

Children First/Communities in Schools of Buncombe County
Financial Statement Commentary
March 31, 2019

Statement of Financial Position (Balance Sheet)

1. **Cash** available for operations, represented by all cash accounts (except Operating Reserve, CFWNC Early Childhood Partner Support, and Assistance Funds) and including undeposited funds is \$326K, slight increase from \$321K at February 28. The cash balance represents approximately three months of operating expenses.
2. **Accounts Receivable** consists entirely of collectible balances (detail is included with these statements). Salvation Army has been contacted. They are in the process of a staff transition but we have been assured that the outstanding invoices have been sent to their finance department and we see no problem receiving outstanding payments.
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 2/28.
 - 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. Information for the March balances has not yet been received.
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 and Early Childhood Development funds received which will not be recorded as revenue until used.

Statement of Activity (Profit & Loss Budget Performance)

1. **Governmental Support** includes funding from FEMA.
2. **Public Support:** Current projections anticipate Public Support being down \$70,672 for Fiscal Year 2019. This does not include events.
3. **Fundraising Events:** A \$500 expense was budgeted for Are You Smarter in March that will not be spent because this event will not be occurring.
4. **Program Service Revenue** reflects reimbursement for MAHEC gift cards. \$960 breaks even with expense and we realize a \$28 gain for admin time.
5. **Investment Income:** Down because we did not receive a few of the savings account bank statements before Finance Committee. Those accounts typically generate \$200 in interest combined.
6. **Personnel Costs and Employee Benefits** expense below budget due to the vacancy in the Development position.
7. **Professional and Outside Services** expense below budget due to decreased use of Contract Controller.

8. **AmeriCorps Personnel:** March stipend checks were issued April 1 instead of March 31 so these expenses are not reflected on the March P&L. The March AmeriCorps Personnel expense of \$26,752 will appear on the April P&L along with April AmeriCorps Personnel costs.
9. **Other Program Costs** include FEMA expense which correlates with Government Support, MAHEC gift cards which correlates with Program Service Revenue, and AmeriCorps background checks.
10. **Partner Support** reflects all expenses paid to partners via the CFWNC funding for the Early Childhood Development Focus Area.
11. **Missing Receipts:** Reflects expenses that are accounted for but the tangible receipt has not been turned in. Serves as a reminder for Finance to follow up with staff.
12. **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.