CENTER FOR NONPROFIT EXCELLENCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

BOARD OF DIRECTORS
CENTER FOR NONPROFIT EXCELLENCE
CHARLOTTESVILLE, VIRGINIA

We have audited the accompanying financial statements of Center for Nonprofit Excellence (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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 Center for Nonprofit Excellence as of December 31, 2016, 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.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
April 4, 2017

CENTER FOR NONPROFIT EXCELLENCE

Statement of Financial Position
At December 31, 2016

ASSETS

Current assets:		
Cash and cash equivalents	$	165,440
Investments		557
Accounts receivable		14,558
Pledges receivable, current		75,970
Other receivables		123
Prepaid expenses		7,977
Security deposits		1,126
Total current assets	$	265,751
Property and equipment:		
Furniture, fixtures, and equipment	$	14,364
Leasehold improvements		5,572
Accumulated depreciation		(15,952)
Net property and equipment	$	3,984
Other assets:		
Pledges receivable, noncurrent, net of discounts	$	5,281
Website and org costs, net of accumulated amortization of $10,310		29,390
Total other assets	$	34,671
Total assets	$	304,406

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	$	10,560
Deferred revenue		1,650
Total current liabilities	$	12,210
Total liabilities	$	12,210
Net assets:		
Unrestricted	$	281,675
Temporarily restricted - designated for future projects		10,521
Total net assets	$	292,196
Total liabilities and net assets	$	304,406

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

CENTER FOR NONPROFIT EXCELLENCE

Statement of Activities
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support:			
Individual contributions and sponsorships	$ 113,516	$ 131,659	$ 245,175
Corporate contributions and sponsorships	3,371	62,500	65,871
Foundation contributions and sponsorships	18,750	5,000	23,750
Nonprofit/Governmental contributions and sponsorships	-	22,500	22,500
Membership dues	70,375	-	70,375
Program service fees	182,390	-	182,390
Resource center revenue	5,711	-	5,711
In-kind services and donations	6,695	-	6,695
Interest and investment income	375	-	375
Loss on disposal of equipment	(5,306)	-	(5,306)
Net assets released from restrictions:			
Satisfaction of program restrictions	211,138	(211,138)	-
Total revenues, gains and other support	$ 607,015	$ 10,521	$ 617,536
Expenses:			
Program services	$ 513,904	$ -	$ 513,904
Supporting Services:			
Management and general	83,429	-	83,429
Fundraising	24,678	-	24,678
Total expenses	$ 622,011	$ -	$ 622,011
Change in net assets	$ (14,996)	$ 10,521	$ (4,475)
Net assets, beginning of year	296,671	-	296,671
Net assets, end of year	$ 281,675	$ 10,521	$ 292,196

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

CENTER FOR NONPROFIT EXCELLENCE

Statement of Functional Expenses
For the Year Ended December 31, 2016

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total Expenses
Salaries	$ 324,543	$ 16,306	$ 18,854	$ 35,160	$ 359,703
Employee benefits	31,910	1,603	1,854	3,457	35,367
Payroll taxes	24,491	1,231	1,423	2,654	27,145
Total salaries and related expenses	$ 380,944	$ 19,140	$ 22,131	$ 41,271	$ 422,215
Rent	40,808	1,694	468	2,162	42,970
Coaching/speaker fees	29,189	-	-	-	29,189
Contract services	10,548	16,449	523	16,972	27,520
Food	16,314	413	-	413	16,727
Information technology	6,584	7,372	1,368	8,740	15,324
Travel and meetings	8,518	8	-	8	8,526
Amortization - website	-	7,368	-	7,368	7,368
In-kind services and donations	-	6,695	-	6,695	6,695
Books, subscriptions, reference	4,678	979	-	979	5,657
Printing	1,487	3,921	-	3,921	5,408
Accounting	-	5,000	-	5,000	5,000
Utilities	4,218	214	31	245	4,463
Telephone	-	3,877	-	3,877	3,877
Miscellaneous	479	3,301	3	3,304	3,783
Academy Scholarship	3,125	-	-	-	3,125
Cleaning services and supplies	2,765	115	32	147	2,912
Supplies	1,548	1,094	-	1,094	2,642
Insurance	-	2,246	-	2,246	2,246
Membership dues	1,495	729	-	729	2,224
Depreciation	-	2,178	-	2,178	2,178
Postage	726	122	122	244	970
Stewardship	478	278	-	278	756
Office expense	-	236	-	236	236
Total expenses	$ 513,904	$ 83,429	$ 24,678	$ 108,107	$ 622,011

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

CENTER FOR NONPROFIT EXCELLENCE

Statement of Cash Flows
For the Year Ended December 31, 2016

Cash flows from operating activities:		
Change in net assets	$	(4,475)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Amortization		7,368
Depreciation		2,178
Unrealized loss on investments		21
Loss on disposal of equipment		5,306
(Increase) decrease in assets:		
Accounts receivable		(14,005)
Pledges receivable		(5,928)
Prepaid expenses		(822)
Other receivables		(123)
Increase (decrease) in liabilities:		
Accounts payable		5,577
Accrued payroll expenses		(7,727)
Deferred revenue		(36,854)
Net cash provided by (used for) operating activities	$	(49,484)
Cash flows from investing activities:		
Purchase of property and equipment	$	(5,625)
Transfer from investments to operating fund		1,404
Gift of stock investment		(567)
Net cash provided by (used for) investing activities	$	(4,788)
Net increase (decrease) in cash and cash equivalents	$	(54,272)
Cash and cash equivalents, beginning of year		219,712
Cash and cash equivalents, end of year	$	165,440

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

NOTE 1–NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

The Center for Nonprofit Excellence (the Center) is a nonprofit, non-stock corporation organized under the provisions of Chapter 2 of Title 13.1 of the Code of Virginia. The Center is a local resource center designed to bring local, regional, and national resources to a single place and serves Charlottesville and the surrounding areas. The Center makes these resources more readily available so that area nonprofits may save time and money and be able to focus on maximizing their potential. The Center is organized and operates exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954.

Basis of Accounting

The Center uses the accrual basis of accounting. Under the accrual basis, 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.

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.

Property and Equipment

The Center follows the practice of capitalizing all expenditures for property and equipment with a cost of more than $500, if purchased. Donated property and equipment are capitalized at their fair market value at the date of donation. Depreciation is provided over the estimated useful life of the equipment, from 5-7 years, on a 200% double-declining basis. Depreciation expense was $2,178 for the year ended December 31, 2016.

Intangibles

Total costs related to website, nonprofit database, and organizational expenses were $39,700. These costs are being amortized over 5 years. The nonprofit database and organizational expenses are fully amortized at year end. Amortization expense was $7,368 related to the website for the year ended December 31, 2016.

Basis of Presentation

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

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations. At December 31, 2016 the Center had unrestricted net assets of $281,675.

NOTE 1–NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Basis of Presentation: (Continued)

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. At December 31, 2016 the Center had $10,521 of temporarily restricted net assets.

Permanently restricted net assets: Net assets subject to donor-imposed or other legal restrictions requiring that all principal be maintained permanently by the Center. At December 31, 2016, the Center had no permanently restricted net assets.

Revenue Recognition

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

Pledged contributions (unconditional) are recognized as revenue in the year the promise is made and are recorded at fair value, which is computed as the estimated present values of expected future cash flows. Pledges which are conditional are recognized as revenue when the conditions are substantially met.

Income Taxes

The Center is exempt from federal tax under Section 501 (c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509 (a)(2).

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Center maintains cash balances at two financial institutions located in Charlottesville, Virginia. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2016, the Center had no uninsured bank balances.

Deferred Revenue

Income from membership dues is deferred and recognized over the periods to which the dues relate.

NOTE 1–NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Functional Allocation of Expenses

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

Accounts Receivable

Receivables are stated at the amount management expects to collect from outstanding balances. Management uses the direct write-off method for uncollectible accounts. Once management has determined that an account is uncollectible, receivables are charged to expenses. No bad debt expense was recorded for the year ended December 31, 2016. Included in the accompanying statement of financial position are accounts receivable of $14,558. At December 31, 2016, there were no receivables greater than ninety days past due.

Investments

Investments consist of stock donations given during the year that have yet to be sold and converted to cash and cash equivalents at year-end.

NOTE 2–TEMPORARILY RESTRICTED NET ASSETS:

Net assets were released from grantor restrictions by incurring expenses satisfying the following restricted purposes:

		2016
Philanthropy	$	147,750
Board Development Academy		2,980
Fundraising		60,408
	$	211,138

NOTE 3–IN-KIND SERVICES AND DONATIONS:

The Center receives significant in-kind services and donations throughout the year. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the year received. Specialized service contributions and donations of $6,695 for the fiscal year ended December 31, 2016 were recorded in the financial statements.

Volunteers have donated time for the Center and provide for its program and board services. However, since these services do not meet the criteria for recognition as contributed services under applicable accounting standards, it is not reflected in the accompanying financial statements.

NOTE 4–OPERATING LEASE COMMITMENT:

In February 2013, the Center entered into a five year lease agreement for facilities. Rent expense was $42,970 for the year ended December 31, 2016. The future minimum lease payments are as follows:

	December 31,
2017	$ 42,970
2018	17,904
	$ 60,874

NOTE 5–PLEDGES RECEIVABLE:

Unconditional pledges to give at December 31, 2016 are as follows:

Receivable in less than one year	$ 75,970
Receivable in one to five years	5,345
Total pledges receivable	$ 81,315
Less unamortized discounts	(64)
Net pledges receivable at December 31, 2016	$ 81,251

Long-term pledges receivable are recorded at fair value, estimated using present value techniques and a discount rate of 1.20% in 2016.

NOTE 6–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.

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

	Fair Value Measurements at Reporting Date Using	
	December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)
Wells Fargo Brokerage	$ 557	$ 557
Total	$ 557	$ 557

NOTE 7–DATE OF MANAGEMENT'S REVIEW:

In preparing these financial statements, management of the Center has evaluated events and transactions for potential recognition or disclosure through April 4, 2017, the date the financial statements were available to be issued.