



WEST CHESTER, PENNSYLVANIA

FINANCIAL STATEMENTS

DECEMBER 31, 2018

(See Independent Accountant's Review Report)

WEST CHESTER AREA EDUCATION FOUNDATION

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1 - 2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 10

INDEPENDENT ACCOUNTANT'S
REVIEW REPORT

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March 22, 2019

To the Board of Directors
West Chester Area Education Foundation
West Chester, Pennsylvania

We have reviewed the accompanying financial statements of the West Chester Area Education Foundation (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement 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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, 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 accounting principles generally accepted in the United States of America.

To the Board of Directors
West Chester Area Education Foundation

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2018, the West Chester Area Education Foundation adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-14. Our conclusion is not modified with respect to this matter.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

WEST CHESTER AREA EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

Cash	\$ 60,476
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TOTAL ASSETS	<u>\$ 60,476</u>
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LIABILITIES AND NET ASSETS

LIABILITIES	\$ -
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NET ASSETS

Without donor restrictions	<u>60,476</u>
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TOTAL NET ASSETS	<u>60,476</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 60,476</u>
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See independent accountant's review report.

WEST CHESTER AREA EDUCATION FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>
REVENUE AND SUPPORT	
Contributions	\$ 51,508
Special events, less direct expenses of \$6,461	44,883
Other income	<u>2,500</u>
TOTAL REVENUE AND SUPPORT	<u>98,891</u>
 EXPENSES	
Program services	79,686
Management and general	<u>2,479</u>
TOTAL EXPENSES	<u>82,165</u>
 CHANGE IN NET ASSETS	 16,726
 NET ASSETS, BEGINNING OF YEAR	 <u>43,750</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 60,476</u></u>

See independent accountant's review report.

**WEST CHESTER AREA EDUCATION FOUNDATION
STATEMENT OF STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services	Support Services Management and General	Total
Foundation awards	\$ 79,686	\$ -	\$ 79,686
Professional services	-	2,300	2,300
Dues and fees	-	179	179
TOTAL EXPENSES	\$ 79,686	\$ 2,479	\$ 82,165

See independent accountant's review report.

WEST CHESTER AREA EDUCATION FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 16,726
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>16,726</u>

NET INCREASE IN CASH	16,726
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CASH, BEGINNING OF YEAR	<u>43,750</u>
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CASH, END OF YEAR	<u><u>\$ 60,476</u></u>
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SUPPLEMENTAL INFORMATION:

Taxes paid	<u>\$ -</u>
Interest paid	<u><u>\$ -</u></u>

See independent accountant's review report.

WEST CHESTER AREA EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(See Independent Accountant's Review Report)

NOTE 1 THE ORGANIZATION

The West Chester Area Education Foundation ("the Foundation") was formed on October 25, 2010 as an independent, non-profit organization with the mission of supporting educational experiences that will connect the West Chester Area School District ("the District") curriculum with real world experiences.

Programs, projects, and activities sponsored by the Foundation are aligned with the District's strategic plan and mission statement, inspiring students to achieve their personal best. The Foundation provides mini-grants to teachers to help pay for field trips and other unique experiences for students in the District, as well as internships for students to gain work experience.

The Foundation's Board of Directors consists of District retirees, alumni, local business people, and District staff. The Board is responsible for all operations of the Foundation. It administers funds received from public donations, fundraisers, and grants.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation's policy is to prepare its financial statements on the accrual basis of accounting.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Financial Statement Presentation

In accordance with generally accepted accounting principles, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions

Contributions received are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions.

WEST CHESTER AREA EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(See Independent Accountant's Review Report)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Implementation of FASB ASU 2016-14

During the year ended December 31, 2018, the Foundation implemented Financial Accounting Standards Board Accounting Standards Update ("FASB ASU") 2016-14. FASB ASU 2016-14 provides new and expanded guidance for financial reporting for not-for-profit entities. The implementation of FASB ASU 2016-14 has resulted in multiple changes to the Foundation's financial reporting. Net assets are now categorized in two categories; net assets with donor restrictions and net assets without donor restrictions. The Foundation has added additional disclosures related to its financial liquidity and the availability of financial assets for general expenditure within one year from each balance sheet date.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Costs are charged to the programs and supporting services benefited.

NOTE 3 CASH

The Foundation maintains cash in a checking account. The bank balance of this account at December 31, 2018 was \$99,322 and was fully covered by federal depository insurance.

NOTE 4 DONATED SERVICES

The Foundation receives donated services in the form of Board management. No value has been assigned in the financial statements for these services since they do not meet the criteria for recognition as contributed services in accordance with generally accepted accounting principles.

NOTE 5 INCOME TAXES

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose may be subject to taxation as unrelated business income.

WEST CHESTER AREA EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(See Independent Accountant's Review Report)

NOTE 5 INCOME TAXES (cont'd)

Generally accepted accounting principles prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Foundation's tax returns. Management has determined that the Foundation does not have any uncertain tax positions or associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Foundation's tax returns will not be challenged by the taxing authorities and that the Foundation will not be subject to additional tax, penalties, and interest as a result of such challenge.

NOTE 6 CONCENTRATIONS

During the year ended December 31, 2018, the Foundation received 10 percent and 13 percent of its total revenue and support from DNB First and Cutanea - XEPI, respectively.

NOTE 7 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets consist of cash.

The following reflects the Foundation's financial assets as of December 31, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets, at year-end	\$ 60,476
Less those unavailable for general expenditures within one year due to:	
Contractual or donor-imposed restrictions	<u> -</u>
Financial assets available to meet cash needs for general expenditures within one year	<u> \$ 60,476</u>

The Foundation has a goal to maintain financial assets on hand to meet, at a minimum, 90 days of normal operating expenses, which is approximately \$22,000. At December 31, 2018, the Foundation had \$60,476 in highly liquid financial assets. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

WEST CHESTER AREA EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(See Independent Accountant's Review Report)

NOTE 8 SUBSEQUENT EVENTS

The Foundation has evaluated all subsequent events through March 22, 2019, the date the financial statements were available to be issued.