

**VIRGINIA BEACH POLICE FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

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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, 2013 and 2012, 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.

Anderson & Associates, PC

Anderson & Associates, P.C.
July 20, 2013

**VIRGINIA BEACH POLICE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012**

ASSETS

	2013	2012
Current assets:		
Cash and cash equivalents	\$ 233,976	\$ 284,523
Accounts receivable	-	18,374
Inventory	802	6,645
Special event supplies	707	-
Prepaid insurance	829	691
Total current assets	<u>236,314</u>	<u>310,233</u>
Other assets:		
Statue copyright	6,000	-
Accumulated amortization	(233)	-
Memorial statue	-	591,213
	<u>5,767</u>	<u>591,213</u>
	<u>\$ 242,081</u>	<u>\$ 901,446</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ -	\$ 198,951
Total current liabilities	<u>-</u>	<u>198,951</u>
Net assets:		
Unrestricted	217,081	217,081
Temporarily restricted	-	-
Permanently restricted	25,000	25,000
Total net assets	<u>242,081</u>	<u>242,081</u>
Total liabilities and net assets	<u>\$ 242,081</u>	<u>\$ 441,032</u>

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

**VIRGINIA BEACH POLICE FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012
Unrestricted Net Assets:		
Unrestricted revenues		
Grants	\$ 78,422	\$ 18,374
Corporate contributions	43,801	455,523
Fund raisers	12,630	7,306
Merchandise sales	11,795	11,851
United Way, CFC contributions	7,872	9,940
Individual contributions	2,755	76,306
Interest income	972	738
Other income	26	50
Total unrestricted support	<u>158,273</u>	<u>580,088</u>
Net assets released from restrictions	-	-
Restrictions satisfied by payments	<u>-</u>	<u>-</u>
 Total Unrestricted Support and Reclassifications	 158,273	 580,088
 Expenses:		
Program services	617,560	20,005
Supporting services:		
Management and general	225	209
Fundraising	902	842
Total expenses	<u>618,687</u>	<u>21,056</u>
 Increase in Unrestricted Net Assets	 (460,414)	 559,032
 Temporarily Restricted Net Assets		
Increase (decrease) in Temporarily Restricted Net Assets	<u>-</u>	<u>-</u>
Permanently Restricted Net Assets	-	
Support for financial assistance	<u>-</u>	<u>25,000</u>
Increase in Permanently Restricted Net Assets	<u>-</u>	<u>25,000</u>
 Increase in Net Assets	 \$ <u>(460,414)</u>	 \$ <u>584,032</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, 2013 AND 2012**

<u>2013</u>	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Accumulated Other Comprehensive Income	<u>Total</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>
<u>2012</u>					
Balance at beginning of year	\$ 118,463	\$ -	\$ -	\$ -	\$ 118,463
Increase (decrease) in net assets	<u>559,032</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>584,032</u>
Balance at end of year	<u>\$ 677,495</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 702,495</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, 2013 AND 2012**

	2013	2012
Cash flows from operating activities:		
Increase (Decrease) in net assets	\$ (460,414)	\$ 584,032
Adjustments to reconcile increase in net assets		
Amortization expense	233	-
(Increase)/decrease in operating assets		
Accounts receivable	18,374	(18,374)
Inventory	5,843	(3,461)
Special event supplies	(707)	-
Prepaid insurance	(138)	-
Construction in progress	-	49,600
Increase/(decrease) in operating liabilities		
Accounts payable	<u>(198,951)</u>	198,951
Net cash provided by operating activities	<u>(635,760)</u>	<u>810,748</u>
 Cash flows from investing activities:		
Payments for memorial statue	591,213	(591,213)
Purchase of statue copyright	<u>(6,000)</u>	-
Net cash (used) by investing activities	<u>585,213</u>	<u>(591,213)</u>
 Cash flows from financing activities:		
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
 Net increase in cash and cash equivalents	(50,547)	219,535
 Cash and cash equivalents, beginning of year	<u>284,523</u>	<u>64,988</u>
 Cash and cash equivalents, end of year	\$ <u>233,976</u>	\$ <u>284,523</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, 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	1	31
Credit card processing fees	-	-	-	-
Total expenses	\$ 617,560	225	902	618,688

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

**VIRGINIA BEACH POLICE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012**

	Program	Supporting		Total
		Management and general	Fundraising	
Donor recognition awards	\$ 5,719	60	241	6,020
Memorial dedication	5,633	59	237	5,929
Professional fees	2,280	24	96	2,400
Printing and copying	1,420	15	60	1,495
Cost of goods sold - challenge coins	1,226	13	52	1,291
Advertising and promotional	1,057	11	45	1,113
D&O insurance	788	8	33	829
Web site	458	5	19	482
Postage and mailing	421	4	18	443
Supplies	356	4	15	375
Cost of goods sold - books	289	3	12	304
Paypal fees	176	2	7	185
Business Registration Fees	119	1	5	125
Credit card processing fees	64	-	3	67
Total expenses	\$ 20,005	209	842	21,058

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, 2013 AND 2012**

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 \$161,600 for the years ended June 30, 2013 and 2012, 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 \$2,400 for the years ended June 30, 2013 and 2012, respectively. Contributed services not meeting this definition totaled \$41,678 representing 1,820 hours of volunteer service in 2013 and \$33,709 representing 1,472 hours of volunteer service in 2012, 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, 2013 AND 2012**

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, 2013 and 2012.

Expense Allocation

Operating expenses, exclusive of those directly related to program or support services, have been allocated 95% to program services in 2013 and 2012, 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 \$599 and \$1,113 for the years ended June 30, 2013 and 2012, 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, 2013 AND 2012**

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, 2009 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:

	2014	\$ 42,317
	2015	28,883
	2016	26,000
	2017	9,500
	2018	-
		\$ 106,700

NOTE 3 – STATUE COPYRIGHT

In 2013 the Organization contributed a memorial statue to the City of Virginia Beach. The Organization also bought the copyright to the memorial statue. The copyright is being amortized over 15 years. Amortization expense was \$233 and \$0 for the years ended June 30, 2013 and 2012, respectively.

See (independent) accountants' compilation report.

**VIRGINIA BEACH POLICE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

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 July 20, 2013 which was the date that the financial statements were available to be issued.

NOTE 6 - RECLASSIFICATION

Prior period financial statement amounts have been reclassified to conform to current period presentation.

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See (independent) accountants' compilation report.