

Flagler Home

Financial Statements
Years Ended June 30, 2009 and 2008

Independent Auditors' Report	3
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Summary of Significant Accounting Policies	8 - 10
Notes to Financial Statements	11



Independent Auditors' Report

Board of Directors
Flagler Home
Richmond, Virginia

We have audited the accompanying statements of financial position of Flagler Home as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Flagler Home's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Flagler Home as of June 30, 2009 and 2008, and the related statements of activities, functional expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BDO Seidman, LLP

December 17, 2009

Flagler Home

Statements of Financial Position

<i>June 30,</i>	2009	2008
Assets		
Cash	\$ 33,397	\$ 29,176
Accounts receivable, related party	54,243	179,685
Prepaid expenses	4,654	854
Furniture, equipment and vehicle, net of accumulated depreciation of \$42,139 and \$31,857, respectively	10,702	20,984
Total assets	\$102,996	\$230,699
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 7,317	\$ 16,869
Accounts payable, related parties	70,840	59,904
Total liabilities	78,157	76,773
Net assets		
Unrestricted	24,839	122,152
Temporarily restricted	–	31,774
Total net assets	24,839	153,926
Total liabilities and net assets	\$102,996	\$230,699

See accompanying summary of accounting policies and notes to financial statements.

<i>Year Ended June 30, 2009</i>	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Grant from Flagler Foundation	\$ —	\$435,000	\$ 435,000
Grant from St. Joseph's Villa	438,192	—	438,192
Special events	48,444	—	48,444
Contributions	89,620	—	89,620
Interest earned	314	—	314
Other	10,692	—	10,692
Net assets released from restrictions	466,774	(466,774)	—
Total support and revenue	1,054,036	(31,774)	1,022,262
Expenses			
Program services	1,106,034	—	1,106,034
Supporting services	45,315	—	45,315
Total expenses	1,151,349	—	1,151,349
Change in net assets	(97,313)	(31,774)	(129,087)
Net assets, beginning	122,152	31,774	153,926
Net assets, ending	\$ 24,839	\$ —	\$ 24,839

Flagler Home

Statements of Activities

<i>Year Ended June 30, 2008</i>	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Grant from Flagler Foundation	\$ —	\$435,000	\$ 435,000
Grant from St. Joseph's Villa	408,836	—	408,836
Special events	66,963	—	66,963
Contributions	111,350	31,774	143,124
Interest earned	828	—	828
Other	9,643	—	9,643
Net assets released from restrictions	460,570	(460,570)	—
Total support and revenue	1,058,190	6,204	1,064,394
Expenses			
Program services	1,038,394	—	1,038,394
Supporting services	43,695	—	43,695
Total expenses	1,082,089	—	1,082,089
Change in net assets	(23,899)	6,204	(17,695)
Net assets, beginning	146,051	25,570	171,621
Net assets, ending	\$ 122,152	\$ 31,774	\$ 153,926

See accompanying summary of accounting policies and notes to financial statements.

<i>Year Ended June 30, 2009</i>	Program Services	Supporting Services	Total
Salaries	\$ 309,791	\$35,166	\$ 344,957
Employee health and retirement benefits	38,280	6,696	44,976
Payroll taxes and other employee costs	23,096	3,453	26,549
Total employee and labor costs	371,167	45,315	416,482
Professional fees	76,783	—	76,783
Supplies	18,195	—	18,195
Telephone	2,288	—	2,288
Occupancy	241,114	—	241,114
Equipment maintenance and rental fees	19,840	—	19,840
Printing and publications	221	—	221
Travel	7,597	—	7,597
Assistance to individuals and clients	10,392	—	10,392
Infant and child care fees	328,466	—	328,466
Special events	18,652	—	18,652
Miscellaneous	1,037	—	1,037
Total expenses before depreciation	1,095,752	45,315	1,141,067
Depreciation	10,282	—	10,282
Total expenses	\$1,106,034	\$45,315	\$1,151,349

Flagler Home

Statements of Functional Expenses

<i>Year Ended June 30, 2008</i>	Program Services	Supporting Services	Total
Salaries	\$ 287,327	\$33,692	\$ 321,019
Employee health and retirement benefits	36,980	6,694	43,674
Payroll taxes and other employee costs	20,697	3,309	24,006
Total employee and labor costs	345,004	43,695	388,699
Professional fees	52,798	—	52,798
Supplies	31,052	—	31,052
Telephone	2,283	—	2,283
Occupancy	228,407	—	228,407
Equipment maintenance and rental fees	12,719	—	12,719
Printing and publications	1,644	—	1,644
Travel	8,518	—	8,518
Assistance to individuals and clients	12,933	—	12,933
Infant and child care fees	307,709	—	307,709
Special events	23,126	—	23,126
Miscellaneous	1,863	—	1,863
Total expenses before depreciation	1,028,056	43,695	1,071,751
Depreciation	10,338	—	10,338
Total expenses	\$1,038,394	\$43,695	\$1,082,089

See accompanying summary of accounting policies and notes to financial statements.

Flagler Home

Statements of Cash Flows

<i>Year Ended June 30,</i>	2009	2008
Operating activities		
Change in net assets	\$(129,087)	\$(17,695)
Adjustments to reconcile change in net assets to net cash Provided(used) by operating activities		
Depreciation	10,282	10,338
Change in:		
Accounts receivable	125,442	(18,059)
Prepaid expenses	(3,800)	(854)
Accounts payable and accrued expenses	1,384	6,986
Cash provided (used) by operating activities	4,221	(19,284)
Investing activities		
Purchase of property and equipment	-	(727)
Cash used by investing activities	-	(727)
Net increase (decrease) in cash	4,221	(20,011)
Cash, beginning of year	29,176	49,187
Cash, end of year	\$ 33,397	\$ 29,176

See accompanying summary of accounting policies and notes to financial statements.

Flagler Home

Summary of Significant Accounting Policies

Nature of Business	Flagler Home is a nonprofit corporation organized under the laws of the Commonwealth of Virginia for the purpose of providing for the health and general welfare of homeless children and their families. Flagler Home serves families primarily in Virginia and receives most of its funding through contributions from the Flagler Foundation. Flagler Home is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.
Basis of Accounting	The accompanying financial statements are presented in accordance with the accrual basis of accounting.
Basis of Presentation	<p>Flagler Home reports amounts for total assets, liabilities, and net assets in a statement of financial position; changes in net assets in a statement of activities; and changes in its cash and temporary cash investments in a statement of cash flows. Flagler Home classifies its net assets in three classes: permanently restricted, temporarily restricted, and unrestricted based on the existence or absence of donor-imposed restrictions. At June 30, 2009 and 2008, there were no permanently restricted net assets.</p> <p><u>Temporarily Restricted Net Assets</u></p> <p>Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Villa pursuant to those stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.</p>
Accounts Receivable	Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. An accounts receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on past due receivables. Management has determined that no allowance for doubtful accounts is necessary at June 30, 2009 and 2008 as all amounts are collectible.
Property and Equipment	Property and equipment is stated at cost. Depreciation is computed on the straight-line method. Estimated useful lives for depreciation are: five years for furniture and equipment, three to five years for vehicles.

Flagler Home

Summary of Significant Accounting Policies (continued)

Valuation and Long-Lived Assets

Flagler Home accounts for the valuation of long-lived assets under Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. Management has determined that there was no impairment during the years ended June 30, 2009 and 2008.

Contributions

Flagler Home recognizes contributions received, which include unconditional promises to give, as public support and revenues in the period received at their fair values which includes a provision for doubtful collection. A promise to give is a written or oral agreement to contribute cash or other assets; however, to be recognized there must be sufficient evidence in the form of verifiable documentation that a promise was made and received.

Flagler Home reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets even when donor restrictions are met in the same period. When a donor 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 reclassified net assets, indicating the release from restrictions.

Revenue Recognition

Flagler Home recognizes grants to be used for operating expenses as revenue when the grants are received. Other grants are recognized as revenue when received as qualifying expenses occur.

Functional Expenses

Functional expenses consist of direct charges to program and supporting services. The supporting services consist of clerical expenses for secretarial and accounting staff.

Credit Risk

At certain times during the year, Flagler Home has funds on deposit in financial institutions in excess of federally insured amounts. Flagler Home has not experienced any losses on cash accounts and management believes it is not exposed to significant credit risk on cash.

Flagler Home

Summary of Significant Accounting Policies (continued)

Income Taxes

Flagler Home is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Flagler Home had no sources of unrelated business income for the years ended June 30, 2009 and 2008, and has elected to defer adoption of FASB Interpretation No. 48 (FIN 48) until after the current fiscal year. Management believes that there will be no significant tax effect on the financial statements related to adoption of FIN 48.

New Accounting Standards

In May 2009, the FASB issued SFAS No. 165, “Subsequent Events” (“SFAS 165”). SFAS 165 establishes standards under which an entity shall recognize and disclose events that occur after a balance sheet date but before the related financial statements are issued or are available to be issued. SFAS 165 is effective for fiscal years ending after June 15, 2009. Subsequent events have been evaluated by Flagler Home through December 14, 2009.

Use of 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 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 reporting period. Actual results could differ from those estimates.

Flagler Home

Notes to Financial Statements

1. Temporarily Restricted Net Assets

A restriction stipulated by the Flagler Foundation has been placed on the excess of support and revenue, if any, over expenses by Flagler Home at the end of any accounting period. Specifically, any such excess to be used during the next fiscal year, thus representing a time restriction, results in temporarily restricted net assets. Temporarily restricted net assets at June 30, 2009 and 2008 was \$0 and \$31,774, respectively. Flagler Home's use of these net assets during the subsequent period releases them from restriction resulting in their reclassification to unrestricted net assets.

Net assets released from restrictions for the years ended June 30, 2009 and 2008 consist of:

	2009	2008
Purpose restrictions accomplished		
Flagler Foundation Grant	\$435,000	\$435,000
Other grants	31,774	25,570
	\$466,774	\$460,570

2. Related Party Transactions

Flagler Home was formed in December 1989, by St. Joseph's Villa, a nonprofit organization which provides a variety of program services to the community. Transactions with St. Joseph's Villa are summarized below:

	2009	2008
As of June 30,		
Accounts receivable from St. Joseph's Villa	\$ 54,243	\$179,685
Accounts payable to St. Joseph's Villa	70,840	59,904
For the year ended June 30,		
Rent expense	38,000	38,000
Expense reimbursements		
Employee and labor costs	382,689	342,777
Child care	327,032	307,709
Occupancy distribution	113,716	116,065
Support services and other	63,126	38,954
Direct grant received	438,192	408,836

