenses.
2. **Accounts Receivable** consists entirely of collectible balances (detail is included with these statements).
3. **Other Current Assets** includes:
 - a. Undeposited Funds, which are checks received in the office which have not yet been deposited at the bank. These funds have all been deposited since 10/31.
 - 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** is \$32K under budget year-to-date mostly due to receiving \$14K less than budgeted for the fall appeal and the loss of the Rudnick Fund grant budgeted at \$25K. This loss was offset by receiving an unexpected \$6K from the Huisking Foundation. Public Support is inflated an additional \$5K because the United Way erroneously made a double grant payment in the month of October via direct deposit, this will work itself out in November. Individual donations are down \$18K for the year.
4. **Program Service Revenue:** MAHEC billings for purchase of gift cards, offset by expense in Other Program Costs.
5. **Personnel Costs and Employee Benefits** expense below budget due to vacancies in the SSS Claxton and AmeriCorps Assistant positions.
6. **Occupancy and Equipment** expense above budget due to maintenance needed on heater at FRCE.

7. **Professional and Outside Services** expense down due to decreased use of Contract Controller.
8. **AmeriCorps Personnel** expense is below budget due to fewer members than budgeted.
9. **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.
10. **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.

*Balance Sheet now reflects previous month comparison rather than previous year