

The Lamb Center

Financial Statements
For the Years Ended June 30, 2009 and 2008
With Independent Auditors' Report

The Lamb Center

Financial Statements

For the Years Ended June 30, 2009 and 2008

With Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
THE LAMB CENTER
Fairfax, Virginia

We have audited the accompanying statements of financial position of THE LAMB CENTER ("the Center") 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 the management of THE LAMB CENTER. Our responsibility is to express an opinion on these financial statements based on our audit.

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 THE LAMB CENTER as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Fitzgerald & Co., CPAs, P.C.

McLean, Virginia
March 5, 2010

The Lamb Center

Statements of Financial Position

As of June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 36,035	\$ 30,702
Prepaid expenses	<u>5,799</u>	<u>8,096</u>
	<u>\$ 41,834</u>	<u>\$ 38,798</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 20,145	\$ 62,381
Accrued expenses	<u>10,106</u>	<u>9,244</u>
Total liabilities	<u>30,251</u>	<u>71,625</u>
NET ASSETS:		
Net assets, unrestricted	<u>11,583</u>	<u>(32,827)</u>
	<u>\$ 41,834</u>	<u>\$ 38,798</u>

The Lamb Center
Statements of Activities
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
UNRESTRICTED NET ASSETS		
REVENUE:		
Contributions	\$ 447,323	\$ 393,113
Release from restriction	<u>11,692</u>	<u>-</u>
Total revenue	<u>459,015</u>	<u>393,113</u>
EXPENSES:		
Program	316,022	294,841
Management and general	41,723	22,595
Fundraising	<u>56,860</u>	<u>49,256</u>
Total expenses	<u>414,605</u>	<u>366,692</u>
Change in unrestricted net assets	44,410	26,421
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	11,692	-
Net assets released from restriction	<u>(11,692)</u>	<u>-</u>
Change in temporarily restricted net assets	-	-
CHANGE IN NET ASSETS	44,410	26,421
NET ASSETS, BEGINNING OF YEAR	<u>(32,827)</u>	<u>(59,248)</u>
NET ASSETS, END OF YEAR	<u>\$ 11,583</u>	<u>\$ (32,827)</u>

The Lamb Center

Statement of Functional Expenses

For the Year Ended June 30, 2009

	Program	Management and general	Fundraising	Total
Compassion and Caring Program	\$ 20,118	\$ -	\$ -	\$ 20,118
Supplies	1,396	-	-	1,396
Telephone	6,302	788	788	7,878
Postage and Shipping	-	-	7,131	7,131
Equipment Rental and Maintenance	-	686	-	686
Printing and Copying	-	-	15,489	15,489
Interest Expense	-	1,465	-	1,465
Payroll Taxes	244	-	-	244
Fundraising Events	-	-	7,416	7,416
Professional Fees	24,849	-	-	24,849
Insurance	4,985	-	-	4,985
Office Expenses	1,574	12,748	-	14,322
Wages and Salaries	151,472	12,901	12,901	177,274
Building Expenses	105,082	13,135	13,135	131,352
	<u>\$ 316,022</u>	<u>\$ 41,723</u>	<u>\$ 56,860</u>	<u>\$ 414,605</u>

The Lamb Center

Statement of Functional Expenses

For the Year Ended June 30, 2008

	Program	Management and general	Fundraising	Total
Compassion and Caring Program	\$ 13,239	\$ -	\$ -	\$ 13,239
Supplies	1,852	103	103	2,058
Telephone	5,486	447	447	6,380
Postage and Shipping	443	443	3,541	4,427
Equipment Rental and Maintenance	3,111	389	389	3,889
Printing and Copying	406	406	15,445	16,257
Professional Development	188	23	23	234
Interest Expense	1,776	47	47	1,870
Payroll Taxes	4,405	551	551	5,507
Fundraising Events	-	-	11,969	11,969
Professional Fees	6,408	-	-	6,408
Insurance	1,590	88	88	1,766
Office Expenses	-	3,445	-	3,445
Wages and Salaries	133,914	13,442	13,442	160,798
Building Expenses	122,023	3,211	3,211	128,445
	<u>\$ 294,841</u>	<u>\$ 22,595</u>	<u>\$ 49,256</u>	<u>\$ 366,692</u>

The Lamb Center

Statements of Cash Flows

For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 44,410	\$ 26,421
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Increase in prepaid expense	2,297	(857)
Decrease in accounts payable	(42,236)	(22,993)
Increase in accrued expenses	862	824
Net cash provided by operating expenses	<u>5,333</u>	<u>3,395</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 5,333	 3,395
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>30,702</u>	<u>27,307</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 36,035</u>	<u>\$ 30,702</u>

The Lamb Center

Notes to Financial Statements

June 30, 2009 and 2008

A. ORGANIZATION

The Lamb Center (the "Center") is a partnership of local Christian churches, reaching out to the poor as part of our personal faith walk, which provides a place for homeless men and women to obtain services to assist in their move toward sustainable living situations. The Center provides services to any who follow simple rules of safety, regardless of faith. The basic services the Center provides include: counseling, showers, laundry, simple medical assistance, meals, phones and an address for guests to receive mail.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements of the Center have been prepared on the accrual basis of accounting. Under this basis, revenue is recognized when earned and expenses are recognized as incurred.

Use of estimates and assumptions - Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Financial statement presentation - The Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. As of June 30, 2009 and 2008, the Center had no permanently restricted net assets.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any restrictions. The Center reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 are reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents - For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions and all highly liquid investments with a maturity of three months or less at June 30, 2009 and 2008.

Property and equipment - Expenditures for the acquisition of property and equipment are capitalized at cost for all property and equipment with acquisition costs that exceed \$500. The fair value of donated assets at the date of the gift is similarly capitalized. Depreciation is computed by the straight-line method over the estimated useful lives of the assets.

Income taxes - The Center is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in the financial statements.

Advertising costs - Advertising costs are expensed as incurred. For the years ended June 30, 2009 and 2008, advertising costs were zero.

The Lamb Center
Notes to Financial Statements
June 30, 2009 and 2008

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Costs of joint activities - Statement of Position 98-2, "Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Include Fundraising", establishes accounting standards for recording costs associated with joint activities (activities which are part fundraising and have elements of one or more other functions, such as program or management and general). The pronouncement requires that the criteria of purpose, audience and content be met in order to allocate any portion of the costs of joint activities to a functional area other than fundraising.

Functional allocation of expenses - The Center's expenses have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the areas benefited.

Donated Services - Pursuant to the guidance in SFAS 116, no amounts have been recorded for donated services because the requirements for recognition have not been met; however, a substantial number of volunteers have donated significant amounts of time to the organization's program services.

C. PROPERTY AND EQUIPMENT

The property and equipment, which included mostly desks and chairs, were donated to the Center. Given the age and condition of the fixed assets, their fair value was below the amount required for capitalization as described in Footnote B. Therefore, no property and equipment is shown on the statements of financial position as of June 30, 2009 and 2008.

D. CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject The Lamb Center to concentrations of credit risk consist of cash. The Center maintains its cash account in a financial institution that is insured by the Federal Deposit Insurance Corporation ("FDIC"). The FDIC insures cash balances up to \$250,000 at each institution and certain investment accounts are insured up to \$500,000 under the Securities Investment Protection Corporation. At June 30, 2009 and 2008, the Center had no uninsured cash balances.

For the years ended June 30, 2009 and 2008, Truro Church, who is also the original founder of The Lamb Center, contributed 14% and 16% of total contributions, respectively. If this revenue source were to cease or be reduced, it would significantly affect the Center's operations.

E. OFFICE SPACE

During 2009 and 2008, the Center maintained no leases. Truro Church, the Center's original founder, in 1992 entered into the lease agreement with the landlord. The Center subleases the space from Truro Church until September 30, 2010. The lease will be paid in monthly installments of \$6,353 due on the first day of each month. Rent expense for the year ended June 30, 2009 and 2008 totaled \$76,235 and \$73,464, respectively.

The Lamb Center
Notes to Financial Statements
June 30, 2009 and 2008

E. OFFICE SPACE (CONTINUED)

Future minimum lease payment for the years ending June 30:

2010	\$	76,008
2011		<u>19,002</u>
	\$	<u>95,010</u>

F. RELATED PARTY TRANSACTIONS

During 2009 and 2008, Truro Church, the original founder, contributed approximately \$60,533 and \$62,690, respectively to The Lamb Center.

G. ALLOCATION OF JOINT COSTS

The Lamb Center incurred joint costs of \$2,121 and \$2,181 for 2009 and 2008, primarily for appeals letters and fundraising events. Pursuant to SOP 98-2 (see Note B) these costs were allocated to the functional areas as follows:

		<u>2009</u>		<u>2008</u>
Program	\$	<u>1,824</u>	\$	<u>1,636</u>
Fundraising		<u>297</u>		<u>545</u>
	\$	<u>2,121</u>	\$	<u>2,181</u>

H. INTEREST EXPENSE

The accounts payable balance as of June 30, 2009 and 2008 included approximately \$15,897 and \$60,000 due to Truro Church, respectively. This obligation reflects operating costs that have been paid by Truro Church on behalf of The Lamb Center. The Lamb Center incurred an interest rate of 5.5%, remained unchanged from 2008, payable monthly, on the outstanding balance. Interest expense for the years ended June 30, 2009 and 2008 was \$1,465 and \$1,870, respectively.

I. NET ASSETS RELEASED FROM RESTRICTED

Net assets are released from donor restrictions when expenses are incurred that satisfy the donor restricted purpose or through the occurrence of donor specified events. Net assets released from restrictions were as follows as of June 30, 2009:

Architectural Fees	\$	3,692
New hire salary		<u>8,000</u>
	\$	<u>11,692</u>

The Lamb Center

Notes to Financial Statements

June 30, 2009 and 2008

J. SUBSEQUENT EVENT

On April 7, 2009 the City of Fairfax's Board of Zoning Appeals voted by a margin of 3-2 in favor of the Lamb Center to continue its operations. The appeals were made in response to two notices of violation and one determination made by Zoning Administrator that declared the Center was operating in violation of city zoning laws. Following the decision, the City and Zoning Administrator have filed a suit against the Board of Zoning Appeals to reverse their decision in favor of the Lamb Center and have joined the Lamb Center in this suit. A hearing was scheduled on December 11, 2009. The Court decided to continue to May 7, 2010 for a status review. If a new location is established by that date, the case will be dismissed. Otherwise, the parties will ask the court for another continuance to continue looking for a new location.