

**VIRGINIA BEACH POLICE FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Compilation Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Changes in Net Assets	5
Statements of Cash Flows	6
Statements of Functional Expenses	7-8
Notes to Financial Statements	9-12

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
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, 2015 and 2014, 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, P.C.

White, Anderson & Associates, P.C.
August 7, 2015

**VIRGINIA BEACH POLICE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014**

ASSETS

	2015	2014
Current assets:		
Cash and cash equivalents	\$ 299,920	\$ 284,883
Inventory	1,822	2,337
Special event supplies	483	483
Prepaid insurance	453	455
Total current assets	<u>302,678</u>	<u>288,158</u>
Other assets:		
Statue copyright	6,000	6,000
Logo copyright	1,088	1,088
Challenge coin copyright	1,088	1,088
	<u>8,176</u>	<u>8,176</u>
Less: Accumulated amortization	(1,227)	(681)
	<u>6,949</u>	<u>7,495</u>
	<u>\$ 309,627</u>	<u>\$ 295,653</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ -	\$ 18,305
Total current liabilities	<u>-</u>	<u>18,305</u>
Net assets:		
Unrestricted	285,627	252,348
Temporarily restricted	-	-
Permanently restricted	24,000	25,000
Total net assets	<u>309,627</u>	<u>277,348</u>
Total liabilities and net assets	<u>\$ 309,627</u>	<u>\$ 295,653</u>

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

**VIRGINIA BEACH POLICE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Corporate contributions	\$ 27,382	\$ -	\$ -	\$ 27,382
Individual contributions	12,948	-	-	12,948
United Way, CFC contributions	5,390	-	-	5,390
Fundraisers	70	-	-	70
Merchandise sales	1,471	-	-	1,471
Interest income	1,940	-	-	1,940
Other income	15	-	-	15
Grants	-	-	-	-
Net assets released from restrictions	1,000	-	(1,000)	-
Total support	<u>50,216</u>	<u>-</u>	<u>(1,000)</u>	<u>49,216</u>
Expenses:				
Program services	16,635	-	-	16,635
Supporting services:				
Management and general	50	-	-	50
Fundraising	252	-	-	252
Total expenses	<u>16,937</u>	<u>-</u>	<u>-</u>	<u>16,937</u>
Increase (decrease) in net assets	<u>\$ 33,279</u>	<u>\$ -</u>	<u>\$ (1,000)</u>	<u>\$ 32,279</u>

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

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Corporate contributions	\$ 44,555	\$ -	\$ -	\$ 44,555
Individual contributions	22,021	-	-	22,021
United Way, CFC contributions	7,256	-	-	7,256
Fundraisers	5,984	-	-	5,984
Merchandise sales	2,098	-	-	2,098
Interest income	1,513	-	-	1,513
Other income	128	-	-	128
Grants	-	-	-	-
Total support	<u>83,555</u>	<u>-</u>	<u>-</u>	<u>83,555</u>
Expenses:				
Program services	37,709	-	-	37,709
Supporting services:				
Management and general	98	-	-	98
Fundraising	10,481	-	-	10,481
Total expenses	<u>48,288</u>	<u>-</u>	<u>-</u>	<u>48,288</u>
Increase in net assets	<u>\$ 35,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,267</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, 2015 AND 2014**

<u>2015</u>	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
Balance at beginning of year	\$ 252,348	\$ -	\$ 25,000	\$ -	\$ 277,348
Increase (decrease) in net assets	<u>33,279</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>32,279</u>
Balance at end of year	<u>\$ 285,627</u>	<u>\$ -</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 309,627</u>
<u>2014</u>					
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>

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

**VIRGINIA BEACH POLICE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
Cash flows from operating activities:		
Increase (Decrease) in net assets	\$ 32,279	\$ 35,267
Adjustments to reconcile increase in net assets		
Amortization expense	546	448
(Increase)/decrease in operating assets		
Inventory	515	(1,535)
Special event supplies	-	224
Prepaid insurance	2	374
Increase/(decrease) in operating liabilities		
Accounts payable	<u>(18,305)</u>	<u>18,305</u>
Net cash provided (used) by operating activities	<u>15,037</u>	<u>53,083</u>
 Cash flows from investing activities:		
Purchase of copyrights and trademarks	<u>-</u>	<u>(2,176)</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>(2,176)</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	15,037	50,907
 Cash and cash equivalents, beginning of year	<u>284,883</u>	<u>233,976</u>
 Cash and cash equivalents, end of year	\$ <u>299,920</u>	\$ <u>284,883</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, 2015**

	Program	Supporting		Total
		Management and general	Fundraising	
Direct program expenses	\$ 11,810	-	-	11,810
Professional fees	1,805	19	76	1,900
Cost of goods sold - merchandise	699	7	30	736
Amortization	519	6	21	546
D&O insurance	516	5	22	543
Web site	500	5	21	526
Advertising and promotional	231	2	10	243
Printing and copying	221	3	9	233
Business Registration Fees	119	1	5	125
Supplies	108	1	5	114
Postage and mailing	94	1	3	98
Fundraising expense	-	-	50	50
Paypal fees	13	-	-	13
Total expenses	\$ 16,635	50	252	16,937

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 expenses	\$ 28,155	-	-	28,155
Fundraising expense	-	-	10,079	10,079
Public support development	2,644	28	111	2,783
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 - merchandise	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
Total expenses	\$ 37,709	98	10,481	48,288

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, 2015 AND 2014**

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 \$0 and \$8,928 for the years ended June 30, 2015 and 2014, 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 \$0 and \$2,840 for the years ended June 30, 2015 and 2014, respectively. Contributed services not meeting this definition totaled \$17,430 representing 700 hours of volunteer service in 2015 and \$45,307 representing 1,850 hours of volunteer service in 2014, 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, 2015 AND 2014**

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 2015 and 2014, 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 \$243 and \$716 for the years ended June 30, 2015 and 2014, 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, 2015 AND 2014**

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, 2011 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:

2016		\$ 25,750
2017		9,500
2018		-
2019		-
2020		-
		\$ 32,250

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 \$546 and \$448 for the years ended June 30, 2015 and 2014, respectively.

See independent accountants' compilation report.

**VIRGINIA BEACH POLICE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

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 7, 2015 which was the date that the financial statements were available to be issued.

NOTE 6 – RECLASSIFICATIONS

Certain reclassifications have been made to the prior year financial information to make it consistent with current year presentation.

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See independent accountants' compilation report.