

**CAPITOL HILL VILLAGE**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**SEPTEMBER 30, 2017**

**FLYNN, ABELL**  
**& ASSOCIATES, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Capitol Hill Village

We have audited the accompanying financial statements of Capitol Hill Village (a nonprofit organization), which are comprised of the statement of financial position as of September 30, 2017 and the related statement of activities and cash flows 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 the 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 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 risk 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 Capitol Hill Village as of September 30, 2017, 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.

***Other Matter***

The financial statements of Capitol Hill Village as of September 30, 2016 were audited by other auditors whose report stated their opinion that the financial statements presented fairly in all material respects the financial position of Capitol Hill Village as of September 30, 2016 and its activities, changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

*Flynn, Abell & Associates, LLC*

Flynn, Abell & Associates, LLC  
Bethesda, Maryland  
July 10, 2018

Capitol Hill Village  
Statement of Financial Position

	September 30, 2017			
	Unrestricted	Board Designated Endowment	Temporarily Restricted	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash & equivalents	\$ 70,947	\$ -	\$ 116,979	\$ 187,926
Investment	-	454,706	-	454,706
Prepaid expenses	14,881	-	-	14,881
Accounts receivable	89,198	-	-	89,198
Total Current Assets	175,026	454,706	116,979	746,711
<b>Fixed Assets</b>				
Furniture & equipment	11,246	-	-	11,246
Leasehold improvements	1,971	-	-	1,971
Less: accumulated depreciation and amortization	(8,659)	-	-	(8,659)
Total Fixed Assets	4,558	-	-	4,558
<b>Other Assets:</b>				
Certificate of deposit	-	-	-	-
Security deposit	9,000	-	-	9,000
Due to/from interfund	(64,938)	-	64,938	-
Total Other Assets	(55,938)	-	64,938	9,000
<b>Total Assets</b>	<u>\$ 123,646</u>	<u>\$ 454,706</u>	<u>\$ 181,917</u>	<u>\$ 760,269</u>
<b>Liabilities &amp; Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 4,443	\$ -	\$ -	\$ 4,443
Other current liabilities	27,942	-	-	27,942
Deferred membership dues	86,098	-	-	86,098
Total Current Liabilities	118,483	-	-	118,483
<b>Total Liabilities</b>	<u>118,483</u>	<u>-</u>	<u>-</u>	<u>118,483</u>
<b>Net Assets</b>				
General undesignated	5,163	-	-	5,163
Board designated endowment	-	454,706	-	454,706
Temporarily restricted	-	-	181,917	181,917
Total Net Assets	5,163	454,706	181,917	641,786
<b>Total Liabilities &amp; Net Assets</b>	<u>\$ 123,646</u>	<u>\$ 454,706</u>	<u>\$ 181,917</u>	<u>\$ 760,269</u>

Capitol Hill Village  
Statement of Activities

	September 30, 2017			
	Unrestricted	Board Designated Endowment	Temporarily Restricted	Total
<b>Operating Revenue</b>				
Contributions	\$ 142,378	\$ 110,006	\$ -	\$ 252,384
Grants	274,779	-	96,850	371,629
Membership dues	141,482		30,567	172,049
Social membership	20,149	-	-	20,149
Special events/sponsorships	134,138	-	-	134,138
Other income	119	-	-	119
Releases from restrictions	63,675		(63,675)	-
<b>Total Operating Revenues</b>	<b>776,720</b>	<b>110,006</b>	<b>63,742</b>	<b>950,468</b>
<b>Operating Expenses</b>				
Programs	622,064			622,064
General and management	73,129			73,129
Fundraising	119,617			119,617
<b>Total Operating Expenses</b>	<b>814,810</b>	<b>-</b>	<b>-</b>	<b>814,810</b>
<b>Operating revenues in excess of operating expenses and transfers</b>	<b>(38,090)</b>	<b>110,006</b>	<b>63,742</b>	<b>135,658</b>
<b>Nonoperating Changes</b>				
Investment Income (Loss)	380	45,236	-	45,616
<b>Change in Net Assets</b>	<b>\$ (37,710)</b>	<b>\$ 155,242</b>	<b>\$ 63,742</b>	<b>\$ 181,274</b>

Capitol Hill Village  
Statement of Functional Expenses  
Year ended September 30, 2017

	Total Program Expense	General & Administrative	Fundraising	Total
Accounting	\$ 6,484	\$ 693	\$ 1,333	\$ 8,510
Advertising	8,766	1,202	1,315	11,283
Bank and paypal fees	10	6,144	9	6,163
Depreciation	1,257	277	54	1,588
Dues and subscriptions	1,643	301	980	2,924
Employee benefits	27,292	13,209	1,494	41,995
Insurance	1,488	1,225	743	3,456
Office expenses	10,027	2,077	913	13,017
Payroll fees	1,376	397	69	1,842
Payroll taxes	22,630	3,245	1,247	27,122
Postage	3,040	279	7,294	10,613
Printing and copying	4,511	562	8,464	13,537
Professional services	92,112	13,654	39,358	145,124
Rent	27,777	10,571	2,347	40,695
Salaries	362,793	15,602	19,993	398,388
Storage	-	-	-	-
Telephone/communications	5,164	1,238	405	6,807
Training	-	50	-	50
Travel	678	170	-	848
Other program	14,550	280	585	15,415
Conference/meetings	5,508	1,953	-	7,461
Special events	-	-	33,014	33,014
Client expense	24,958	-	-	24,958
Total Expenses	<u>\$ 622,064</u>	<u>\$ 73,129</u>	<u>\$ 119,617</u>	<u>\$ 814,810</u>



Capitol Hill Village  
Statement of Changes in Net Assets

	Unrestricted	Board Designated Endowment	Temporarily Restricted	Total September 30, 2017
Beginning Net Assets	\$ 30,229	\$ 312,108	\$ 118,175	\$ 460,512
Transfer of Assets by Board	12,644	(12,644)		-
Excess of Revenue (Expenses)	(37,710)	155,242	63,742	181,274
Ending Net Assets	<u>\$ 5,163</u>	<u>\$ 454,706</u>	<u>\$ 181,917</u>	<u>\$ 641,786</u>

Capitol Hill Village  
Statement of Cash Flows

	September 30, 2017
Cash Flow From Operating Activities	
Change in Net Assets	\$ 181,274
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,587
Realized and Unrealized investment income	(47,389)
Decrease prepaid expenses	(3,168)
Decrease (increase) grants and pledges receivable	(86,698)
Total Change in Net Assets	(135,668)
Changes in Liabilities	
Accounts payable	1,585
Accrued expenses & other liabilities	12,202
Deferred membership dues	18,543
Total Changes in Liabilities	32,330
Net Cash Provided (Used) by Operating Activities	77,936
Cash Flow From (Used in) Investing Activities	
Purchase of equipment	(1,424)
Net cash provided (used) by investment activities	(1,424)
Cash Flow From (Used in) Financing Activities	
Net cash from investments	26,479
Net cash provided (used) by financing activities	26,479
Net Increase (Decrease) in Cash	102,991
Cash - Beginning of Year	84,935
Cash - End of Year	\$ 187,926

**Note 1 - Description of The Organization**

Capitol Hill Village (the "Organization") is a community based, nonprofit organization that aims to help its members live safely and comfortably in their own homes as they grow older. Launched in October 2007, the Organization has created a successful model for providing services, expertise and social and cultural programming for the residents of Capitol Hill. The Organization is open to all adult members of the Capitol Hill Community, and works hard to respond to every reasonable request for advice or help.

The Organization provides services such as transportation, home maintenance, personal and convenience assistance, informational seminars, social gatherings. It also provides care navigation to about 20% of its members. Members of Capitol Hill Village are able to arrange for rides to stores or doctors' appointments, assistance with or advice on home up-keep and repair and in-home personal care.

**Note 2 - Summary of Significant Accounting Policies**

Basis of Accounting

The Organization maintains its records on the accrual basis of accounting.

Cash and Equivalents

For purposes of the statements of financial position and cash flows, the Organization considers all investments purchased with a maturity of three months or less, and available without penalty, to be cash equivalents.

Fixed Assets

The Organization capitalizes all expenditures for fixed assets at cost with a useful life greater than one year. Contributed fixed assets are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used the contributions are recorded as restricted support. In the absence of such stipulations, contributions of fixed assets are recorded as unrestricted support. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis over a 5 or 7 year life.

Income Taxes

The Organization is a nonprofit corporation and qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The exemption is on all income except unrelated business income. Internal Revenue Code 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The Organization had no unrelated business income for the year ended September 30, 2017.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax exempt entity under the Internal Revenue Code and applicable state statutes. There are currently no audits or reviews of the Organization's returns in progress. The Organization is no longer subject to US federal income tax examinations for years before 2013.



Capitol Hill Village  
Notes to Financial Statements  
September 30, 2017

**Note 2 - Summary of Significant Accounting Policies (continued)**

Net Assets

Net assets consist of the following types of categories:

General unrestricted: Net assets which are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Board designated endowment: The Board has designated an endowment fund to receive contributions on behalf of the Organization.

Temporarily restricted: Net assets which are associated with a donor-imposed restriction which permits the Organization to use up or expend the donated assets as specified and is satisfied either by the passage of time or by actions of the Organization. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

During the year ended September 30, 2017 temporarily restricted contributions totaling \$127,416 were made to the Organization in support of the Organization's mission. Qualifying expenditures were made during the year were released from temporarily restricted assets as shown below.

Temporarily restricted net assets consist of the following:

	Balance 09/30/2016	Additions	Releases	Balance 09/30/2017
Low income member subsidy	\$ 118,175	\$ 127,416	\$ 63,675	\$ 181,916

Permanently Restricted: Resources from contributions and other inflow of assets whose use by the Organization is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The donors of these resources permit the Organization to use all or part of the income earned, excluding capital appreciation, for unrestricted purposes. For the year ended September 30, 2017 there were no permanently restricted assets.

Support Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor or board restrictions. Unconditional promises to give are recorded as pledges receivable.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor or board stipulations that limit the use of the donated assets. When a donor or board restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction.

**Note 2 - Summary of Significant Accounting Policies (continued)**

However, if restrictions on grants or contributions are met in the same reporting period as the grant or contribution is received, the revenues are reported as increases in unrestricted net assets.

Contributions of non-cash assets are recorded at their fair values in the period received. In the absence of donor instructions to the contrary, any restrictions on contributions of fixed assets are released when the asset is placed in service.

In-kind support

The Organization uses in-kind contributions to support its programs. These donated services, materials and uses of facilities are reported as in-kind contributions on the statement of activities and supplemental schedule of expenses. In addition, many non-professional individuals volunteer their time and perform a variety of tasks that assist the Organization.

Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

For the fiscal year ending September 30, 2017 there were no recorded donated services.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on estimates made by management, which were based on time spent.

Estimates

The preparation 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 3 - Endowment**

The Capitol Hill Village, Inc., Board of Directors has determined that it is necessary to establish this endowment trust for the future financial stability of the Capitol Hill Village. This endowment trust will receive contributions, including but not limited to, subscriptions, grants, donations, gifts, bequests and devises. These gifts will be invested and reinvested and paid over to Capitol Hill Village, Inc., as provided in this Endowment Trust Agreement. For purposes of District of Columbia Code §19-1304.0S(b), the charitable purpose of this Endowment Trust is the same as the charitable purpose of Capitol Hill Village. For purposes of District of Columbia Code §19-1304-12, the intent of Capitol Hill Village, the settler, is to implement the charitable purposes stated in its corporate charter.

The Endowment Trust is irrevocable.



Capitol Hill Village  
Notes to Financial Statements  
September 30, 2017

**Note 3 – Endowment (continued)**

Any person, corporation, association, firm, partnership, foundation, trust or estate may contribute to the trust. Any contribution that has been made to the trust that is subject to the terms of the condition or limitation and any possibility of reverter or conditional gift over shall be honored by the Board in the event of the occurrence of the condition or limitation, if stipulated in writing at the time of receipt by the trust, or on the expiration of the time period so specified. The assets made subject to the condition or limitation, or the financial equivalent, shall be returned to the grantor or the grantor's designee. Trusts have the authority to refuse to accept a gift with the conditions that they find in their sole discretion are inconsistent with the with the purposes of this Endowment Trust Agreement or that require unduly burdensome administrative requirements.

If the Granter of a contribution made subject to a condition or limitation requests that the contribution granted be escrowed to facilitate its identification and prompt delivery on the happening of the condition limitation or expiration of time, the board may arrange for the establishment of an escrow arrangement on terms satisfactory to the Board and the Granter.

As of September 30, 2017 there were no restrictions on the endowment funds. In 2012, it was decided by the Board of Directors to allow the endowment to be invested in securities. Income could be used for charitable purposes while the principal would be preserved. Investments are reported at fair value with unrealized gains and losses included in the statement of activities. Fair value is determined by using sources independent of the Organization. The priority is Level 1 which is quoted prices in active markets of identical assets. There are no Level 2 or Level 3 assets.

As of September 30, 2017 the value of the securities is as follows:

Fund	10/1/2016	Purchase	Net Change	9/30/2017	9/30/2017
	Cost	Reinvestments	at Cost	Cost	Fair Market Value
Flex Insured Account	\$ 5,615	\$ 3,004		\$ 8,619	\$ 8,619
American High Income	7,056	4,335		11,391	11,578
Bond Fund of America	13,662	8,768		22,430	22,685
Cohen & Steers Realty Shares	11,283		(11,283)	-	-
DFA Commodity Strategy Fund	-	18,948		18,948	18,951
DFA Emerging Markets	-	29,496		29,496	31,936
DFA Real Estate Securities Fund	-	22,038		22,038	22,380
Fidelity Floating Rate High Income	13,836	9,139		22,975	22,530
Oppenheimer Int'l Bond	14,196	5,462		19,658	19,741
Barclays Bank PLC Ipath Bloomberg	16,649		(16,649)	-	-
Ishares TR EAFE Index	31,309	59,890	(31,309)	59,890	65,774
Ishares TR MSCI Emerg Mkts	17,697		(17,697)	-	-
Ishares TR Russell 1000 Growth	22,830	15,242		38,072	55,277
Ishares TR Russell 1000 Value	24,427	20,092		44,519	56,174
Ishares TR Russell 2000 Index	19,236	15,550		34,786	48,899
Ishares TR Russell 3000 Index	27,448	22,526		49,974	70,162
Total	\$ 225,244	\$ 234,490	\$ (76,938)	\$ 382,796	\$ 454,706

**Capitol Hill Village  
Notes to Financial Statements  
September 30, 2017**

**Note 4 – Lease Commitment**

Capitol Hill Village entered into a lease agreement dated July, 23, 2014 for office space at 725 8<sup>th</sup> Street, SE, Unit 4, Washington, DC. The lease term was for three years at a base monthly rent of \$2,750 commencing on October 1, 2014 and expiring September 30, 2017. In July 2017, the lease was extended until September 30, 2018 with a new monthly rent of \$2,949. Total rent expense for the year ended September 30, 2017 was \$34,668.

The future minimum rental payments required under the lease are as follows:

Year ending September 30, 2018	<u>\$ 35,388</u>
	<u>\$ 35,388</u>

**Note 5 - Subsequent Events**

Subsequent events are identified as events or transactions that occur after the statement of financial position date through the date the financial statements are available to be issued. Management has performed an evaluation as of July 10, 2018 the date the financial statements were available to be issued, that there are no subsequent events requiring disclosure that have not been properly disclosed.