

DUNBAR ALUMNI FEDERATION
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(with comparative totals for 2017)

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Dunbar Alumni Federation

We have audited the accompanying financial statements of the Dunbar Alumni Federation (“**The Federation**”), which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, cash flows and statement of 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 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 from 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 express no such 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 Dunbar Alumni Federation as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Dunbar Alumni Federation's 2017 financial statements, and our report dated June 18, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

F. S. Taylor & Associates, P.C.

September 30, 2019

**DUNBAR ALUMNI FEDERATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 55,968	\$ 82,456
Investments (Note 3)	<u>382,379</u>	<u>400,080</u>
Total current and total assets	<u>\$ 438,347</u>	<u>\$ 482,536</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Deferred revenue	\$ 1,010	\$ -
Total current and total liabilities	<u>1,010</u>	<u>-</u>
Net assets:		
With donor restrictions	(1,367)	482,535
Without donor restrictions	<u>438,704</u>	<u>482,536</u>
Total net assets	<u>437,337</u>	<u>482,536</u>
Total liabilities and net assets	<u>\$ 438,347</u>	<u>\$ 482,536</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

DUNBAR ALUMNI FEDERATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018 (with comparative totals for 2017)

	2018			2017 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<u>SUPPORT AND REVENUE</u>				
Membership dues	\$ 4,150	\$ -	\$ 4,150	\$ 7,375
Scholarship contributions	-	36,300	36,300	85,480
Other contributions/donations	37,102		37,102	53,950
Special events income	50,737		50,737	2,205
Other income	672		672	5,382
Gain (Loss) on investment	(17,701)		(17,701)	34,394
Total support and revenue	<u>74,960</u>	<u>36,300</u>	<u>111,260</u>	<u>188,786</u>
<u>EXPENSES</u>				
Program services:				
Special events	38,681	-	38,681	12,399
Scholarships	5,414	72,572	77,986	124,542
Student activities	13,195		13,195	11,191
School funds	1,410		1,410	1,699
Total program services	<u>58,700</u>	<u>72,572</u>	<u>131,272</u>	<u>149,831</u>
Support services:				
Management and general	<u>25,187</u>	-	<u>25,187</u>	<u>25,305</u>
Total expenses	<u>83,887</u>	<u>72,572</u>	<u>156,459</u>	<u>175,136</u>
Increase in net assets	(8,927)	(36,272)	(45,199)	13,650
Net assets, beginning of year	<u>447,631</u>	<u>34,905</u>	<u>482,536</u>	<u>468,886</u>
Net assets, end of year	<u>\$ 438,704</u>	<u>\$ (1,367)</u>	<u>\$ 437,337</u>	<u>\$ 482,536</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

DUNBAR ALUMNI FEDERATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018 (with comparative totals for 2017)

Description	2018							2017 Total
	Program Services				Support Services		Total	
	Special Events	Scholarships	Students Activities	School Funds	Total	Management & General		
Scholarships and awards	\$ -	\$ 72,572	\$ 1,000	\$ -	\$ 73,572	\$ -	\$ 73,572	\$ 121,385
Business Expenses	275				275	1,295	1,570	3,879
Contract services	10,393		3,300		13,693	9,641	23,334	7,615
Facilities and equipment	3,470	895			4,365	150	4,515	340
Travel and meetings	9,102	2,438	5,132		16,672	375	17,047	10,609
Operating expenses	7,909	2,016	1,023	296	11,244	11,707	22,951	17,605
Other expenses	7,532	65	2,740	1,114	11,451	2,019	13,470	13,703
Total expenses	\$ 38,681	\$ 77,986	\$ 13,195	\$ 1,410	\$ 131,272	\$ 25,187	\$ 156,459	\$ 175,136

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**DUNBAR ALUMNI FEDERATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$ (45,199)	\$ 13,650
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Increase (decrease) in operating liabilities:		
Deferred revenue	1,010	
Net cash provided by operating activities	<u>(44,189)</u>	<u>13,650</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net (purchase) sale of investments	<u>17,701</u>	<u>(49,394)</u>
Net cash used by investing activities	<u>17,701</u>	<u>(49,394)</u>
Net increase in cash and cash equivalents	(26,488)	(35,744)
Cash and cash equivalents, beginning of year	82,456	118,200
Cash and cash equivalents, end of year	<u>\$ 55,968</u>	<u>\$ 82,456</u>
<u>SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION</u>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

DUNBAR ALUMNI FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 -- ORGANIZATION AND PURPOSE

The Dunbar Alumni Federation (DAF) is a not-for-profit organization founded in 2002. It was organized to provide scholarship and other financial support to students and graduates of the Paul Laurence Dunbar High School in Washington, DC.

The Federation initiates various endeavors to promote and support scholarship efforts, school and community education activities; support of activities for respective alumni classes; and focuses on ways to leverage the prestige of Dunbar High School and its distinguished alumni to enhance the education of students. The Federation receives funding through membership dues, annual gala, contributions and grants. The funds are expended on the scholarship and awards program and other school and alumni based activities.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting; consequently revenue is recorded when earned and expenses are recorded when incurred.

Income Tax status – DAF is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal taxes.

Fair Value Measurements – All of the assets and liabilities on the statement of financial position are valued at Level one fair value measurements.

Financial statement presentation – In accordance with FASB ASC 958-825, the Federation 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. A description of the three net asset categories follows:

- Permanently Restricted – the portion of the net assets resulting from contributions and other inflows of assets which use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled and removed by actions of The Federation pursuant to those stipulations.
- Temporarily Restricted – the portion of the net assets resulting from contributions or other inflows of assets which use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Federation pursuant to those stipulations.
- Unrestricted – the portion of net assets that is neither permanently restricted nor temporarily restricted by donor imposed stipulations.

There were \$-1,367 and \$34,905 of temporarily restricted assets at December 31, 2018 and 2017, respectively.

DUNBAR ALUMNI FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Cash and Cash Equivalents - For the purposes of presentation of the Federation's **statement of cash flows**, cash equivalents are short term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence of any donor restrictions. Time-restricted and contributions are required to be reported as temporarily restricted support and then reclassified to unrestricted net assets upon expiration of the time restriction.

Use of Estimates - 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Concentration of Credit Risk – The Federation maintains cash balances at various banking institutions. Accounts at those institutions were insured by the Federal Deposit Insurance Corporation up to \$250,000 at December 31, 2018 and 2017, respectively. There were no uninsured cash balances at December 31, 2018 and 2017, respectively.

NOTE 3 -- INVESTMENTS

In accordance with generally accepted accounting principles, The Federation uses the following prioritized input levels to measure fair value of financial instruments. The input levels used for valuing financial instruments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2 – Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3 – **Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.**

DUNBAR ALUMNI FEDERATION
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE 3 – INVESTMENTS – (CONTINUED)

The following is a summary of input levels to determine fair values of assets, measured at fair value on a recurring basis, at December 31, 2018:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Endowment Fund	<u>\$ 382,379</u>	<u>\$ 382,379</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ 382,379</u>	<u>\$ 382,379</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a summary of input levels to determine fair values of assets, measured at fair value on a recurring basis, at December 31, 2017:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Endowment Fund	<u>\$ 400,080</u>	<u>\$ 400,080</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ 400,080</u>	<u>\$ 400,080</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Expenses are charged to each program based on direct expenditures incurred. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 5 -- SUBSEQUENT EVENTS

In preparing these financial statements, management of the Federation has evaluated events and transactions that occurred after December 31, 2018 for the potential recognition or disclosure in the financial statements. These events and transactions were evaluated through September 30, 2019, the date the financial statements were available to be issued.

Management did not identify any such events or transactions that would require disclosure.