
READYKIDS, INC.
Charlottesville, Virginia
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY CERTIFIED PUBLIC ACCOUNTANTS

CHARLOTTESVILLE □ RICHMOND □ LOUISA □ FREDERICKSBURG □ STAUNTON □ BLACKSBURG



READYKIDS, INC.
Charlottesville, Virginia

FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
<i>Financial Statements:</i>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-15
<i>Other Supplementary Information:</i>	
Reconciliation of Statement of Functional Expenses to Grant Expenditures	16-17

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

To the Board of Directors
ReadyKids, Inc.
Charlottesville, Virginia

We have audited the accompanying financial statements of ReadyKids, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ReadyKids, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the ReadyKids, Inc. 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying other supplementary information on pages 16 and 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Robinson, Fawcett, Cox Associates

Charlottesville, Virginia
October 16, 2018

- Financial Statements -

READYKIDS, INC.

Statement of Financial Position
At June 30, 2018
(With Comparative Totals for 2017)

	2018	2017
Assets:		
Current assets:		
Cash and cash equivalents	\$ 620,748	\$ 521,303
Accounts and grants receivable, (net of allowance for uncollectibles of \$2,213)	219,052	169,774
Pledges receivable, (net of allowance for uncollectibles of \$10,689)	508,094	3,500
Prepaid expenses	12,559	460
Total current assets	<u>\$ 1,360,453</u>	<u>\$ 695,037</u>
Property and equipment:		
Construction in progress	\$ 106,692	\$ -
Land, buildings and equipment, (net of accumulated depreciation of \$493,539)	1,591,221	1,651,452
Total property and equipment	<u>\$ 1,697,913</u>	<u>\$ 1,651,452</u>
Other assets:		
Beneficial interest in agency fund held by third party	\$ 952,363	\$ 945,717
In-kind inventory	-	59,822
Total other assets	<u>\$ 952,363</u>	<u>\$ 1,005,539</u>
Total assets	<u><u>\$ 4,010,729</u></u>	<u><u>\$ 3,352,028</u></u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 39,609	\$ 44,805
Accrued expenses	8,685	11,980
Compensated absences	30,772	27,682
Deferred revenue	110,000	85,000
Total current liabilities	<u>\$ 189,066</u>	<u>\$ 169,467</u>
Total liabilities	<u>\$ 189,066</u>	<u>\$ 169,467</u>
Net Assets:		
Unrestricted:		
Operating	\$ 370,809	\$ 427,476
Designated for long-term purposes	952,363	945,717
Property and equipment	1,697,913	1,651,452
Total unrestricted	<u>\$ 3,021,085</u>	<u>\$ 3,024,645</u>
Temporarily restricted	800,578	157,916
Total net assets	<u>\$ 3,821,663</u>	<u>\$ 3,182,561</u>
Total liabilities and net assets	<u><u>\$ 4,010,729</u></u>	<u><u>\$ 3,352,028</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

READYKIDS, INC.

Statement of Activities
 Year Ended June 30, 2018
 (With Comparative Totals for 2017)

	Temporarily		Total	
	Unrestricted	Restricted	2018	2017
Revenues, gains and other support:				
Federal and state grants	\$ -	\$ 751,788	\$ 751,788	\$ 649,367
Local grants	-	218,933	218,933	214,606
Other grants	-	90,450	90,450	96,014
United Way, Thomas Jefferson Area	-	73,080	73,080	73,068
Contract service revenues	365,108	-	365,108	281,880
Program service revenues	-	470	470	1,630
Special events	17,798	-	17,798	38,036
Contributions	436,850	1,159,233	1,596,083	907,199
In-kind contributions	-	-	-	138,322
Investment income	116,882	-	116,882	103,876
Other	16,149	-	16,149	3,333
Net assets released from restrictions:				
Satisfaction of program requirements	1,651,292	(1,651,292)	-	-
Total revenues, gains and other support	\$ 2,604,079	\$ 642,662	\$ 3,246,741	\$ 2,507,331
Expenses:				
Program services				
Teen counseling	\$ 203,358	\$ -	\$ 203,358	\$ -
Growing minds	397,379	-	397,379	-
Healthy families	419,614	-	419,614	-
ReadySteps	315,699	-	315,699	-
Inside out	601,150	-	601,150	-
City of promise	181,076	-	181,076	-
Others	237,126	-	237,126	-
Total program services	2,355,402	-	2,355,402	2,104,039
Management and general	\$ 103,946	\$ -	\$ 103,946	\$ 107,499
Fundraising	148,291	-	148,291	157,440
Total expenses	\$ 2,607,639	\$ -	\$ 2,607,639	\$ 2,368,978
Change in net assets	\$ (3,560)	\$ 642,662	\$ 639,102	\$ 138,353
Net assets, beginning of year	3,024,645	157,916	3,182,561	3,044,208
Net assets, end of year	\$ 3,021,085	\$ 800,578	\$ 3,821,663	\$ 3,182,561

The accompanying notes to the financial statements are an integral part of this statement.

READYKIDS, INC.

Statement of Functional Expenses
 Year Ended June 30, 2018
 (With Comparative Totals for 2017)

	Program Services				
	Teen Counseling	Growing Minds	Healthy Families	ReadySteps	Inside Out
Salaries and Related Benefits:					
Salaries	\$ 147,390	\$ 274,861	\$ 282,349	\$ 214,246	\$ 413,487
Payroll taxes	10,691	19,472	20,859	16,298	31,208
Employee benefits	24,693	32,750	53,404	37,213	75,296
Total salaries and related benefits	\$ 182,774	\$ 327,083	\$ 356,612	\$ 267,757	\$ 519,991
Advertising	-	-	-	-	-
Conferences	1,755	2,039	5,297	589	9,706
Insurance	-	2,470	2,005	4,804	2,892
Membership dues	968	-	10,397	1,511	-
Utilities	1,221	1,692	1,690	1,718	2,980
Office and postage	514	2,338	2,066	1,291	2,429
Professional and accounting fees	1,618	13,188	3,472	3,898	10,123
Program costs	3,711	24,088	12,338	16,962	21,540
Printing	206	2,641	676	1,107	1,979
Repairs/maintenance	2,072	4,115	4,632	3,408	7,397
Staff development	180	592	617	507	716
Telephone	1,695	685	2,626	1,868	3,655
Travel	2,552	2,872	7,232	1,899	2,152
Bank fees	-	-	145	-	-
Refunds	-	-	-	-	-
Bad debt	-	-	-	-	-
Depreciation	4,092	13,576	9,809	8,380	15,590
Total expenses	\$ 203,358	\$ 397,379	\$ 419,614	\$ 315,699	\$ 601,150

The accompanying notes to the financial statements are an integral part of this statement.

Program Services							2018	2017
City of		Total	Management			Total	Total	
Promise	Others	Programs	and General	Fundraising				
\$ 77,761	\$ 162,861	\$ 1,572,955	\$ 53,555	\$ 97,499	\$ 1,724,009	\$ 1,509,417		
5,699	12,334	116,561	4,087	7,331	127,979	112,253		
15,801	23,250	262,407	8,591	12,555	283,553	244,761		
\$ 99,261	\$ 198,445	\$ 1,951,923	\$ 66,233	\$ 117,385	\$ 2,135,541	\$ 1,866,431		
-	-	-	-	-	-	1,573		
-	728	20,114	600	87	20,801	23,375		
2,926	1,299	16,396	1,075	407	17,878	16,196		
845	-	13,721	1,067	-	14,788	15,255		
-	1,988	11,289	361	585	12,235	11,938		
1,370	1,480	11,488	889	1,750	14,127	15,533		
12,513	2,786	47,598	11,512	6,299	65,409	61,298		
37,345	11,613	127,597	9,997	10,965	148,559	187,076		
4,928	1,035	12,572	982	5,410	18,964	15,162		
10,293	3,918	35,835	829	993	37,657	35,243		
-	378	2,990	603	120	3,713	3,801		
2,786	2,215	15,530	970	256	16,756	15,323		
6,449	5,590	28,746	-	-	28,746	20,818		
360	-	505	2,406	2,085	4,996	13,678		
2,000	-	2,000	-	-	2,000	-		
-	-	-	510	-	510	292		
-	5,651	57,098	5,912	1,949	64,959	65,986		
\$ 181,076	\$ 237,126	\$ 2,355,402	\$ 103,946	\$ 148,291	\$ 2,607,639	\$ 2,368,978		

READYKIDS, INC.

Statement of Cash Flows
Year Ended June 30, 2018
(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 639,102	\$ 138,353
Adjustment to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	64,959	65,986
Change in beneficial interest in agency fund	(6,646)	(93,889)
Changes in:		
Accounts and grants receivable	(49,278)	(28,767)
Pledges receivable	(504,594)	1,500
Prepaid expenses	(12,099)	17,075
In-kind inventory	59,822	(59,822)
Accounts payable	(5,196)	(14,755)
Accrued expenses	(3,295)	7,272
Compensated absences	3,090	5,846
Deferred revenue	25,000	67,184
Net cash provided by (used for) operating activities	<u>\$ 210,865</u>	<u>\$ 105,983</u>
Cash flows from investing activities:		
Sale of property and equipment	\$ -	\$ 66
Purchase of property and equipment	(111,420)	(51,397)
Net cash provided by (used for) investing activities	<u>\$ (111,420)</u>	<u>\$ (51,331)</u>
Net change in cash and cash equivalents	\$ 99,445	\$ 54,652
Cash and cash equivalents at beginning of year	<u>521,303</u>	<u>466,651</u>
Cash and cash equivalents at end of year	<u><u>\$ 620,748</u></u>	<u><u>\$ 521,303</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

READYKIDS, INC.

Notes to Financial Statements
At June 30, 2018

NOTE 1 - PURPOSE AND FUNDING:

ReadyKids, Inc., formerly Children, Youth & Family Services, Inc., works toward the vision that every child be ready to learn, ready for relationships and ultimately ready for life! Since 1921, we have provided critical support to underserved children and families in Charlottesville and the five surrounding counties. With a mission to *Open Doors to Bright Futures for Kids*, ReadyKids, Inc. prepares kids to be *Ready to Learn* by providing quality early learning experiences and *Ready for Relationships* by supporting positive, nurturing and healthy family relationships. In FY18, ReadyKids, Inc. impacted the lives of 8,836 children, families and child care providers in Central Virginia.

Funding for the Organization is provided in combination by private contributions and grants, local government support, federal and state grants, the United Way and fees for service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting. Under the accrual method, revenues are recognized in the period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

Financial Statement Presentation:

Revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions. At June 30, 2018, the Organization had Unrestricted Net Assets of \$3,021,085.

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 the passage of time. At June 30, 2018, the Organization had Temporarily Restricted Net Assets of \$800,578.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. At June 30, 2018, the Organization did not have any Permanently Restricted Net Assets.

Property and Equipment:

Property, equipment and improvements to property are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Buildings and improvements have an estimated useful life of thirty years and equipment lives range from 3 to 10 years.

Equipment purchases are treated as expenditures in the program utilizing the equipment. With the exception of expendable items, purchases in excess of \$2,000 are capitalized.

Depreciation expense totaled \$64,959 for the year ended June 30, 2018.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences:

The Organization records vacation leave liability for employees, not to exceed five days, 90 days after hiring. Unused sick leave is not paid upon termination. The amount of the accrued vacation leave was \$30,772 at June 30, 2018.

Advertising Costs:

Advertising costs are expensed when incurred.

Revenue Recognition:

The Organization utilizes grant accounting for governmental grants received for specific programs. This accounting recognizes grant revenue to the extent of grant expenditures paid. Grant revenues received but not expended are reported as deferred revenue. Other revenues are recognized when earned.

Contributions:

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Deferred Revenue:

Deferred revenue consists of grants awarded for projects and programs that have not started yet. Amounts were received prior to the start of grant periods.

Comparative Totals:

Comparative totals are presented for information purposes only. Amounts from the prior year were derived from the prior year financial statements.

READYKIDS, INC.

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 3 - CASH AND CASH EQUIVALENTS:

For the purposes of reporting cash flows, cash and cash equivalents consists of cash on hand and in banks, money market funds, certificates of deposit, and investments maturing in three months or less from the date of acquisition.

All cash in banks are in federally insured accounts. The amount insured by the Federal Deposit Insurance Corporation (FDIC) extends to \$250,000 per entity. The Organization had \$150,289 of uninsured bank balances at June 30, 2018.

NOTE 4 - ACCOUNTS AND GRANTS RECEIVABLE:

Accounts and grants receivable are recorded when the service has been performed or the grant period has commenced.

Accounts and grants receivable consist of the following:

Commonwealth of Virginia DSS	\$	107,145
Child Development Resources		8,932
Community Attention		19,417
Department of Criminal Justice Services		28,770
VFHY/STAR Kids		10,383
SHE		6,000
Sentara		13,542
United Way		26,524
Others		552
		<hr/>
Subtotal	\$	221,265
Less: Allowance for uncollectibles		(2,213)
		<hr/>
Net accounts and grants receivable	\$	<u>219,052</u>

There are no significant concentrations of credit risk arising from receivables. Receivables are written off when they are deemed uncollectible by management. The allowance for uncollectibles is an estimate based on the expected collection of receivables. Receivables are deemed delinquent when 60 or more days have elapsed from the billing date.

READYKIDS, INC.

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 5 - PLEDGES RECEIVABLE:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other 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. The allowance for uncollectible pledges is estimated based upon historical collection rates and specific identification of uncollectible amounts. Unconditional pledges, net of the allowance of \$10,689, totaled \$508,094 at June 30, 2018. Of this amount, \$460,129 is expected to be collected within two years.

NOTE 6 - PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

Land	\$	778,230
Building and improvements		957,212
Equipment		105,349
Furniture and fixtures		176,188
Vehicles		<u>67,781</u>
Total	\$	2,084,760
Accumulated depreciation		<u>(493,539)</u>
Net property and equipment	\$	<u><u>1,591,221</u></u>

NOTE 7 - GRANTS:

The Organization received a significant portion of its revenue from various grants. The more significant grants and the funding sources for the year are detailed below:

<u>Program</u>	<u>Funding Source</u>	<u>Year Ended June 30, 2018</u>
Star Kids	Commonwealth of Virginia - Virginia Tobacco Settlement Foundation	\$ 58,975
Various	Commonwealth of Virginia	230,715
Various	City of Charlottesville	144,215
Various	County of Albemarle	68,291
Various	United Way, Thomas Jefferson Area	73,068
Child Care Quality	Child Development Resources	59,603
VOCA	Commonwealth of Virginia	215,805
VOCA	Department of Criminal Justice Services	40,000

READYKIDS, INC.

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 8 - INVESTMENT INCOME:

Included in investment income for the year ended June 30, 2018 are:

	<u>Year Ended June 30, 2018</u>
Interest income	\$ 621
Income on beneficial interest in agency fund	13,332
Gain (loss) on beneficial interest in agency fund	<u>102,929</u>
Total investment income	<u>\$ 116,882</u>

NOTE 9 - FUNCTIONAL ALLOCATION OF EXPENSES:

The Organization allocates shared expenses between the various programs. These shared expenses include secretarial and bookkeeping support services, rent, telephone, insurance and equipment maintenance. Those expenses which relate directly to a particular program are charged directly to the program.

NOTE 10 - RETIREMENT PLAN:

Prior to January 1, 1997, the Organization terminated its defined contribution retirement plan which covered a small group of full-time, salaried employees. Employees may contribute to a tax sheltered annuity plan under Section 403(b) of the Internal Revenue Code. A fixed match of 20% of elective deferrals per pay period applies to regular compensation. The maximum amount of the fixed match per person is \$500 for the plan year. A discretionary match applies to loyalty incentive compensation. The amount of the discretionary match will be determined by the employer. Match contributions to the plan totaled \$7,432 for the year ended June 30, 2018. Employee contributions to the plan totaled \$47,439 for the year ended June 30, 2018.

NOTE 11 - INCOME TAXES:

The Organization is a non-profit entity which is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), and comparable state law.

NOTE 12 - COMMITMENTS AND CONTINGENCIES:

Federal programs in which the Organization participates may be subject to compliance testing by the funding federal agency. Such compliance tests could result in disallowed expenses charged to the grant program. In the opinion of management, any future disallowance of current grant program expenses, if any, would be immaterial.

NOTE 13 - CONTRIBUTED SERVICES:

The Organization has received contributed services in the form of volunteers utilized for programs and various repairs and maintenance activities. The value of these hours has not been recognized in the financial statements. The fair value of these services has not been measured.

NOTE 14 - RESTRICTED ASSETS:

Net assets were released from grantor restrictions by incurring expenditures satisfying the restricted purpose of the grants.

	<u>Year Ended June 30, 2018</u>
Healthy Families	\$ 359,142
Inside Out	492,106
Child Care Quality	154,034
City of Promise	191,966
ReadySteps	203,608
Real Dads	31,179
Star Kids	67,129
Teen Counseling	58,215
Play Partners	10,359
Philanthropy	83,554
Others	-
Total	<u>\$ 1,651,292</u>

Temporarily restricted assets consist of unexpended funds for the following:

City of Promise	\$ 136,625
Inside Out	21,069
Capital Campaign	642,751
Management	<u>133</u>
Total	<u>\$ 800,578</u>

NOTE 15 - BENEFICIAL INTEREST IN AGENCY FUND HELD BY THIRD PARTY:

The Organization is the beneficiary under a Designated Agency Fund Agreement with the Charlottesville Area Community Foundation. The agency fund has been recorded in accordance with generally accepted accounting principles which state that if a community foundation receives assets from a nonprofit organization that specifies itself as the beneficiary, the transfer is not a contribution received by the community foundation even if the variance power is explicitly stated in the gift instrument. The assets of the fund are included in the Statement of Financial Position as a beneficial interest in agency fund held by third party. Distributions are to be paid as the two organizations agree upon. In addition, the fund is charged a quarterly administrative fee on the fund balance.

NOTE 15 - BENEFICIAL INTEREST IN AGENCY FUND HELD BY THIRD PARTY: (CONTINUED)

The changes in the agency fund are as follows for the year ended June 30, 2018:

Beneficial interest - Beginning of year	\$ 945,717
Change in value of beneficial interest:	
Income returns	10,476
Gain (loss) on the fund	105,785
Withdrawals from the fund	(100,000)
Administrative fees	<u>(9,615)</u>
Beneficial interest - End of year	<u>\$ 952,363</u>

NOTE 16 - DESIGNATED ASSETS:

The Board has designated its beneficial interest in agency fund held by the Charlottesville Area Community Foundation for long-term purposes. These investments are designated as follows:

Endowment type purpose	\$ 77,430
Keasley fund	15,053
Jefferson fund - Board Endowment	<u>859,880</u>
Total	<u>\$ 952,363</u>

NOTE 17 - FAIR VALUE MEASUREMENTS:

Fair value for investments are determined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three-level fair value hierarchy prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

NOTE 17 - FAIR VALUE MEASUREMENTS: (CONTINUED)

The Organization is providing the following information related to its investments:

	<u>Fair Value Measurements at Reporting Date Using</u>		
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
	<u>June 30, 2018</u>		
Beneficial Interest in Community Foundation	\$ 952,363	\$ -	\$ 952,363
Total	<u>\$ 952,363</u>	<u>\$ -</u>	<u>\$ 952,363</u>

The Level 3 assets represent the beneficial interest in Charlottesville Area Community Foundation's (CACF) investment pool. The valuation of this investment is based upon the inputs used by CACF to value the underlying assets. The following table provides further details of the Level 3 fair value measurements.

	<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Beneficial Interest in Community Foundation</u>
Beginning Balance	\$ 945,717
Total gains or losses (realized/unrealized) included in changes in net assets	106,646
Withdrawals	<u>(100,000)</u>
Ending Balance	<u>\$ 952,363</u>

NOTE 18 - DATE OF MANAGEMENT REVIEW:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through October 16, 2018, the date the financial statements were available to be issued.

- Other Supplementary Information -

READYKIDS, INC.

Reconciliation of Statement of Functional Expenses to Grant Expenditures

Year Ended June 30, 2018

(With Comparative Totals for 2017)

	Program Services				
	Teen Counseling	Growing Minds	Healthy Families	ReadySteps	Inside Out
Salaries and Related Benefits:					
Salaries	\$ 147,390	\$ 274,861	\$ 282,349	\$ 214,246	\$ 413,487
Payroll taxes	10,691	19,472	20,859	16,298	31,208
Employee benefits	24,693	32,750	53,404	37,213	75,296
Total salaries and related benefits	\$ 182,774	\$ 327,083	\$ 356,612	\$ 267,757	\$ 519,991
Advertising	-	-	-	-	-
Conferences	1,755	2,039	5,297	589	9,706
Insurance	-	2,470	2,005	4,804	2,892
Membership dues	968	-	10,397	1,511	-
Utilities	1,221	1,692	1,690	1,718	2,980
Office and postage	514	2,338	2,066	1,291	2,429
Professional and accounting fees	1,618	13,188	3,472	3,898	10,123
Program costs	3,711	24,088	12,338	16,962	21,540
Printing	206	2,641	676	1,107	1,979
Repairs/maintenance	2,072	4,115	4,632	3,408	7,397
Staff development	180	592	617	507	716
Telephone	1,695	685	2,626	1,868	3,655
Travel	2,552	2,872	7,232	1,899	2,152
Bank fees	-	-	145	-	-
Refunds	-	-	-	-	-
Bad debt	-	-	-	-	-
Depreciation	4,092	13,576	9,809	8,380	15,590
Total statement of functional expenses	\$ 203,358	\$ 397,379	\$ 419,614	\$ 315,699	\$ 601,150
Add:					
Grant expenditures netted for financial statement purposes:					
Property and equipment capitalized	\$ 299	\$ 988	\$ 714	\$ 610	\$ 1,136
Total grant expenditures	\$ 203,657	\$ 398,367	\$ 420,328	\$ 316,309	\$ 602,286

Program Services						
City of Promise	Others	Total Programs	Management and General	Fundraising	2018 Total	2017 Total
\$ 77,761	\$ 162,861	\$ 1,572,955	\$ 53,555	\$ 97,499	\$ 1,724,009	\$ 1,509,417
5,699	12,334	116,561	4,087	7,331	127,979	112,253
15,801	23,250	262,407	8,591	12,555	283,553	244,761
\$ 99,261	\$ 198,445	\$ 1,951,923	\$ 66,233	\$ 117,385	\$ 2,135,541	\$ 1,866,431
-	-	-	-	-	-	1,573
-	728	20,114	600	87	20,801	23,375
2,926	1,299	16,396	1,075	407	17,878	16,196
845	-	13,721	1,067	-	14,788	15,255
-	1,988	11,289	361	585	12,235	11,938
1,370	1,480	11,488	889	1,750	14,127	15,533
12,513	2,786	47,598	11,512	6,299	65,409	61,298
37,345	11,613	127,597	9,997	10,965	148,559	187,076
4,928	1,035	12,572	982	5,410	18,964	15,162
10,293	3,918	35,835	829	993	37,657	35,243
-	378	2,990	603	120	3,713	3,801
2,786	2,215	15,530	970	256	16,756	15,323
6,449	5,590	28,746	-	-	28,746	20,818
360	-	505	2,406	2,085	4,996	13,678
2,000	-	2,000	-	-	2,000	-
-	-	-	510	-	510	292
-	5,651	57,098	5,912	1,949	64,959	65,986
\$ 181,076	\$ 237,126	\$ 2,355,402	\$ 103,946	\$ 148,291	\$ 2,607,639	\$ 2,368,978
\$ -	\$ 484	\$ 4,231	\$ 357	\$ 106,832	\$ 111,420	\$ 51,397
\$ 181,076	\$ 237,610	\$ 2,359,633	\$ 104,303	\$ 255,123	\$ 2,719,059	\$ 2,420,375

This page intentionally left blank