

QUAKER HOUSE OF FAYETTEVILLE, INC.
Fayetteville, North Carolina

Financial Statements
Year Ended June 30, 2009

QUAKER HOUSE OF FAYETTEVILLE, INC.

Year Ended June 30, 2009

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PC Perkins, Lund, Collar
& Associates, PLLC
Certified Public Accountants

The Oaks Of Fairview
2607 Oberlin Road, Suite 104
Raleigh, NC 27608

Phone: (919) 781-1721
Fax: (919) 781-7240
www.plccpa.com

Michael F. Perkins, CPA, PFS
Jon A. Lund, CPA
John H. Collar, III, CPA
Albert T. Rowland, CPA

Walter T. Preddy, Jr. CPA
Beth St. Clair, CPA

To the Board of Directors
Quaker House of Fayetteville, Inc.
Fayetteville, North Carolina

We have reviewed the accompanying statement of financial position of Quaker House of Fayetteville (a nonprofit organization) as of June 30, 2009, and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Quaker House of Fayetteville, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The data included in Schedule I is presented only for supplementary analysis purposes and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such data.

Perkins, Lund, Collar & Associates, PLLC

August 17, 2010

QUAKER HOUSE OF FAYETTEVILLE, INC.
Statement of Financial Position
June 30, 2009

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EXHIBIT A

(See Accountant's Review Report)

ASSETS

Current Assets

Cash and cash equivalents	\$ 87,020
Cash - restricted	21,157
Sales tax refund receivable	1,718
Inventory	5,078
	<u>114,973</u>

Fixed Assets

Land	2,000
Building & improvements	231,732
	<u>233,732</u>
Less: Accumulated depreciation	(46,698)
	<u>187,034</u>
	<u>\$ 302,007</u>

LIABILITIES AND NET ASSETS

Net Assets

Unrestricted	280,850
Temporarily restricted	21,157
	<u>302,007</u>
	<u>\$ 302,007</u>

See accompanying notes to financial statements.

QUAKER HOUSE OF FAYETTEVILLE, INC.
Statement of Activities
Year Ended June 30, 2009

EXHIBIT B

(See Accountant's Review Report)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support				
Donations	\$ 169,009	\$ 51,018	\$ -	\$ 220,027
Capital campaign	-	16,728	-	16,728
Interest & dividends	1,207		-	1,207
Other	3,095		-	3,095
Gain on investments	1,252	-	-	1,252
Net assets released from restrictions	69,163	(69,163)	-	-
Total Revenues and other support	243,726	(1,417)	-	242,309
Expenses				
Program services	67,003	-	-	67,003
Management & general	52,677	-	-	52,677
Fundraising	33,124	-	-	33,124
Total Expenses	152,804	-	-	152,804
Change in net assets	90,922	(1,417)	-	89,505
Net assets at beginning of year	189,928	22,574	-	212,502
Net assets at end of year	\$ 280,850	\$ 21,157	\$ -	\$ 302,007

See accompanying notes to financial statements.

QUAKER HOUSE OF FAYETTEVILLE, INC.
Statement of Cash Flows
Year Ended June 30, 2009

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EXHIBIT C

(See Accountant's Review Report)

Cash Flows From Operating Activities

Donations	\$ 220,027
Capital campaign	16,728
Interest & dividends	1,207
Other	3,095
Advertising	(1,615)
Bad debt	(35)
Business expenses	(3,649)
Capital campaign expenses	(24,848)
Conference fees	(1,460)
Contract services	(147)
Employee benefits	(6,486)
Equipment & supplies	(5,611)
Equipment rental	(2,883)
Fund appeal letters	(190)
Hotline cost	(1,982)
Insurance	(1,774)
Maintenance & repairs	(4,090)
Miscellaneous	(2,351)
Newsletter & publications	(11,531)
Outreach	(100)
Payroll tax	(2,490)
Postage	(1,024)
Professional fees	(630)
Rebates & refunds	(250)
Salaries & wages	(80,261)
Special projects	(1,034)
Tax & licenses	(126)
Telephone & internet	(2,704)
Travel	(4,120)
Utilities	(3,359)
Net cash provided by operating activities	<u>76,307</u>

Cash Flows From Investing Activities

Cash from sale of investment	168,716
Purchase of fixed assets	(129,680)
Net cash provided by investing activities	<u>39,036</u>

Cash Flows From Financing Activities

	<u>-</u>
Net Increase in Cash	115,342
Cash at Beginning of Year	<u>(7,165)</u>
Cash at End of Year	<u>\$ 108,177</u>

See accompanying notes to financial statements.

QUAKER HOUSE OF FAYETTEVILLE, INC.
Statement of Cash Flows
Year Ended June 30, 2009

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EXHIBIT C

(See Accountant's Review Report)

Reconciliation of Change in Net Assets to Net

Cash Provided by Operating Activities

Change in net assets	<u>\$ 89,505</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	5,691
Gain on investment	(1,252)
(Increase) decrease in receivables	(1,718)
(Increase) decrease in inventory	(5,078)
Increase (decrease) in accrued liabilities	(8,858)
Increase (decrease) in accounts payable	<u>(1,983)</u>
Total adjustments	<u>(13,198)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 76,307</u></u>

See accompanying notes to financial statements.

(See Accountant's Review Report)

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION - The Quaker House of Fayetteville, Inc. (a Corporation) is a nonprofit organization under the laws of the state of North Carolina for the purpose of conducting activities of an educational and religious nature consonant with the beliefs of the Religious Society of Friends, and furtherance of the peace witness and education functions of the Corporation.

BASIS OF PRESENTATION - The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standard Codification (ASC) 958, Financial Statements of Not-for-Profit Organizations. Under ASC 958, the organization 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.

BASIS OF ACCOUNTING - The accompanying financial statements of the Quaker House of Fayetteville, Inc. have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

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.

DONATIONS - All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specified purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When temporary restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Occasionally, the Director applies for and received Grants for specific projects Quaker House is attempting to implement. No Grants were received for the year ended June 30, 2009.

No revenue or support is recognized for time and services donated by volunteers who assist the Director or Counselors at Quaker House.

CASH AND CASH EQUIVALENTS - For purposes of the Statement of Cash Flows, the Company considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

CASH - RESTRICTED - Restricted cash consists of funds restricted by the donor to be used for major house renovations and long-term maintenance and innovative programs.

INCOME TAXES - The Quaker House of Fayetteville, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

(See Accountant's Review Report)

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

PROPERTY AND EQUIPMENT - The cost of property and equipment in excess of \$500 is recorded at cost when purchased and fair value when donated. Major additions or betterments are charged to the property accounts while replacements, maintenance and repairs are generally charged to expense as incurred. The straight-line method of depreciation is used over the asset's estimated useful life. Estimated useful lives of assets are as follows:

Building	40 years
Roofs	20 years
Other major improvements	40 years

The Company's policy regarding donated assets is to capitalize and depreciate them using the straight-line cost recovery system. Accordingly, donated assets are initially recorded as contribution revenue with a corresponding entry to the fixed asset on the statement of financial position.

INVENTORY - Inventory consists of books for sale for the Company's 40th anniversary and is priced at the lower of cost or market.

FUNCTIONAL EXPENSES - Expenses are charged directly to program or management in general categories based on specific identification. Indirect expenses have been allocated based on analysis of personnel time utilized for the related activity.

NOTE 2 - CONCENTRATION OF CREDIT RISK - The Company maintains demand deposits with financial institutions in the United States. In late 2008, the Federal Deposit Insurance Corporation (FDIC) temporarily increased coverage to \$250,000 for substantially all depository accounts and temporarily provides unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts. The \$250,000 coverage is set to expire on December 31, 2013, at which time it is anticipated amounts insured by the FDIC will return to \$100,000. The unlimited coverage is scheduled to expire on June 30, 2010, at which time it is anticipated amounts insured by the FDIC will return to \$100,000. At times cash balances in these accounts exceed federally insured limits.

NOTE 3 - COMPENSATED ABSENCES - Employees of the Company are entitled to paid vacation, sick days and personal days off depending on length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE 4 - PENSION - The Company has a pension plan for the Director where he makes payments to his personal pension plan through tax advantaged withholding. Quaker House does not contribute anything further towards pensions and there is no further liability to the Company.

NOTE 5 - REVOLVING CREDIT LINE PAYABLE - The Company has an unsecured revolving credit line with RBC Bank that provides for a maximum credit line of \$5,000. Interest accrues at 19.99% per annum and minimum monthly payments of principal and interest are \$47.

Interest expense paid and expensed for the year ended June 30, 2009 was \$0.

(See Accountant's Review Report)

NOTE 6 - **TEMPORARILY RESTRICTED NET ASSETS** - At June 30, 2009, temporarily restricted net assets consisted of the following:

Program initiatives, renovations and maintenance	\$ 21,157
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Net assets were released from restriction during the year ended June 30, 2009 for the following:

Program initiatives	\$ 3,500
Renovations & maintenance	65,663
	<u>\$ 69,163</u>

NOTE 7 - **CONCENTRATION** - The Quaker House of Fayetteville, Inc. has a small financial donation base. The major donors are Quakers and Quaker Meetings. Should a major movement away from the religious society occur, the organization could have trouble meeting it's obligations. There is no evidence of this occurring in the foreseeable future.

NOTE 8 - **SUBSEQUENT EVENTS** - The Company has evaluated events and transactions that occurred between June 30, 2009 and August 17, 2010, which is the date that the financials were available to be issued, for possible recognition or disclosure in the financial statements.

On October 28, 2009, the Company leased a copier from Cavin's Business Solution, Inc. with minimum monthly payments of \$297. If the copier is not returned to the lessor before the expiration of the lease, October 28, 2014, the agreement will automatically renew on a month-to-month basis.

QUAKER HOUSE OF FAYETTEVILLE, INC.
Schedule of Functional Expenses
For the year ended June 30, 2009

SCHEDULE 1

(See Accountant's Review Report)

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 565	\$ 646	\$ 404	\$ 1,615
Bad debt	12	14	9	35
Business expenses	676	772	483	1,931
Capital campaign expenses	17,787	-	-	17,787
Conference fees	511	584	365	1,460
Contract services	51	59	37	147
Depreciation	1,992	2,276	1,423	5,691
Employee benefits	2,270	2,594	1,622	6,486
Equipment & supplies	1,964	2,244	1,403	5,611
Equipment rental	1,009	1,153	721	2,883
Fund appeal letters	-	-	190	190
Hotline cost	1,982	-	-	1,982
Insurance	621	709	444	1,774
Maintenance & repairs	1,432	1,635	1,023	4,090
Miscellaneous	823	940	588	2,351
Newsletter & publications	4,036	4,612	2,883	11,531
Outreach	100	-	-	100
Payroll tax	872	995	623	2,490
Postage	358	410	256	1,024
Professional fees	221	251	158	630
Rebates & refunds	88	99	63	250
Salaries & wages	24,991	28,561	17,851	71,403
Special projects	1,034	-	-	1,034
Tax & licenses	44	50	32	126
Telephone & internet	946	1,082	676	2,704
Travel	1,442	1,648	1,030	4,120
Utilities	1,176	1,343	840	3,359
	<u>\$ 67,003</u>	<u>\$ 52,677</u>	<u>\$ 33,124</u>	<u>\$ 152,804</u>