

VIRGINIA CENTER FOR INCLUSIVE COMMUNITIES

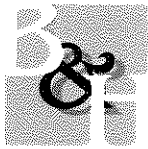
Financial Statements

For the year ended
June 30, 2011

VIRGINIA CENTER FOR INCLUSIVE COMMUNITIES

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BARCALOW & HART, P.L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

More than numbers

Report of Independent Certified Public Accountants

The Board of Directors
Virginia Center for Inclusive Communities
Richmond, Virginia

We have audited the accompanying statements of financial position of Virginia Center for Inclusive Communities as of June 30, 2011 and 2010 and the related statements of activities, cash flows, and functional expenses for the years ended June 30, 2011 and 2010. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior-year summarized comparative information has been derived from the Organization's 2010 financial statements and, in our report dated August 26, 2010; we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Virginia Center for Inclusive Communities as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years ended June 30, 2011 and 2010 in conformity with accounting principles generally accepted in the United States of America.

Barcalow & Hart, PLLC

Richmond, Virginia
August 24, 2011

Virginia Center for Inclusive Communities
Statement of Financial Position
June 30, 2011
(with summarized comparative information for June 30, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals 2011</u>	<u>Totals 2010</u>
ASSETS				
Cash and cash equivalents	\$ 247,839	\$ 20,000	\$ 267,839	\$ 371,700
Investments	205,461	-	205,461	-
Other assets	6,662	-	6,662	13,234
Property and equipment, less accumulated depreciation	14,646 (7,386)	- -	14,646 (7,386)	18,495 (10,543)
Total assets	<u>\$ 467,222</u>	<u>\$ 20,000</u>	<u>\$ 487,222</u>	<u>\$ 392,886</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 19,423	\$ -	\$ 19,423	\$ 17,696
Deferred revenue	21,625	-	21,625	17,600
Total liabilities	<u>41,048</u>	<u>-</u>	<u>41,048</u>	<u>35,296</u>
Net assets				
Unrestricted	426,174	-	426,174	338,674
Temporarily restricted	-	20,000	20,000	18,886
Total net assets	<u>426,174</u>	<u>20,000</u>	<u>446,174</u>	<u>357,560</u>
Total liabilities and net assets	<u>\$ 467,222</u>	<u>\$ 20,000</u>	<u>\$ 487,222</u>	<u>\$ 392,856</u>

Virginia Center for Inclusive Communities
Statement of Activities
Year Ended June 30, 2011
(with comparative information for the year ended June 30, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals 2011</u>	<u>Totals 2010</u>
Contributions, revenues, and other				
Program service revenue	\$ 267,445	\$ -	\$ 267,445	\$ 214,435
General contributions	41,799	-	41,799	31,090
Board contributions	19,382	-	19,382	21,211
Special events	411,549	-	411,549	404,987
Grants	-	26,250	26,250	29,500
Other	6,653	-	6,653	4,638
Subtotal	746,828	26,250	773,078	705,861
Net assets released from restrictions satisfaction of program restrictions	25,136	(25,136)	-	-
Total revenue, gains and other support	771,964	1,114	773,078	705,861
Expenses:				
Program services	393,022	-	393,022	325,115
Supporting services				
Management and general	80,773	-	80,773	108,712
Fund-raising	210,669	-	210,669	221,626
Total expenses	684,464	-	684,464	655,453
Change in net assets	87,500	1,114	88,614	50,408
Net assets at beginning of year	338,674	18,886	357,560	307,152
Net assets at end of year	\$ 426,174	\$ 20,000	\$ 446,174	\$ 357,560

Virginia Center for Inclusive Communities
Statement of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ 88,614	50,408
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized gains on investments	(4,142)	-
Loss on disposal of equipment	984	-
Depreciation	2,851	3,316
(Increase) decrease in		
Accounts receivable	125	2,401
Other assets	6,447	3,800
Increase (decrease) in		
Accounts payable and accrued expenses	1,727	1,763
Deferred revenue	4,025	(1,800)
Net cash (used in) provided by operating activities	100,631	59,888
 Cash flows from investing activities:		
Purchase of investments	(201,319)	-
Purchase of equipment	(3,142)	-
Net cash (used in) provided by investing activities	(204,461)	-
 Net increase (decrease) in cash and cash equivalents	(103,830)	59,888
 Cash and cash equivalents:		
Beginning	371,670	311,782
Ending	\$ 267,840	371,670

Virginia Center for Inclusive Communities
Statement of Functional Expenses
Year Ended June 30, 2011
(with comparative information for the year ended June 30, 2010)

	Program	Management and General	Fund Raising	Total 2011	Total 2010
Salaries	\$ 148,438	\$ 42,833	\$ 36,837	\$ 228,108	\$ 218,847
Payroll taxes	11,367	3,280	2,821	17,468	16,536
Pension	14,584	4,208	3,619	22,411	20,934
Health insurance and other benefits	11,626	3,506	3,015	18,147	15,445
Rent	15,596	4,500	3,870	23,966	23,268
Marketing and Printing	14,686	4,238	3,644	22,568	7,328
Postage	3,880	1,148	988	6,016	8,555
Office	6,362	1,836	1,579	9,777	11,470
Board meeting	2,556	738	634	3,928	1,956
Telephone	3,739	1,079	928	5,746	5,090
Professional fees	7,953	2,295	1,974	12,222	45,250
Lease expenses	5,789	1,670	2,085	9,544	8,551
Insurance	11,349	3,275	2,817	17,441	17,480
Miscellaneous office	7,784	1,963	1,688	11,435	13,825
Meals and travel	12,711	3,668	3,154	19,533	15,129
Depreciation	1,855	536	460	2,851	3,317
Award Dinners	-	-	55,188	55,188	84,556
Award Dinners - Printing and Postage	-	-	45,809	45,809	23,698
Award Dinners - Miscellaneous	-	-	39,559	39,559	7,792
Inkind Professional Fees	-	-	-	-	0
Facilitator Fees	24,730	-	-	24,730	28,827
Facility rental	76,091	-	-	76,091	67,083
Program transportation	8,426	-	-	8,426	7,516
Programs - miscellaneous	3,500	-	-	3,500	3,000
Total expenses	\$ 393,022	\$ 80,773	\$ 210,669	\$ 684,464	\$ 655,453

Notes to Financial Statements June 30, 2011 and 2010

Note 1 - Organization and summary of significant accounting policies

Nature of the Organization

Virginia Center for Inclusive Communities (VCIC) promotes understanding and respect on all issues of diversity, for all age groups, all across Virginia. Each year, VCIC conducts educational programs, conferences, retreats, and workshops, for thousands of youth, educators, community members, non-profit organizations, and corporate and business leaders. These events and experiences teach participants not simply to notice differences, but also respect variety in race, religion, and culture. The Organization's message is delivered in schools, houses of worship, the community, and in the workplace.

VCIC traces its roots back to 1935 in Virginia. With a lengthy and rich history, the Organization was destined to change with the times and to change the times in which we live. Originally founded as the Virginia Region of the National Conference of Christians and Jews, VCIC has concluded its association with NCCJ and has joined with many of its fellow offices across the country to form the National Federation for Just Communities, a new movement fighting prejudice in all its forms.

Programs are primarily delivered through VCIC's four chapter locations in Richmond, on the Virginia Peninsula, in Tidewater (South Hampton Roads), and in Lynchburg. In addition, the Organization provides programming and services across the entire Commonwealth of Virginia.

Recently issued accounting standards

In June 2009, the Financial Accounting Standards (FASB) issued FASB ASC 105, *Generally Accepted Accounting Principles*, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions, of FASB ASC 105, VCIC has updated references to GAAP in its financial statements issued for the year ended June 30, 2011. The adoption of FASB ASC 105 did not impact the VCIC's financial position or results of operations.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets are those currently available at the discretion of VCIC's Board of Directors for use in the VCIC's operations and those resources invested in property and equipment.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. Included in this category are gifts held by the Organization pending the use in accordance with donor stipulations.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. At the present time, the Organization does not have any permanently restricted net assets.

Deferred revenue

Deferred revenue consists of payments for workshops and/or programs held in the upcoming year.

(continued)

Notes to Financial Statements June 30, 2011 and 2010

Note 1 - Summary of significant accounting policies (continued)

Investments

Investments in marketable equity securities and mutual funds with readily determined fair values are carried at fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Reclassifications

Certain prior year balances have been reclassified to conform to current year presentation.

Use of estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual events and circumstances could alter those estimates.

Cash and cash equivalents

For cash flows reporting purposes, the Organization's definition of cash and cash equivalents includes all purchases with original maturities of three months or less at the date of purchase.

Property and depreciation

The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment at cost, and all donated property and equipment at fair market value at date of gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. The estimated lives are as follows: furniture and equipment, 3-7 years. Generally, the costs of major improvements over \$500 are capitalized, while the costs of maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. The cost and accumulated depreciation on property are eliminated from the accounts upon disposal, and any resulting gain or loss is included in income.

Promises to give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional promises to give, including pledges and contributions receivable, are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. An allowance is based on prior years' experience and management's analysis of specific promises made. At this time, there is no difference between the allowance method and the direct write-off method. There is no allowance at this time and historically there have been no significant write-offs. Amounts due more than one year later are recorded at the present value of the estimated future cash flows, discounted at risk-free rates applicable to the years in which the promises were received.

(continued)

Notes to Financial Statements
June 30, 2011 and 2010

Note 1 - Summary of significant accounting policies (concluded)

Donated services and other

The Organization recognizes donated services, supplies, assets, and other items in accordance with Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*. All in-kind contributions are recorded when received at fair value as income and expenses or capitalized as property or equipment.

The Organization does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue. The Organization pays for most services requiring specific expertise. However, many individuals interested in the Organization’s programs volunteer their time and perform a variety of tasks. Total gifts for in-kind donations amounted to \$33,500 for the year ended June 30, 2011. Total gifts for in-kind donations amounted to \$22,800 for the year ended June 30, 2010.

Accounts receivable

Receivables are carried at net realizable value.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. The functional classifications are:

Program services are defined as the activities that result in goods and services being distributed to beneficiaries, customers, or members that fulfill the purposes or mission for which the Organization exists. Those services are the major programs for and the major output of the Organization and often relate to several major programs.

Management and general are those activities that include oversight, business management, general recordkeeping, budgeting, financing, and all management and administration except for direct conduct of program services or fundraising activities.

Fund-raising activities are those activities which involve potential donors to contribute funds, services, or other assets or time. They include conducting fundraising campaigns; maintaining, donor mailing lists; conducting special events, and other activities involved with soliciting contributions.

Income taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code respectively, and is not considered a private foundation within the meaning of section 509(a) of the code.

Note 2 – Property and equipment

A summary of property and equipment at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Furniture and equipment	\$ 14 646	\$ 18 496
Less: accumulated depreciation	(7 386)	(10 543)
	<u>\$ 7 260</u>	<u>\$ 7 953</u>

Depreciation expense for 2011 and 2010 was \$2,851 and \$3,316, respectively.

VIRGINIA CENTER FOR INCLUSIVE COMMUNITIES

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Notes to Financial Statements June 30, 2011 and 2010

Note 3 - Concentration of credit risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash, cash equivalents and receivables. The Organization maintains its cash balances with high quality financial institutions located in Richmond, Virginia, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. In addition, cash equivalents at June 30, 2011 and 2010, of \$227,029 and \$340,986 respectively were invested in money market funds, which are insured within the limits of the Securities Investor Protection Corporation. The Organization's unsecured receivables are due from donors and special events or programs. At June 30, 2011 and 2010, management does not believe they have any significant concentration of credit risk.

Note 4 - Line of Credit

The Organization has a line of credit to support working capital not to exceed \$75,000. The line bears an interest rate at Prime plus 1.0%. The line is secured by all assets of the Organization. There was no outstanding balance on the line of credit at June 30, 2011 and 2010.

Note 5 - Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to aid VCIC in its teaching and fundraising activities. The value of the contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Note 6 - Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2011 and 2010:

Youth Philanthropy Project - CAN DO	\$ -	\$ 2 000
Wachovia Wells Fargo Foundation - Prejudice Awareness Summit	7 500	5 000
REB Foundation - Connections Institute	10 000	10 000
Annual dinner event	2 500	-
Michael B. Huntley- VCIC Youth Program	<u>-</u>	<u>1 886</u>
	\$ <u>20 000</u>	\$ <u>18 886</u>

Net assets released from restrictions during 2011 consisted of the following:

Various programs	\$ 23 250
Michael B. Huntley- VCIC Youth Program	<u>1 886</u>
	\$ <u>25 136</u>

**Notes to Financial Statements
June 30, 2011 and 2010**

Note 7 - Commitment

The Organization, effective March 1, 2008, entered into a five-year lease for its office space. For each rental year after the first year the base rent will be increased by three percent. The current monthly rent is \$2,037. Total rent for office space for the years ended June 30, 2011 and 2010 was \$23,966 and \$23,268, respectively.

Following is a schedule of future minimum rental payments required under leases that have initial lease terms in excess of one year at June 30, 2011:

2012	\$ 24 685
2013	<u>16 783</u>
	\$ <u>41 468</u>

Note 8 – Retirement plan

The Organization has a retirement plan for those individuals who are employed on a full-time basis. Contributions to the plan are determined each year, and for the years ended June 30, 2011 and 2010, are a maximum of a twelve percent match of the employees’ annual compensation. The total retirement expense for each of the year ended June 30, 2011 and 2010 was \$22,411 and \$20,934, respectively.

Note 9 – Subsequent event

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 24, 2011 the date the financial statements were issued.

Note 10 - Fair value measurements

The Organization adopted SFAS No. 157 “Fair Value Measurements” to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. SFAS 157 clarifies that fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Three levels of the fair value hierarchy under SFAS 157 based on these three types of inputs are as follows:

Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

All investments were measured at fair value by level one valuation, because they generally provide the most reliable evidence of fair value.

VIRGINIA CENTER FOR INCLUSIVE COMMUNITIES

Notes to Financial Statements June 30, 2011 and 2010

Note 11 – Investments

Investments at June 30, 2011 are composed of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds	\$ 538	\$ 538	\$ -
Fixed income mutual funds	151 598	155 232	3 634
Equity mutual funds	<u>49 187</u>	<u>49 691</u>	<u>504</u>
Total	<u>\$ 201 323</u>	<u>\$ 205 461</u>	<u>\$ 4 138</u>

Note 12 - Change in revenue

The Organization received one-time funding for a program; which will not renew for the following year. This revenue stream amounted to approximately, \$80,000.