



Chesterfield County, Virginia Internal Audit

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GREGORY L. AKERS
Director

DATE: December 27, 2017

TO: Joseph P. Casey, Ph.D.
County Administrator

FROM: Greg L. Akers *Greg*
Director of Internal Audit

SUBJECT: Community Organizations Applying for Donations of \$10,000 or More

Chesterfield County's Board of Supervisors annually consider requests for financial assistance from not-for-profit organizations that provide services to the residents of Chesterfield County. Funding request applications must be submitted to the Budget and Management Department each fall for the upcoming budget year. After staff's review of the applications, the County Administrator presents funding recommendations to the Board of Supervisors in March as part of his proposed budget.

Organizations applying for \$10,000 and above are required to provide their most recent audited financial statements. In our prior year report dated December 20, 2016 we evaluated all such financial statements. For the current year, Budget and Management asked Internal Audit to evaluate financial statements for applicants not evaluated in the prior year.

We performed a technical evaluation of financial statements submitted by these applicants provided by Budget and Management. Our evaluation included consideration of the audit opinion, reported findings, and disclosures to identify potential concerns. An independent auditor's opinion regarding the financial statements as a whole may be either unmodified or modified. An unmodified opinion indicates the financial statements present fairly, in all material respects, the financial position in accordance with generally accepted accounting principles. There are 3 types of modified opinions: qualified, adverse, and disclaimer of opinion. In each case, the reason for such modification is described in the auditor's report. We understand management is using this information as general reference for their evaluation of fiscal year 2019 funding requests.

Summary: Per Budget and Management's log of FY2019 funding applications, there are 49 community organizations applying with 41 requesting \$10,000 or more. We evaluated financial statements in the prior year for 36 of those requesting \$10,000 or more, which left 5 to evaluate this year. Our evaluation of financial reports submitted by the 5 applicants found a concentration of risk or economic dependency disclosure for 3 organizations, and 1 organization did not provide audited financial statements. Additional details are provided on page 3.

We believe our analysis provides an objective summary of financial reports provided to Internal Audit for evaluation. However, as required by Government Auditing Standards (2011 Revision) section 2.12 issued by the U.S. Government Accountability Office, we must communicate this evaluation does not constitute an audit conducted in accordance with generally accepted government auditing standards (GAGAS). Should you have any questions, or if we can be of further assistance, please call Lora Holland or me at extension 1240.

Copy: Lou Lassiter, Deputy County Administrator for Finance and Administration
Allan Carmody, Finance Director
Matt Harris, Budget and Management Director
Meghan Coates, Budget Analyst
Paulette Johnson, Senior Accounting Technician
James F. Lane, Ed.D., School Superintendent
Audit and Finance Committee

No.	Organization/ Project Name	FY2019 Request	FY2018 Budget	Financial Statement Period	Unmodified Audit Opinion by CPA [Y/N]	Audit Findings (financial report page no.) [Y/N]	Potential Concerns/ Further Details
1	American Civil War Museum (ACWM)	\$33,550	\$0	6/30/2016	Y	N	Note 2 to the financial statements (p. 10 of the financial report) provides a concentration of risk disclosure due to 83% of their contributions receivable outstanding coming from three donors.
2	Chesterfield Cultural Arts Foundation	\$85,000	\$0	Not Provided	Not Provided	Not Provided	Financial statements with a formal audit opinion by a CPA were not provided. Instead they submitted their Form 990 for 2016, an annual information return required to be filed with the IRS that includes reporting on the organization's finances.
3	HumanKind	\$50,000	\$0	12/31/2016	Y	N	
4	Offender Aid and Restoration	\$10,000	\$0	6/30/2016	Y	N	Note 6 to the financial statements (p. 13 of the financial report) provides an economic dependency disclosure due to 59% of their total revenues and other support coming from three funding sources and 100% of total contributions and grants receivable coming from one funding source. "A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities."
5	Richmond Performing Arts Alliance (formerly Richmond CenterStage)	\$10,000	\$0	6/30/2016	Y	N	Note 2 to the financial statements (p. 14 of the financial report) provides a credit risk and concentrations disclosure due to 79% and 25%, respectively, of their pledges and grants receivable and contributions and grants revenue coming from one donor.