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**VALLEY INTERFAITH CHILD CARE  
CENTER, INC.**

FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

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**McMillion & McMillion, PC**  
CERTIFIED PUBLIC ACCOUNTANT

# **VALLEY INTERFAITH CHILD CARE CENTER, INC.**

## **FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

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# McMillion & McMillion, PC

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### Independent Auditor's Report

To the Board of Directors of  
Valley Interfaith Child Care Center, Inc.  
Blacksburg, VA 24060

We have audited the accompanying statements of financial position of Valley Interfaith Child Care Center, Inc. (VICCC) (a nonprofit organization) as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of VICCC's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental functional expense information presented in Schedule I is presented for purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

As explained in Note E to the financial statements, the Valley Interfaith Child Care Center, Inc. has included information about expenses reported by their functional classifications in a supplementary schedule. Presentation of such information is required in the statement of activities or the notes to the financial statements by the accounting principles generally accepted in the United States of America. The effects on the financial statements of this departure from accounting principles are not reasonably determinable.

In our opinion, except for the effects of not recording expenses reported by their functional classifications, as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Valley Interfaith Child Care Center, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McMillion & McMillion, PC  
Blacksburg, Virginia  
August 1, 2011

## Valley Interfaith Child Care Center, Inc.

### Statements of Financial Position As of June 30, 2010 and 2009

	2010	2009
<b><u>Assets</u></b>		
Current Assets		
Cash and Cash Equivalents	\$ 41,643	\$ 70,253
Short Term Investments	15,690	-
Accounts Receivable	3,111	2,287
Total Current Assets	<u>60,444</u>	<u>72,540</u>
Fixed Assets		
Furniture and Equipment	11,081	10,581
Leasehold Improvements	3,702	3,702
Subtotal Fixed Assets	<u>14,783</u>	<u>14,283</u>
Less: Accumulated Depreciation	(8,927)	(7,605)
Fixed Assets - Net	<u>5,856</u>	<u>6,678</u>
Total Assets	<u>\$ 66,301</u>	<u>\$ 79,218</u>
<b><u>Liabilities</u></b>		
Current Liabilities		
Accounts Payable	\$ 4,609	\$ 11,735
Payroll Taxes Payable	4,409	3,327
Total Current Liabilities	<u>9,018</u>	<u>15,062</u>
Total Liabilities	<u>9,018</u>	<u>15,062</u>
<b><u>Net Assets</u></b>		
Unrestricted	57,284	64,156
Total Net Assets	<u>57,284</u>	<u>64,156</u>
Total Liabilities and Net Assets	<u>\$ 66,301</u>	<u>\$ 79,218</u>

See Accompanying Notes A through F.

# Valley Interfaith Child Care Center, Inc.

## Statement of Activities For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Unrestricted Net Assets</b>		
Unrestricted Revenues and Gains		
Contributions and Donations		
Businesses	\$ 1,801	\$ 7,735
Individuals	80,430	71,318
Individuals In-Kind Support	11,123	-
Faith Communities	27,523	40,470
Faith Communities In-Kind Support	12,000	-
Civic Groups	400	1,307
Other	-	1,552
Total Contributions/Donations	<u>133,277</u>	<u>122,382</u>
Other Revenues		
Client Co-payments	50,514	42,898
Montgomery County Dept of Social Services Co-payments	67,481	67,327
USDA Payments	16,601	17,445
Fundraising	4,073	4,001
Interest	534	440
Other Grants and Awards	12,011	4,400
Raymond James Charitable Endowment	-	30,000
Total Other Revenues	<u>151,214</u>	<u>166,511</u>
Total Unrestricted Revenues and Gains	\$ 284,491	\$ 288,893
Net Assets Released from Donor Restrictions	<u>51,080</u>	<u>51,920</u>
Total Unrestricted Revenues and Gains	<u>335,571</u>	<u>340,813</u>

See Accompanying Notes A through F.

## Valley Interfaith Child Care Center, Inc.

Statement of Activities (continued)  
For the Years Ended June 30, 2010 and 2009

Unrestricted Net Assets (continued)	2010	2009
Total Unrestricted Revenues and Gains	335,571	340,813
Expenses		
Program Services		
Student Food	15,025	17,166
Classroom Supplies	4,277	4,772
Classroom Supplies In-Kind	1,138	-
Salaries, Wages, and Related Taxes	220,486	264,044
Salaries and Wages, In-Kind	9,485	
Music Program	1,000	1,500
Total Program Services Expenses	251,411	287,482
Supporting Services		
Accounting	8,440	8,234
Advertising	261	1,219
Depreciation	1,322	2,497
Dues and Subscriptions	179	275
Fundraising	2,318	2,278
Health Insurance	15,415	10,538
Insurance	2,924	3,306
License & Fees	253	207
Maintenance	1,052	1,740
Meals for Meetings	212	516
Miscellaneous	51	639
Moving	-	1,702
Office and Computer Equipment	1,028	2,357
Office & Cleaning Supplies	2,625	1,757
Postage and Shipping	1,800	1,994
Printing and Reproduction	2,607	2,217
Professional Development	2,214	3,587
Rent	26,470	26,280
Rent In-Kind	12,000	-
Telephone	2,577	2,544
Travel	948	823
Utilities & Trash	6,336	5,571
Van Expense	-	896
Gain/Loss from Sale of Assets	-	440
Total Supporting Services Expenses	91,032	81,617
Total Expenses	342,443	369,099
<b>Change in Unrestricted Net Assets</b>	<b>(6,873)</b>	<b>(28,286)</b>

See Accompanying Notes A through F.

## Valley Interfaith Child Care Center, Inc.

Statement of Activities (continued)  
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Temporarily Restricted Net Assets</b>		
Temporarily Restricted Revenues and Gains		
Grants		
Community Foundation	1,080	1,920
Town of Blacksburg	50,000	50,000
Revenues		
Net Assets Released From Restrictions	(51,080)	(51,920)
<b>Change in Temporarily Restricted Revenues</b>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>	<u>(6,873)</u>	<u>(28,286)</u>
Net Assets at Beginning of Year	<u>64,156</u>	<u>92,442</u>
Net Assets at End of Year	<u><u>\$ 57,284</u></u>	<u><u>\$ 64,156</u></u>

See Accompanying Notes A through F.

## Valley Interfaith Child Care Center, Inc.

### Statement of Cash Flows For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Unrestricted Contributions and Donations	\$ 110,154	\$ 122,382
Cash Received from Unrestricted Interest and Other Revenues	150,390	167,140
Cash Received from Temporarily Restricted Grants	51,080	51,920
Cash Received from Temporarily Restricted Contributions	-	-
Cash Disbursed for Program Expenses	(239,708)	(287,482)
Cash Disbursed for Support Services	(84,836)	(73,267)
Net Cash Provided (Used) by Operating Activities	<u>(12,920)</u>	<u>(19,307)</u>
<b>Cash Flows from Investing Activities</b>		
Sales Proceeds from Fixed Assets	-	3,400
Purchase of Fixed Assets	-	(220)
Purchase of Short Term Investments	(15,690)	-
Loss on Disposal of Fixed Assets	-	440
Net Cash Received (Disbursed) for Investing Activities	<u>(15,690)</u>	<u>3,620</u>
Net Change in Cash and Cash Equivalents	(28,610)	(15,687)
Beginning Cash and Cash Equivalents	<u>70,253</u>	<u>85,940</u>
Ending Cash and Cash Equivalents	<u>\$ 41,643</u>	<u>\$ 70,253</u>

See Accompanying Notes A through F.

## Valley Interfaith Child Care Center, Inc.

### Statement of Cash Flows For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities</b>		
Cash Flows from Operating Activities:		
Change in Net Assets	(6,873)	(28,286)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,322	2,497
Total In-Kind Revenues	(23,123)	-
Total In-Kind Expenses	22,623	-
Net Change in Accounts Receivable	(824)	629
Net Change in Accounts Payable	(7,126)	6,992
Net Change in Payroll Taxes Payable	1,081	(1,139)
Net Cash Provided (Used) by Operating Activities	<u>(12,920)</u>	<u>(19,307)</u>

See Accompanying Notes A through F.

# Valley Interfaith Child Care Center, Inc.

Notes to Financial Statements  
For the years ended June 30, 2010 and 2009

## **Note A - Organization and Tax Status**

The Valley Interfaith Child Care Center, Inc. (VICCC) was incorporated January 9, 2004 under the laws of the Commonwealth of Virginia. VICCC is exempt from federal taxes under Section 501 (c) (3) of the Internal Revenue Code and is classified by the Internal Revenue Service as a public charity and its contributions are tax deductible.

## **Note B – Nature of Activities**

VICCC provides child care for the infant and toddler children of low-income working families throughout the New River Valley. VICCC is proud to be broadly interfaith, and have received support and interest from Christian, Jewish, Buddhist, Hindu, Muslim, and Baha'i congregations and individuals.

Children under the care of VICCC, receive love, knowledgeable care, and lessons in how to conduct themselves with others. The children are taught using play, toys, books, reading, and basic skills, such as hand washing. By doing this, VICCC allows parents to go to work with peace of mind, knowing that their children are safe and cared for in fully state licensed settings.

Financial support for VICCC comes primarily through grants from local faith communities, state and local governmental agencies, grants from local community-based foundations, and donations from individuals.

# Valley Interfaith Child Care Center, Inc.

Notes to Financial Statements  
For the years ended June 30, 2010 and 2009

## Note C – Significant Accounting Policies

### Cash and Cash Equivalents

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

### Investments

Investments in marketable securities with readily determined fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Short-term investments consist of debt securities with original maturities of twelve months or less.

### Contributions

VICCC has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded immediately upon receipt as unrestricted support, temporarily restricted support, or permanently restricted support depending on the existence or nature of any donor restrictions.

### Promises to Give

Contributions are recognized when the donor makes a promise to give to VICCC that is, in substance, unconditional. Currently, contributions are recognized when received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

### Contributed Services

During year ended June 30, 2010, the value of contributed services meeting the requirements for recognition has been recorded in the financial statements. Many volunteers offer lessons for the children in art, music, rhythm and movement, elementary science, and gardening, along with reading, basic child care, and repairs and maintenance.

# Valley Interfaith Child Care Center, Inc.

Notes to Financial Statements  
For the years ended June 30, 2010 and 2009

## Note C – Significant Accounting Policies (Continued)

### Method of Income Recognition

VICCC recognizes program revenue on an accrual basis.

### Accounts Receivable

All accounts receivable are perceived as collectible either from parent payments or contributed scholarship moneys. Payments in excess of thirty days past due are considered outstanding accounts. These accounts are then evaluated and if determined to be potentially uncollectible an adjustment to Allowance for Doubtful Accounts is made accordingly. Outstanding accounts are determined to be uncollectible once the child has been withdrawn from VICCC's services.

### 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

VICCC capitalizes property and equipment in excess of \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, VICCC reports expirations of donor restrictions when the donated or acquired assets are placed in service. VICCC reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty years.

# Valley Interfaith Child Care Center, Inc.

Notes to Financial Statements  
For the years ended June 30, 2010 and 2009

## **Note C – Significant Accounting Policies (Continued)**

### **Financial Statement Presentation**

VICCC has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, VICCC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by SFAS No. 117, VICCC does not use fund accounting.

## **Note D – Restrictions on Net Assets**

During the year ended June 30, 2010, VICCC reported receiving, as temporarily restricted net assets, various grants, contributions, and revenues to be used by VICCC for purposes specified by the grantors.

## **Note E – Expenses by Functional Classification**

According to the financial reporting requirements of SFAS No. 117, VICCC is required to report information about expenses by their functional classifications in the statement of activities or the notes to the financial statements. The functional classifications are program services, general and administrative, and fundraising. The purpose for using these classifications is to show the efficiency of the VICCC in providing services to recipients as compared to other similar not-for-profit organizations. Presentation of such information is required by accounting principles generally accepted in the United States of America.

## **Note F – Reimbursement of Expenses**

VICCC provides several snacks and meals to the students. In turn, VICCC has an agreement with the United States Department of Agriculture to be reimbursed for breakfast, lunch, and afternoon snack dependent on number of meals, number of participants, number of days open for service, number of centers, and number of free vs. reduced vs. paid meals based on parental income. This reimbursement is on a monthly basis.

**Valley Interfaith Child Care Center, Inc.**

Supplemental Schedule I - Statement of Functional Expenses (Unaudited)  
For the year ended June 30, 2010

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Student Food	15,025	-	-	15,025
Classroom Supplies	5,415	-	-	5,415
Salaries, Wages, and Related Taxes	207,024	17,593	5,354	229,971
Music Program	1,000	-	-	1,000
Accounting	8,440	-	-	8,440
Advertising	261	-	-	261
Depreciation	1,322	-	-	1,322
Dues and Subscriptions	179	-	-	179
Fundraising	-	-	2,318	2,318
Health Insurance	15,415	-	-	15,415
Insurance	2,924	-	-	2,924
Licenses and Fees	253	-	-	253
Maintenance	1,052	-	-	1,052
Meals for Meetings	-	212	-	212
Miscellaneous	51	-	-	51
Office and Computer Equipment	1,028	-	-	1,028
Office and Cleaning Supplies	2,625	-	-	2,625
Postage and Shipping	1,800	-	-	1,800
Printing and Reproduction	2,607	-	-	2,607
Professional Development	2,214	-	-	2,214
Rent	38,470	-	-	38,470
Telephone	2,577	-	-	2,577
Travel	948	-	-	948
Utilities and Trash	6,336	-	-	6,336
	<u>\$ 316,966</u>	<u>\$ 17,806</u>	<u>\$ 7,672</u>	<u>\$ 342,443</u>

**Valley Interfaith Child Care Center, Inc.**

Supplemental Schedule I - Statement of Functional Expenses (Unaudited)  
For the years ended June 30, 2009

	<u>Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Student Food	17,166	-	-	17,166
Classroom Supplies	4,772	-	-	4,772
Salaries, Wages, and Related Taxes	188,165	75,879	-	264,044
Music Program	1,500	-	-	1,500
Accounting	8,234	-	-	8,234
Advertising	1,219	-	-	1,219
Depreciation	2,497	-	-	2,497
Dues and Subscriptions	275	-	-	275
Fundraising	-	-	2,278	2,278
Health Insurance	10,538	-	-	10,538
Insurance	3,306	-	-	3,306
Licenses and Fees	207	-	-	207
Maintenance	1,740	-	-	1,740
Meals for Meetings	-	516	-	516
Miscellaneous	639	-	-	639
Moving	1,702	-	-	1,702
Office and Computer Equipment	2,357	-	-	2,357
Office Supplies	1,757	-	-	1,757
Postage and Shipping	1,994	-	-	1,994
Printing and Reproduction	2,217	-	-	2,217
Professional Development	3,587	-	-	3,587
Rent	26,280	-	-	26,280
Telephone	2,544	-	-	2,544
Travel	823	-	-	823
Utilities and Treash	5,571	-	-	5,571
Van Expense	896	-	-	896
Investment - Realized Gain/Loss	440	-	-	440
	<u>\$ 290,426</u>	<u>\$ 76,395</u>	<u>\$ 2,278</u>	<u>\$ 369,099</u>

# McMillion & McMillion, PC

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### **Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of  
Valley Interfaith Child Care Center, Inc.  
Blacksburg, VA 24060

We have audited the accompanying statements of financial position of Valley Interfaith Child Care Center, Inc. (VICCC) (a nonprofit organization) as of and for the year ended June 30, 2010 and 2009, and have issued our report thereon dated August 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered VICCC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of VICCC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of VICCC's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether VICCC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that were reported to management of VICCC in a separate letter dated August 1, 2011.

This report is intended solely for the information and use of management, the Board of Directors, and others within VICCC, and is not intended to be and should not be used by anyone other than those specific parties.

McMillion & McMillion, PC  
Blacksburg, Virginia  
August 1, 2011