

# Henrico Christmas Mother

Financial Statements

February 28, 2023 and February 28, 2022



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# HENRICO CHRISTMAS MOTHER

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Executive Board of  
Henrico Christmas Mother

Henrico, Virginia

We have reviewed the accompanying statements of assets, liabilities, and net assets – modified cash basis of Henrico Christmas Mother (the “Organization”) as of February 28, 2023 and February 28, 2022 and the related statements of revenues, disbursements, and changes in net assets – modified cash basis and functional expenses – modified cash basis for the years then ended, and the related notes to financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis of the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountant's Conclusion**

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States. Our conclusion is not modified with respect to this matter.



Keiter  
June 28, 2023  
Glen Allen, Virginia

## HENRICO CHRISTMAS MOTHER

Statements of Assets, Liabilities and Net Assets – Modified Cash Basis  
February 28, 2023 and February 28, 2022

	<u>Assets</u>	
	<u>2023</u>	<u>2022</u>
Current assets:		
Cash	\$ 456,161	\$ 458,796
Inventory	<u>32,975</u>	<u>31,918</u>
Total assets	<u>\$ 489,136</u>	<u>\$ 490,714</u>
	<u>Liabilities and Net Assets</u>	
Liabilities	\$ -	\$ -
Net assets without donor restrictions:		
Undesignated	418,524	419,988
Board designated	<u>70,612</u>	<u>70,726</u>
Total net assets	<u>489,136</u>	<u>490,714</u>
Total liabilities and net assets	<u>\$ 489,136</u>	<u>\$ 490,714</u>

See independent accountants' review report and accompanying notes to financial statements.

## HENRICO CHRISTMAS MOTHER

Statements of Revenue, Disbursements and Changes in Net Assets – Modified Cash Basis  
Years Ended February 28, 2023 and February 28, 2022

	<u>2023</u>	<u>2022</u>
Revenues:		
Contributions of cash and other financial assets	\$ 240,442	\$ 203,500
Contributions of nonfinancial assets	284,635	265,071
Interest and dividend income	<u>621</u>	<u>257</u>
Total revenues	<u>525,698</u>	<u>468,828</u>
Expenses:		
Program services	472,007	448,901
Supporting services		
General and administrative	46,782	39,047
Fundraising	<u>8,487</u>	<u>7,234</u>
Total expenses	<u>527,276</u>	<u>495,182</u>
Change in net assets	(1,578)	(26,354)
Net assets, beginning of year	<u>490,714</u>	<u>517,068</u>
Net assets, end of year	<u>\$ 489,136</u>	<u>\$ 490,714</u>

See independent accountants' review report and accompanying notes to financial statements.

## HENRICO CHRISTMAS MOTHER

Statement of Functional Expenses – Modified Cash Basis  
Year Ended February 28, 2023 with Comparative Totals for 2022

	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>2023</u> <u>Total</u>	<u>2022</u> <u>Total</u>
Elderly/disabled adults	\$ 28,436	\$ -	\$ -	\$ 28,436	\$ 25,894
Clothing	20,224	-	-	20,224	24,872
Food	96,806	-	-	96,806	92,045
Toys	54,188	-	-	54,188	55,599
Books	3,658	-	-	3,658	-
Adult welfare	2,500	-	-	2,500	2,150
Foster care	2,500	-	-	2,500	2,500
Emergency relief	-	-	-	-	62
Distributions of noncash contributions	239,752	-	-	239,752	220,976
Dankos	286	-	-	286	344
Postage	-	12	1,668	1,680	1,469
Insurance	-	4,523	-	4,523	2,841
Personnel	19,066	-	-	19,066	20,294
Rent and phone	-	25,637	-	25,637	22,943
Computer	3,006	1,987	-	4,993	4,341
Banking fees	-	111	-	111	101
Printing and copying	1,290	224	2,861	4,375	3,532
Salaries	-	7,137	3,209	10,346	8,136
Office supplies	295	202	89	586	1,911
Equipment	-	1,549	-	1,549	-
Professional fees	-	5,400	-	5,400	4,906
Business registration fees	-	-	200	200	266
Communication	-	-	460	460	-
	<u>\$ 472,007</u>	<u>\$ 46,782</u>	<u>\$ 8,487</u>	<u>\$ 527,276</u>	<u>\$ 495,182</u>

See independent accountants' review report and accompanying notes to financial statements.

## HENRICO CHRISTMAS MOTHER

### Statement of Functional Expenses – Modified Cash Basis Year Ended February 28, 2022

	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>2022</u> <u>Total</u>
Elderly/disabled adults	\$ 25,894	\$ -	\$ -	\$ 25,894
Clothing	24,872	-	-	24,872
Food	92,045	-	-	92,045
Toys	55,599	-	-	55,599
Adult welfare	2,150	-	-	2,150
Foster care	2,500	-	-	2,500
Emergency relief	62	-	-	62
Distributions of noncash contributions	220,976	-	-	220,976
Dankos	344	-	-	344
Postage	-	10	1,459	1,469
Insurance	-	2,841	-	2,841
Personnel	20,294	-	-	20,294
Rent and phone	-	22,943	-	22,943
Computer	2,106	2,235	-	4,341
Banking fees	-	101	-	101
Printing and copying	816	109	2,607	3,532
Salaries	-	5,629	2,507	8,136
Office supplies	1,243	273	395	1,911
Professional fees	-	4,906	-	4,906
Business registration fees	-	-	266	266
	<u>\$ 448,901</u>	<u>\$ 39,047</u>	<u>\$ 7,234</u>	<u>\$ 495,182</u>

# HENRICO CHRISTMAS MOTHER

## Notes to Financial Statements

### 1. Summary of Significant Accounting Policies:

**Organization:** The Henrico Christmas Mother (the “Organization”) is a private, nonprofit organization that was formed in the Commonwealth of Virginia in 1942. Effective December 1, 2016, the Organization incorporated as a Virginia Nonstock Corporation. The Organization’s purpose is to provide new clothes, toys, books, and food to needy Henrico County residents during the holiday season. The Organization’s financial support comes from donations from the general public, church groups, civic groups, county organizations, corporations and privately-owned companies.

**Basis of Accounting:** The financial statements of the Organization include the accounts of the Henrico Christmas Mother and the Dankos Memorial Fund and have been prepared on the modified cash basis of accounting. Accordingly, revenue is recorded when received rather than when earned and disbursements are recorded when paid rather than when the obligation is incurred. Inventory is recorded at the time it is donated or when a disbursement is made to purchase inventory. A statement of cash flows is not presented.

**Cash:** The Organization considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents. The Organization maintains its cash balances in four separate financial institutions. The balances were maintained under the FDIC insurance limit.

**Contributed Materials and Services:** In September 2020, the FASB issued new guidance related to contributions of non-financial assets received (ASU 2020-07) which amends previous guidance concerning presentation and disclosure of non-financial assets received. Specifically, the amendments require (1) presentation as a separate line item of contributed non-financial assets and (2) disclosure of information about each category of non-financial assets. The Organization adopted the standard during 2022, under the full retrospective transition method. The adoption of this ASU did not have a material impact on the Organization’s financial statements.

**Use of Estimates:** The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes:** The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.



## HENRICO CHRISTMAS MOTHER

### Notes to Financial Statements, Continued

#### 1. Summary of Significant Accounting Policies, Continued:

**Income Tax Uncertainties:** The Organization follows the Financial Accounting Standards Board guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority.

Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization is not currently under audit by any tax jurisdiction.

**Net Assets:** Nonprofit organizations are required to classify their net assets into two classes – net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include funds that are not subject to donor-imposed stipulations on the Organization as to their use or purpose. The Organization's Board has designated funds to meet needs of Henrico County residents under the guidelines maintained by the Theresa Dankos Memorial Fund Committee. These funds are separately maintained in a named bank account and spent annually at a rate not to exceed five percent of the value of the funds on deposit in such account as of the first day of each fiscal year and are noted as board designated on the statements of assets, liabilities, and net assets – modified cash basis.

Net assets with donor restrictions are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

The Organization's net assets are all considered without donor restrictions as all funds are used to support its mission.

**Functional Expenses:** Directly identifiable expenses are charged to program services. Expenses related to more than one function are charged to program services on the basis of a cost allocation plan. Fundraising expenses include those expenses incurred to generate donations to the Organization. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

# HENRICO CHRISTMAS MOTHER

## Notes to Financial Statements, Continued

### 1. Summary of Significant Accounting Policies, Continued:

**Subsequent Events:** Management has evaluated subsequent events through June 28, 2023, the date the financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying financial statements.

### 2. Inventory:

Purchased inventory is stated using the specific identification method. Donated inventory is stated based on an estimated value at the time of donation. Inventory consists primarily of toys, books, clothes, and gift cards.

### 3. Liquidity and Availability of Financial Assets:

Due to no donor restrictions on net assets, all cash and cash equivalents are available for general expenditure over the next year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations become due.

### 4. Guarantees:

Pursuant to its Articles of Incorporation, the Organization has certain obligations to indemnify its current officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Organization's request in such capacities. The maximum liability under these obligations is limited under the Code of Virginia.

### 5. Contributions of Non-Financial Assets:

For the years ended February 28, contributed nonfinancial assets recognized within the statements of revenue, disbursements and changes in net assets included:

	<u>2023</u>	<u>2022</u>
Seniors/disabled	\$ 24,638	\$ 7,839
Clothing	33,925	21,476
Food	132,894	149,031
Books	16,214	-
Toys	32,081	42,630
Rent and equipment	44,703	43,237
Other	180	858
	<u>\$ 284,635</u>	<u>\$ 265,071</u>

## **HENRICO CHRISTMAS MOTHER**

### **Notes to Financial Statements, Continued**

#### **5. Contributions of Non-Financial Assets, Continued:**

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. The value of contributed services and materials that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and are of the type that would have been purchased if not contributed. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the fair value at the time of donation. These amounts are included in contributions on the statements of revenue, disbursements and changes in net assets – modified cash basis. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and committee assignments. The value of these services is not recognized in the financial statements.