

# **Ben W. Murch Elementary Home and School Association/PTA Inc.**

Financial Statements  
For the years ended  
August 31, 2013 and 2012

# Ben W. Murch Elementary Home and School Association/PTA Inc.

## CONTENTS

---

Independent Accountant's Compilation Report	1
---	---

---

Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities	6
Notes to the Financial Statements	7-8

---

Directors  
Ben W. Murch Elementary Home and School Association/PTA Inc.  
4810 36<sup>th</sup> St, NW  
Washington, DC 20008

### **Independent Accountant's Compilation Report**

We have compiled the accompanying statement of financial position of Ben W. Murch Elementary Home and School Association/PTA Inc. (a nonprofit organization) as of August 31, 2013, and the related statements of activities and cash flows for the year 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.

The financial statements for the year ended August 31, 2012 were audited by Eugene S. Sheskin, CPA, and he expressed an unqualified opinion on them in his report dated January 23, 2013, but he has not performed any auditing procedures since that date.



November 11, 2013

**Ben W. Murch Elementary Home and School Association/PTA Inc.  
Statement of Financial Position**

	August 31,	
	2013	2012
	(Unaudited)	(Audited)
<b>Assets</b>		
Cash and cash equivalents	\$ 224,919	\$ 95,488
Certificates of deposit	-	116,798
Prepaid expenses	3,165	-
<b>Total assets</b>	<b>\$ 228,084</b>	<b>\$ 212,286</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Hands on science	\$ 1,786	\$ 5,886
Student council	3,294	3,329
5th grade gift fund	2,315	-
<b>Total liabilities</b>	<b>7,395</b>	<b>9,215</b>
Net assets:		
Unrestricted	135,689	106,935
Temporarily restricted	85,000	96,136
<b>Total net assets</b>	<b>220,689</b>	<b>203,071</b>
<b>Total liabilities and net assets</b>	<b>\$ 228,084</b>	<b>\$ 212,286</b>

*See accompanying notes and independent accountant's compilation report.*

**Ben W. Murch Elementary Home and School Association/PTA Inc.**  
**Statement of Activities**

	For the year ended August 31,	
	2013	2012
	(Unaudited)	(Audited)
Revenue and support		
Auctions	\$ 146,651	\$ 91,515
SOS campaign	130,313	125,953
Fall fair	15,932	14,626
Miscellaneous fundraising	12,004	10,507
HSA dues	3,760	3,045
Directory	2,010	1,613
Online and store purchase rebate	1,315	-
Escrip	742	919
Interest and banking	212	704
Book fairs	-	7,773
School photos	-	3,624
Assets released from restriction	11,136	3,801
<b>Total revenue and support</b>	<b>324,075</b>	<b>264,080</b>
Expenses		
Program services	237,546	305,028
Management and general	6,145	29,304
Fundraising	51,630	59,926
<b>Total expenses</b>	<b>295,321</b>	<b>394,258</b>
<b>Increase (decrease) in unrestricted net assets</b>	<b>28,754</b>	<b>(130,178)</b>
<b>Unrestricted net assets at beginning of year</b>	<b>106,935</b>	<b>237,113</b>
<b>Unrestricted net assets at end of year</b>	<b>\$ 135,689</b>	<b>\$ 106,935</b>
Change in temporarily restricted net assets:		
Revenue and support	\$ -	\$ 41,000
Assets released from restriction	(11,136)	(3,801)
<b>Increase (decrease) in temporarily restricted net assets</b>	<b>(11,136)</b>	<b>37,199</b>
<b>Temporarily restricted net assets at beginning of year</b>	<b>96,136</b>	<b>58,937</b>
<b>Temporarily restricted net assets at end of year</b>	<b>\$ 85,000</b>	<b>\$ 96,136</b>
<b>Total change in net assets</b>	<b>\$ 17,618</b>	<b>\$ (92,979)</b>
<b>Net assets at beginning of year</b>	<b>203,071</b>	<b>296,050</b>
<b>Net assets at end of year</b>	<b>\$ 220,689</b>	<b>\$ 203,071</b>

*See accompanying notes and independent accountant's compilation report.*

**Ben W. Murch Elementary Home and School Association/PTA Inc.**  
**Statement of Functional Expenses**

	For the year ended August 31, 2013 (Unaudited)			
	Program services	Administrative and general	Fundraising	Total
Salaries and wages	\$ 140,796	\$ -	\$ -	\$ 140,796
Accounting fees	588	48	314	950
Strategic planning	19,965	-	-	19,965
Office supplies	-	2,022	-	2,022
Teacher stipends and grants	16,963	-	-	16,963
Bank fees	-	326	-	326
Resource expenses	9,876	-	-	9,876
Science	20,843	-	-	20,843
President and principal fund reserves	1,776	143	946	2,865
Insurance	-	2,111	-	2,111
Field trip and transportation expense	6,246	-	-	6,246
Other program expenses	19,990	-	-	19,990
Direct event expenses	503	41	50,370	50,914
National dues and corporate governance	-	1,454	-	1,454
<b>Total functional expenses</b>	<b>\$ 237,546</b>	<b>\$ 6,145</b>	<b>\$ 51,630</b>	<b>\$ 295,321</b>

	For the year ended August 31, 2012 (Audited)			
	Program services	Administrative and general	Fundraising	Total
Salaries and wages	\$ 119,300	\$ 18,593	\$ -	\$ 137,893
Accounting fees	-	950	-	950
Technological enhancement	67,556	-	-	67,556
Strategic planning	43,126	-	-	43,126
Teacher stipends and grants	19,825	-	-	19,825
Resource expenses	12,271	-	-	12,271
Insurance	-	1,983	-	1,983
Field trip and transportation expense	7,969	-	-	7,969
Other program expenses	23,625	7,778	-	31,403
Direct event expenses	-	-	59,926	59,926
Heinemann reading	11,356	-	-	11,356
<b>Total functional expenses</b>	<b>\$ 305,028</b>	<b>\$ 29,304</b>	<b>\$ 59,926</b>	<b>\$ 394,258</b>

*See accompanying notes and independent accountant's compilation report.*

**Ben W. Murch Elementary Home and School Association/PTA Inc.  
Statement of Cash Flows**

	For the year ended August 31,	
	2013	2012
	(Unaudited)	(Audited)
<b>Cash flow provided (used) by operating activities</b>		
Revenue and support	\$ 312,727	\$ 300,575
Operating expenses	(300,306)	(385,043)
Interest income	212	704
Transfer to operating account	-	482
<b>Net cash provided (used) by operating activities</b>	<b>\$ 12,633</b>	<b>\$ (83,282)</b>
<b>Cash flow provided by investing activities</b>		
Proceeds from certificates of deposit	\$ 116,798	\$ -
<b>Net cash provided by investing activities</b>	<b>\$ 116,798</b>	<b>\$ -</b>
Net increase (decrease) in cash and cash equivalents	129,431	(83,282)
Cash and cash equivalents, September 1	95,488	178,770
<b>Cash and cash equivalents, August 31</b>	<b>\$ 224,919</b>	<b>\$ 95,488</b>

*See accompanying notes and independent accountant's compilation report.*

**Ben W. Murch Elementary Home and School Association/PTA Inc.**  
**Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities**

	For the year ended August 31,	
	2013	2012
	(Unaudited)	(Audited)
Changes in net assets	\$ 17,618	\$ (92,979)
Adjustments to reconcile changes in net assets to net cash provided (used)		
by operating activities:		
Accounts payable	(1,820)	9,215
Transfer in	-	482
Prepaid expenses	(3,165)	-
Net cash provided (used) by operating activities	\$ 12,633	\$ (83,282)

*See accompanying notes and independent accountant's compilation report.*



# Ben W. Murch Elementary Home and School Association/PTA Inc.

## Notes to the Financial Statements

### **Note 1**

#### **Organization**

The Ben W. Murch Elementary Home and School Association/PTA Inc. (the "Association"), a not-for-profit entity, incorporated in September 1985 in the District of Columbia. The Association's primary purpose is to increase opportunities for students attending the School through instructional support, enrichment programs, capital improvements, and community building. Typically the Association does not maintain assets other than cash and cash equivalents as any assets purchased by the Association become the property of the school in support of its programs.

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and meets the public support test under section 509(a)(1) of the Internal Revenue Code. Consequently, no provision for income taxes has been made. The Association reports on the accrual for tax purposes.

### **Note 2**

#### **Statement of Significant Accounting Policies**

##### **Basis of Accounting**

The financial statements are presented on the accrual basis of accounting whereby revenue is recognized when earned and expenses are recognized when incurred. Financial statement presentation follows the recommendations of the FASB Accounting Standards Codification section 958, Financial Statements of Not-for-Profit Organizations.

Under FASB ASC 958, the Association is required to report information regarding its financial positions and net assets according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Unrestricted net assets represent the portion of expendable funds that are available for support of the Association's operations. Temporarily restricted net assets received and released from restriction in the same period are reported as unrestricted net assets.

##### **Cash Flows**

For the purpose of cash flows, management considers all highly liquid debt instruments with original maturity dates of three months or less to be cash equivalents.

##### **Functional Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other function but provide for the overall support and direction of the Association.

##### **Management Estimates**

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### **Cash in Banks**

The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts, and it does not believe that it is exposed to any significant credit risk on cash and cash equivalents.

##### **Date of Management Review**

Subsequent events have been evaluated through November 11, 2013, which is the date the financial statements were available to be issued.

Ben W. Murch Elementary Home and School Association/PTA Inc.  
Notes to the Financial Statements (Continued)

**Note 3**

**Accounting for Uncertain Tax Positions**

The Association has adopted the accounting standards regarding “Accounting for Uncertain Tax Positions.” This standard provides detailed guidance for financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the Association’s financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. The adoption of this standard had no material effect on the Association’s financial position, results of operations or cash flow. The tax years of 2009 to 2011 remain subject to examination by the taxing authorities.

The Association includes penalties and interest assessed by income taxing authorities in general and administrative expenses. The Association did not recognize expenses for interest or penalties for the years ended August 31, 2013, and 2012.

**Note 4**

**Prior Year Restatement**

The prior year audited financial statements did not include a statement of functional expenses. The statement of functional expenses reported in the comparative statement presents functional expenses as reported on the Association’s tax filings for the year ended August 31, 2012.

Additionally, the prior year audited statement did not separately report temporarily restricted revenue of \$41,000 in the statement of activities as it was included in auction revenue. Temporarily restricted revenue is now reported separately as part of the change in temporarily restricted net assets.