

**DUNBAR ALUMNI FEDERATION**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(with comparative totals for 2016)**

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# ***F.S. TAYLOR & ASSOCIATES, P.C.***

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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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, 2017, and the related statement of activities, functional expenses and cash flows, 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 The Federation as of December 31, 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.

## ***Report on Summarized Comparative Information***

We have previously audited Dunbar Alumni Federation's 2016 financial statements, and our report dated October 2, 2017, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*J. S. Taylor & Associates, P.C.*

June 18, 2018

**DUNBAR ALUMNI FEDERATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><u>SUPPORT AND REVENUE</u></b>		
Membership dues	\$ 7,375	\$ 6,557
Grant income		2,264
Scholarship contributions	85,480	205,152
Other contributions/donations	53,950	56,658
Special events income	2,205	10,327
Other income	5,382	2,070
Gain on investment	34,394	13,749
Total support and revenue	<u>188,786</u>	<u>296,777</u>
<b><u>EXPENSES</u></b>		
Program services:		
Special events	12,399	33,705
Scholarships	124,542	103,072
Student activities	11,191	8,948
School funds	1,699	10,811
Total program services	<u>149,831</u>	<u>156,536</u>
Support services:		
Management and general	25,305	22,978
Total expenses	<u>175,136</u>	<u>179,514</u>
Increase in net assets	13,650	117,263
Net assets, beginning of year	<u>468,886</u>	<u>351,623</u>
Net assets, end of year	<u>\$ 482,536</u>	<u>\$ 468,886</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**DUNBAR ALUMNI FEDERATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (with comparative totals for 2016)**

Description	2017						2016	
	Program Services			Support Services			Total	Total
	Special Events	Scholarships	Students Activities	School Funds	Total	Management & General		
Scholarships and awards	\$ -	\$ 120,385	\$ 1,000	\$ -	\$ 121,385	\$ -	\$ 121,385	\$ 99,338
Business expenses					-	3,879	3,879	59
Contract services	1,042				1,042	6,573	7,615	8,644
Facilities and equipment	260				260	80	340	178
Travel and meetings	1,700	2,200	5,067	1,450	10,417	192	10,609	31,529
Operating expenses	2,682	1,957	1,252		5,891	11,714	17,605	22,492
Other expenses	6,715		3,872	249	10,836	2,867	13,703	17,274
Total expenses	<u>\$ 12,399</u>	<u>\$ 124,542</u>	<u>\$ 11,191</u>	<u>\$ 1,699</u>	<u>\$ 149,831</u>	<u>\$ 25,305</u>	<u>\$ 175,136</u>	<u>\$ 179,514</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**DUNBAR ALUMNI FEDERATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Increase in net assets	\$ 13,650	\$ 117,263
Increase (decrease) in operating liabilities:		
Deferred revenue		(240)
Net cash provided by operating activities	<u>13,650</u>	<u>117,023</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Net (purchase) sale of investments	<u>(49,394)</u>	<u>(113,299)</u>
Net cash used by investing activities	<u>(49,394)</u>	<u>(113,299)</u>
Net (decrease) increase in cash and cash equivalents	(35,744)	3,724
Cash and cash equivalents, beginning of year	<u>118,200</u>	<u>114,476</u>
Cash and cash equivalents, end of year	<u><u>\$ 82,456</u></u>	<u><u>\$ 118,200</u></u>
<b><u>SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION</u></b>		
Interest paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

**DUNBAR ALUMNI FEDERATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**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 Association 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 Association pursuant to those stipulations.



**DUNBAR ALUMNI FEDERATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

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

- Unrestricted – the portion of net assets that is neither permanently restricted nor temporarily restricted by donor imposed stipulations.

At December 31, 2017 and 2016, there were no permanently restricted or temporarily restricted net assets.

**Cash and Cash Equivalents** - For the purposes of presentation of the Association'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, 2017 and 2016, respectively. There were no uninsured cash balances at December 31, 2017 and 2016, 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.

**DUNBAR ALUMNI FEDERATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**NOTE 3 – INVESTMENTS – (CONTINUED)**

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.

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:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Endowment Fund	\$ 400,080	\$ 400,080	\$ -	\$ -
	<u>\$ 400,080</u>	<u>\$ 400,080</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, 2016:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Endowment Fund	\$ 350,686	\$ 350,686	\$ -	\$ -
	<u>\$ 350,686</u>	<u>\$ 350,686</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, 2017 for the potential recognition or disclosure in the financial statements. These events and transactions were evaluated through June 18, 2018, the date the financial statements were available to be issued.

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