

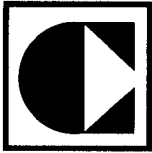
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

GREENBRIER LEARNING CENTER, INC.

June 30, 2013

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Balance Sheet	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greenbrier Learning Center, Inc.

We have audited the accompanying financial statements of Greenbrier Learning Center, Inc. (a nonprofit organization), which comprise the balance sheet as of June 30, 2013, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we not express such an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greenbrier Learning Center, Inc. as of June 30, 2013, and the changes in its net assets and its functional expenses and cash flows for the year then ended in accordance with accounting standards generally accepted in the United States of America.

Douglas Cory & Associates, P. C.

Alexandria, Virginia
January 15, 2014

Greenbrier Learning Center

Balance Sheet

June 30, 2013

(See Independent Auditor's Report and notes to financial statements)

Assets

Current Assets

Cash and cash equivalents	\$	167,323
Grants receivable		64,517
Tuition receivable		26,285
Less: Allowance for uncollectible tuition		(14,570)
Prepaid expenses		<u>522</u>
Total Current Assets		244,077

Property and equipment, net of accumulated depreciation of \$8,211	689
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Designated for long-term use

Cash	3,359
Investments - long term	<u>139,647</u>
	<u>143,006</u>
	<u>\$ 387,772</u>

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$	597
Payroll liabilities		5,425
Travel award payable		3,000
Prepaid tuition		<u>507</u>
Total Current Liabilities		9,529

Net Assets

Unrestricted	297,020
Temporarily restricted	<u>81,223</u>
	<u>378,243</u>
	<u>\$ 387,772</u>

Greenbrier Learning Center
Statement of Activities
For the year ended June 30, 2013
(See Independent Auditor's Report and notes to financial statements)

	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support:			
Special events	\$ 44,197	\$ -	\$ 44,197
Government Awards	64,110	180,988	245,098
Gifts from individuals, foundations, and corporations	124,338	89,000	213,338
Non-cash contributions	87,830	-	87,830
Tuition	30,972	-	30,972
Interest and dividends	2,821	-	2,821
Unrealized gain on investments	3,382	-	3,382
Realized gain on investments	828	-	828
Net assets released from restrictions:			
Satisfaction of program restrictions	241,791	(241,791)	-
	<u>600,269</u>	<u>28,197</u>	<u>628,466</u>
Expenses:			
Program expenses			
Learning Rocks			
Greenbrier	263,260	-	263,260
Buchanan Gardens	32,349	-	32,349
Virginia Gardens	166,482	-	166,482
Teen	6,829	-	6,829
Outreach	16,041	-	16,041
Management and general	71,694	-	71,694
Fundraising	39,505	-	39,505
	<u>596,160</u>	<u>-</u>	<u>596,160</u>
Change in net assets	4,109	28,197	32,306
Net Assets, beginning of year	<u>292,911</u>	<u>53,026</u>	<u>345,937</u>
Net Assets, end of year	<u>\$ 297,020</u>	<u>\$ 81,223</u>	<u>\$ 378,243</u>

Greenbrier Learning Center
Statement of Functional Expenses
For the year ended June 30, 2013

(See Independent Auditor's Report and notes to financial statements)

	Program Services					Supporting Services				
	LEARNING ROCKS					Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expense
	Greenbrier	Buchanan Gardens	Virginia Gardens	Teen	Parent and Community Outreach					
Payroll	\$ 116,627	\$ 5,699	\$ 55,058	\$ 6,040	\$ 3,571	\$ 186,995	\$ 27,377	\$ 19,491	\$ 46,868	\$ 233,863
Americorp members	28,173	15,151	44,356	-	9,496	97,176	10,372	-	10,372	107,548
Benefits	19,336	1,322	10,242	383	829	32,112	7,509	4,505	12,014	44,126
Payroll taxes	11,866	1,694	7,994	155	1,061	22,770	2,369	1,704	4,073	26,843
Uncollectible tuition	14,570	-	-	-	-	14,570	-	-	-	14,570
Rent	50,100	5,800	43,930	-	-	99,830	-	-	-	99,830
Special events	-	-	-	-	-	-	-	12,446	12,446	12,446
Office expense	2,252	333	1,633	86	246	4,550	1,691	1,015	2,706	7,256
Telephone, fax, internet	3,152	101	1,299	29	556	5,137	574	344	918	6,055
Field trips	5,701	-	-	-	-	5,701	-	-	-	5,701
Professional fees/bookkeeping	-	-	-	-	-	-	4,795	-	4,795	4,795
Supplies, materials and equipment	4,855	2,249	720	136	282	8,242	418	-	418	8,660
Payroll processing	2,197	-	1,099	-	-	3,296	-	-	-	3,296
Insurance	950	-	-	-	-	950	1,964	-	1,964	2,914
Professional development	1,744	-	-	-	-	1,744	1,329	-	1,329	3,073
Personnel	240	-	-	-	-	240	2,511	-	2,511	2,751
Bank charges	-	-	-	-	-	-	2,557	-	2,557	2,557
Printing and copying	-	-	-	-	-	-	2,503	-	2,503	2,503
Dues and subscriptions	649	-	-	-	-	649	1,142	-	1,142	1,791
Local travel	435	-	114	-	-	549	998	-	998	1,547
Business fees and licenses	-	-	-	-	-	-	1,039	-	1,039	1,039
Postage and delivery	113	-	37	-	-	150	816	-	816	966
Memberships	-	-	-	-	-	-	915	-	915	915
Depreciation	-	-	-	-	-	-	572	-	572	572
Helping neighborhood kids	241	-	-	-	-	241	-	-	-	241
Miscellaneous	59	-	-	-	-	59	148	-	148	207
Taxes	-	-	-	-	-	-	95	-	95	95
\$	263,260	\$ 32,349	\$ 166,482	\$ 6,829	\$ 16,041	\$ 484,961	\$ 71,694	\$ 39,505	\$ 111,199	\$ 596,160

Greenbrier Learning Center
Statement of Cash Flows
For the year ended June 30, 2013
(See Independent Auditor's Report and notes to financial statements)

Cash flows from operating activities:	
Change in net assets	\$ 32,306
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	572
Realized gain on sale of investments	(828)
Unrealized gain on investments	(3,382)
Uncollectible tuition	14,570
(Increase) decrease in grants receivable	(21,559)
(Increase) decrease in tuition receivable	(26,285)
(Increase) decrease in prepaid expenses	(522)
Increase (decrease) in payables	3,429
Increase (decrease) in deferred revenue	(32,420)
Increase (decrease) in prepaid tuition	507
Net cash used by operating activities	(33,612)
Cash flows from investing activities:	
Proceeds from sales of investments	23,351
Purchase of investments	(23,805)
Net cash used by financing activities	(454)
Net decrease in cash and cash equivalents	(34,066)
Cash, beginning of year	204,748
Cash, end of year	\$ 170,682
Operating cash	\$ 167,323
Cash designated for long-term use	3,359
	\$ 170,682
During the year the Organization had the following non-cash transactions which	
Non-cash contributions	\$ 1,000
Expenses related to in-kind contributions:	
Prize	(1,000)
	\$ -
Net unrealized gain on investments and corresponding adjustment of investments to fair market value	\$ 3,382
Cash paid during the year for:	
Income taxes	\$ 95
Interest expense	\$ -

Greenbrier Learning Center
Notes to Financial Statements
June 30, 2013
(See Independent Auditor's Report)

Note A - Nature of Organization

Greenbrier Learning Center (GLC) is a non-profit corporation established in 1994 by the Arlington Community Foundation. GLC provides afterschool and summer programs to upper elementary students, primarily from low-income, immigrant, and refugee households, fostering academic achievement and social-emotional development. GLC actively collaborates with other organizations serving low-income Arlington communities, including sharing information to facilitate relevant, appropriate referrals for services, as well as best practices. GLC's programs are as follows:

Learning ROCKS! Program provides an intensive, daily afterschool program for 3rd-5th grade students at two sites, both located in Neighborhood Strategy Areas. The program heavily emphasizes reading and literature, as well as providing homework help, arts-based, and other enrichment activities. The program follows the school calendar and operates daily from the end of school until 6:00 p.m. The program continues with a full day summer camp during the summer recess from school to prevent "summer drop-off" in academic gains. This comprehensive program operates as follows:

Learning ROCKS! Greenbrier site: Provides 17.5 hours of afterschool programming each week at the Greenbrier Baptist Church. Students attending the program at this site are enrolled at either Carlin Springs Elementary or Campbell Elementary schools. GLC provides one AmeriCorps Member to each school two mornings per week to serve in a direct capacity with children to provide continuity across school and afterschool. This site serves 40 students.

Learning ROCKS! VA Gardens site: Provides 15 hours of afterschool programming each week at the Virginia Gardens Apartments, an affordable housing development operated by AHC, Inc. Students attending the program at this site are enrolled at either Randolph Elementary or Claremont Immersion Elementary schools. GLC provides one AmeriCorps Member to each school two mornings per week to serve in a direct capacity with children to provide continuity across school and afterschool. This site serves 20 students.

Learning ROCKS! Buchanan Gardens site: Provides 15 hours of afterschool programming each week at the Buchanan Gardens Apartments, owned and operated by the Arlington Partnership for Affordable Housing (APAH). Students attending the program at this site are enrolled at Barcroft Elementary school. GLC provides two AmeriCorps Members to the school two mornings per week to serve in a direct capacity with children to provide continuity across school and afterschool. This site serves 20-25 students.

Greenbrier Learning Center
Notes to Financial Statements
June 30, 2013
(See Independent Auditor's Report)

Note A - Nature of Organization, continued

Learning ROCKS! Summer Camp: Provides seven weeks of full-day programming to elementary students during the summer to prevent "drop-off" in academic gains. The program is operated at the Greenbrier site and serves 24 rising 3rd, 4th, and 5th graders. The program continues the emphasis on reading and literature and also more heavily incorporates other arts and humanities into the program, as well as additional enrichment activities and field trips.

Parent & Community Outreach recognizes the need for parent programming to supplement the educational after-school programs for children. GLC sponsors workshops and community meetings that focus on Healthy Lifestyles, Positive Parenting, Education, and Community and Safety.

Note B - Summary of Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Method of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Consequently, revenues are recognized when earned and expenses are recognized when incurred.

2. Financial Statement Presentation

GLC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, GLC is required to present a statement of cash flows. GLC had no permanently restricted net assets at June 30, 2013.

3. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Greenbrier Learning Center
Notes to Financial Statements
June 30, 2013
(See Independent Auditor's Report)

Note B - Summary of Accounting Policies, continued

4. Income Taxes

The Organization is exempt from income taxes under the Internal Revenue Service Code Section 501(c)(3). The Organization is liable for income taxes on unrelated business income. There was no taxable net unrelated business income for the year ended June 30, 2013. Accordingly, no provision for income taxes has been made in these financial statements.

The Organization evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2013. The Organization's 2010 through 2012 tax years are open for examination by federal taxing authorities.

5. Property and Equipment

Property and equipment over \$500 are capitalized at cost at the date of acquisition. Donations of property and equipment are recorded as support at their estimated fair value at the date of the gift. The assets are depreciated on a straight-line basis over their estimated useful lives.

6. Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of GLC.

7. Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents.

8. Investments

GLC's investments consist of mutual funds with a stated market value. They are considered available-for-sale securities. Investments are reported at fair value on the balance sheet. Unrealized gains and losses are included in the change in net assets.

9. 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.

Greenbrier Learning Center
Notes to Financial Statements
June 30, 2013
(See Independent Auditor's Report)

Note C – Date of Management's Review

In preparing the financial statements, GLC has evaluated events and transactions for potential recognition or disclosure through January 15, 2014, the date that the financial statements were available to be issued.

Note D – Investments

The adjusted basis and fair value as of June 30, 2013 are as follows:

	Adjusted Basis	Fair Value	Unrealized Gains
June 30, 2013			
Mutual funds	<u>\$136,265</u>	<u>\$139,647</u>	<u>\$ 3,382</u>

Investment income for the year ended June 30, 2013 consists of the following:

	June 30, 2013
Interest and dividends	\$2,821
Realized gain on sale of securities	828
Unrealized gain on securities	<u>3,382</u>
Total investment income	<u>\$ 7,031</u>

Note E – Fair Value Measurements

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Greenbrier Learning Center
Notes to Financial Statements
June 30, 2013
(See Independent Auditor's Report)

Note E – Fair Value Measurements, continued

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2013 are as follows:

<u>Description</u> <u>June 30, 2013</u>	<u>Fair Value</u>	<u>Significant Observable</u> <u>Inputs (Level 1)</u>
Mutual funds	<u>\$139,647</u>	<u>\$139,647</u>

The carrying amounts reflected in the balance sheet for cash, accounts receivable, prepaid expenses, accounts payable and prepaid tuition approximates fair value due to the short maturities of those instruments.

Note F – Property and Equipment

Property and equipment are as follows:

Computer equipment	\$5,100
Telephone system	<u>3,800</u>
	8,900
Accumulated depreciation	<u>(8,211)</u>
Net book value	<u>\$ 689</u>

Depreciation expense for the year ended June 30, 2013 is \$572.

Note G – Operating Lease

GLC entered into a formal operating lease during 2013. The lease commences on January 1, 2014 and terminates on December 31, 2014. Base monthly rent under the agreement totals \$1,200, with an additional charge of \$500 per month for operating expenses. If the term is extended past the termination date, the additional monthly charges increase to \$1,066 per month.

Greenbrier Learning Center
Notes to Financial Statements
June 30, 2013
(See Independent Auditor's Report)

Note H – Line of Credit

On December 20, 2011, the Center entered into a line of credit agreement with BB & T. The maximum amount available under the agreement is \$40,000. At June 30, 2013, there was no outstanding balance on the line and during the year ended June 30, 2013, there were no draws against the line. The line bears interest at a variable rate of prime plus 2%. Payments of interest only on any outstanding balance are due monthly. Any outstanding loan balance is due in full on December 7, 2014.

Note I – Donated Facilities, Services and Assets

For the year ended to June 30, 2013, non-cash contributions consist of a donated raffle prize with an estimated value of \$1,000 and donated space with an estimated value of \$86,830.

Many volunteers have contributed numerous to support the Center's programs. However, these hours do not meet the requirements to be recorded as revenue and expense under SFAS 116.

Note J – Temporarily Restricted Net Assets

Net assets of \$241,791 were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors or meeting time restrictions.

As of June 30, 2013, temporarily restricted net assets were available for the following purposes:

Future year	\$75,136
Equipment	5,686
Extracurricular	<u>401</u>
	<u>\$81,223</u>

Note K – Concentrations

Support

During the year ended June 30, 2013, income from one source comprised 24% of total support. The amount due from the same donor accounted for 75% of the total grant receivable at June 30, 2013.

Greenbrier Learning Center
Notes to Financial Statements
June 30, 2013
(See Independent Auditor's Report)

Note L – Retirement Plan

The Organization maintains a Simplified Employee Pension (SEP) Plan covering employees over the age of 21 with at least 1 year of service to the organization. Employees receive a contribution to their retirement plan equal to 3 percent of their salary. Company contributions totaled \$5,191 for the year ended June 30, 2013. GLC also maintains a deferred compensation plan whereby employees can defer salary, but there are no matching contributions from GLC.