

**VIRGINIA BEACH POLICE FOUNDATION  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

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**INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

To the Board of Directors of  
Virginia Beach Police Foundation  
Virginia Beach, VA

We have compiled the accompanying statements of financial position of Virginia Beach Police Foundation (a nonprofit organization) as of June 30, 2014 and 2013, and the related statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

As explained in Note 2 to the financial statements, unconditional promises to give due in future years are not recorded in the financial statements. Accounting principles generally accepted in the United States of America require that unconditional promises to give be recorded as received and that unconditional promises to give due in the next year be reflected as current promises to give and be recorded at net realizable value. Unconditional promises to give due in subsequent years are to be reflected as long-term promises to give and be recorded at the present value of their net realizable value. The effect of this departure from accounting principles generally accepted in the United States of America on the financial statements has not been determined.

*White, Anderson & Associates, PC*

White, Anderson & Associates, P.C.  
August 18, 2014

**VIRGINIA BEACH POLICE FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013**

**ASSETS**

	<b>2014</b>	<b>2013</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 284,883	\$ 233,976
Inventory	2,337	802
Special event supplies	483	707
Prepaid insurance	455	829
<b>Total current assets</b>	<u>288,158</u>	<u>236,314</u>
<b>Other assets:</b>		
Statue copyright	6,000	6,000
Logo copyright	1,088	-
Challenge coin copyright	1,088	-
Accumulated amortization	(681)	(233)
	<u>7,495</u>	<u>5,767</u>
	<u>\$ 295,653</u>	<u>\$ 242,081</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities:</b>		
Accounts payable	\$ 18,305	\$ -
<b>Total current liabilities</b>	<u>18,305</u>	<u>-</u>
<b>Net assets:</b>		
Unrestricted	252,348	217,081
Temporarily restricted	-	-
Permanently restricted	25,000	25,000
<b>Total net assets</b>	<u>277,348</u>	<u>242,081</u>
<b>Total liabilities and net assets</b>	<u>\$ 295,653</u>	<u>\$ 242,081</u>

See independent accountants' compilation report and notes to financial statements.

**VIRGINIA BEACH POLICE FOUNDATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
Unrestricted Net Assets:		
Unrestricted revenues		
Corporate contributions	\$ 44,555	\$ 43,801
Individual contributions	22,021	2,755
United Way, CFC contributions	7,256	7,872
Fund raisers	5,984	12,630
Merchandise sales	2,098	11,795
Interest income	1,513	972
Other income	128	26
Grants	-	78,422
Total unrestricted support	<u>83,555</u>	<u>158,273</u>
Net assets released from restrictions	-	-
Restrictions satisfied by payments	<u>-</u>	<u>-</u>
 Total Unrestricted Support and Reclassifications	 83,555	 158,273
 Expenses:		
Program services	37,592	617,560
Supporting services:		
Management and general	121	225
Fundraising	10,575	902
Total expenses	<u>48,288</u>	<u>618,687</u>
 Increase (decrease) in Unrestricted Net Assets	 35,267	 (460,414)
 Temporarily Restricted Net Assets		
 Increase (decrease) in Temporarily Restricted Net Assets	 <u>-</u>	 <u>-</u>
 Permanently Restricted Net Assets		
 Increase (decrease) in Permanently Restricted Net Assets	 <u>-</u>	 <u>-</u>
 Increase (decrease) in Net Assets	 \$ <u>35,267</u> \$	 <u>(460,414)</u>

See independent accountants' compilation report and notes to financial statements.

**VIRGINIA BEACH POLICE FOUNDATION  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

<u>2014</u>	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Accumulated Other Comprehensive Income	Total
Balance at beginning of year	\$ 217,081	\$ -	\$ 25,000	\$ -	\$ 242,081
Increase (decrease) in net assets	<u>35,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,267</u>
Balance at end of year	<u>\$ 252,348</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 277,348</u>
<u>2013</u>					
Balance at beginning of year	\$ 677,495	\$ -	\$ 25,000	\$ -	\$ 702,495
Increase (decrease) in net assets	<u>(460,414)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(460,414)</u>
Balance at end of year	<u>\$ 217,081</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 242,081</u>

See independent accountants' compilation report and notes to financial statements.

**VIRGINIA BEACH POLICE FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
Cash flows from operating activities:		
Increase (Decrease) in net assets	\$ 35,267	\$ (460,414)
Adjustments to reconcile increase in net assets		
Amortization expense	448	233
(Increase)/decrease in operating assets		
Accounts receivable	-	18,374
Inventory	(1,535)	5,843
Special event supplies	224	(707)
Prepaid insurance	374	(138)
Construction in progress	-	-
Increase/(decrease) in operating liabilities		
Accounts payable	18,305	(198,951)
Net cash provided (used) by operating activities	<u>53,083</u>	<u>(635,760)</u>
Cash flows from investing activities:		
Payments for memorial statue	-	591,213
Purchase of copyrights and trademarks	(2,176)	(6,000)
Net cash provided (used) by investing activities	<u>(2,176)</u>	<u>585,213</u>
Cash flows from financing activities:		
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	50,907	(50,547)
Cash and cash equivalents, beginning of year	<u>233,976</u>	<u>284,523</u>
Cash and cash equivalents, end of year	\$ <u>284,883</u>	\$ <u>233,976</u>
Cash paid for interest	\$ <u>-</u>	\$ <u>-</u>

See independent accountants' compilation report and notes to financial statements.

**VIRGINIA BEACH POLICE FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2014**

	Program	Supporting		Total
		Management and general	Fundraising	
Direct program supplies	\$ 25,805	-	-	25,805
Fundraising expense	-	-	10,079	10,079
Public support development	2,644	28	111	2,783
Statue maintenance	2,233	23	94	2,350
Professional fees	1,805	19	76	1,900
Web site	1,681	17	71	1,769
D&O insurance	871	9	37	917
Cost of goods sold - merchandisc	821	8	35	864
Advertising and promotional	680	7	29	716
Amortization	426	4	18	448
Postage and mailing	243	2	10	255
Printing and copying	198	2	8	208
Business Registration Fees	119	1	5	125
Supplies	48	1	2	51
Paypal fees	18	-	-	18
<b>Total expenses</b>	<b>\$ 37,592</b>	<b>121</b>	<b>10,575</b>	<b>48,288</b>

See independent accountants' compilation report and notes to financial statements.

**VIRGINIA BEACH POLICE FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2013**

	Program	Supporting		Total
		Management and general	Fundraising	
Memorial statue contribution	\$ 596,132	-	-	596,132
Cost of goods sold - merchandise	11,890	125	501	12,516
Professional fees	1,805	19	76	1,900
Public support development	1,710	18	72	1,800
Statue maintenance	1,582	16	67	1,665
Web site	941	9	40	990
Supplies	839	9	35	883
D&O insurance	656	7	28	691
Advertising and promotional	569	6	24	599
Donor recognition awards	438	5	18	461
Business Registration Fees	261	3	11	275
Postage and mailing	250	2	11	263
Printing and copying	237	2	10	249
Amortization	221	3	9	233
Paypal fees	29	1	-	30
<b>Total expenses</b>	<b>\$ 617,560</b>	<b>225</b>	<b>902</b>	<b>618,687</b>

See independent accountants' compilation report and notes to financial statements.

**VIRGINIA BEACH POLICE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization and Activity***

The Virginia Beach Police Foundation is a charitable non-profit organization distinct and separate from the Virginia Beach Police Department and the City of Virginia Beach. The Organization provides financial assistance to the Virginia Police Department and its officers and family members.

The Organization is a nonprofit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

***Donated Materials and Services***

Donated materials are recorded as contributions at their estimated fair values at the date of donation. Estimates of donated material amounts were given by each individual company to management of the Virginia Beach Police Foundation. Donated materials totaled \$8,928 and \$161,600 for the years ended June 30, 2014 and 2013, respectively. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by the donor. Contributed services meeting this definition totaled \$2,840 and \$2,400 for the years ended June 30, 2014 and 2013, respectively. Contributed services not meeting this definition totaled \$45,307 representing 1,850 hours of volunteer service in 2014 and \$41,678 representing 1,820 hours of volunteer service in 2013, and are not included in these financial statements.

***Cash and Cash Equivalents***

For purposes of reporting cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

***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.

See independent accountants' compilation report.

**VIRGINIA BEACH POLICE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

***Property and Equipment***

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as unrestricted net assets at that time. Property and equipment purchased is carried at cost. Depreciation is computed using the straight-line method over the estimated service lives as follows:

	<u>Life</u>
Building and improvements	10-39 years
Equipment	5 years
Vehicles	5 years
Furniture and fixtures	5-7 years

There are no depreciable assets or depreciation expense for the years ended June 30, 2014 and 2013.

***Expense Allocation***

Operating expenses, exclusive of those directly related to program or support services, have been allocated 95% to program services in 2014 and 2013, with the remainder being allocated to support services. Personnel expenses are allocated based on the time spent on the related activity.

***Advertising***

Advertising costs are expensed as incurred. Advertising costs were \$716 and \$599 for the years ended June 30, 2014 and 2013, respectively.

***Inventory***

Inventories are stated at the lower of cost, determined by the first-in, first-out method, or market.

See independent accountants' compilation report.

**VIRGINIA BEACH POLICE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

***Income taxes***

The Organization is exempt from federal income tax under Section 501(c)3 of the Internal Revenue Code and qualifies for the charitable contribution deduction under Section 170(b)(1)(A). The Organization has been classified as an organization that is not a private foundation under Section 509(a)(2). The income tax years ending after June 30, 2010 are the only years open under the statute of limitations and have not been examined by the Internal Revenue Service.

**NOTE 2 – PROMISES TO GIVE AND DEPARTURE FROM GAAP**

Unconditional promises to give due in future years are not recorded in the financial statements. This is a departure from accounting principles generally accepted in the United States of America, which require that unconditional promises to give be recorded as received and that unconditional promises to give due in the next year be reflected as current promises to give and be recorded at net realizable value. Unconditional promises to give due in subsequent years are to be reflected as long-term promises to give and be recorded at the present value of their net realizable value. The effect of this departure from accounting principles generally accepted in the United States of America on the financial statements has not been determined.

Unconditional promises to give in future years are as follows:

2015	\$	28,633
2016		26,000
2017		9,500
2018		-
2019		-
	\$	64,133

**NOTE 3 –COPYRIGHTS**

In 2013 the Organization contributed a memorial statue to the City of Virginia Beach. The Organization also bought the copyright to the memorial statue. In 2014 the Organization also purchased two additional copyrights for its new logo and challenge coins. These copyrights are being amortized over 15 years. Amortization expense was \$448 and \$233 for the years ended June 30, 2014 and 2013, respectively.

See independent accountants' compilation report.

**VIRGINIA BEACH POLICE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

**NOTE 4 – RESTRICTIONS OF NET ASSETS**

The restrictions on net assets relate to those funds received from donors and grantors for the purposes shown.

**NOTE 5 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 18, 2014 which was the date that the financial statements were available to be issued.

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See independent accountants' compilation report.