

**Children First/Communities in Schools of Buncombe County**  
**Financial Statement Commentary**  
**September 30, 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 \$319K, a decrease from \$380k at August 31. The cash balance represents approximately 3.5 months of operating expenses.
2. **Accounts Receivable** consists entirely of collectible balances. NC Commission on Volunteers reflects three outstanding AmeriCorps grant payments. The Team 21 Closeout payment has been received and the expense reports for August and September have been approved. The start of a new AmeriCorps grant year can take longer for payments but we do not anticipate delays moving forward. The \$5K is a Break the Hunger sponsorship that has yet to be paid, the \$14k is the Carolina Furniture Match from Break the Hunger, and the \$500 is from Break the Hunger and has been received. Southern Economic has been received. The rest are up to date Partner Site fees for AmeriCorps.
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 9/30.
  - 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 6/30/19 (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. Have not yet received the 9/30 statement.
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 represents Early Childhood Development funds received which will not be recorded as revenue until used.

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

1. **Governmental Support:** Represents quarterly City of Asheville and Buncombe County payments.
2. **Program Service Revenue:** MAHEC billings for purchase of gift cards, offset by expense in Other Program Costs.
3. **Occupancy and Equipment:** This line item budgeted \$15K for moving costs which included \$13K for a new HVAC unit, \$1k for July rent at UW, and \$1k for additional moving expenses. The total cost of the move (including HVAC, rent, painting, and repairs) totaled around \$9k, making our moving expenses \$6k under budget. The additional \$2k in savings for the year reflect lower expenses so far for equipment purchases, phone bills, and utilities. It is likely utilities will increase as the year goes on.
4. **Professional and Outside Services:** Down because of timing of Audit payments.

5. **AmeriCorps Personnel:** Down because we have smaller team than budgeted and because we won't see Member August and September health insurance costs until the October bill.
6. **Partner Support:** Pass-through funds paid to partners via CFWNC Early Childhood Partner Support.
7. **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.
8. **Contribution to Operating Reserve:** Budgeted to move \$500 monthly into Operating Reserve, working on most efficient way to do so and plan to move over three months of payments in October
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, \$315K of prior year grant awards has been included in operating income which includes the \$150k awarded in 2019 from Melvin R Lane. The entry to "Reverse Prior Year Revenue" is required to back out those revenues since they will be recognized in the FY19 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.