

**McDonough Organization
with Respect and Equality for People**

**Financial Statements and
Supplementary Information**

June 30, 2009

McDonough Organization with Respect and Equality for People

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Accountant's Compilation Report

The Board of Directors
McDonough Organization with Respect and Equality for People
St. Paul, Minnesota

We have compiled the accompanying statement of financial position of McDonough Organization with Respect and Equality for People as of June 30, 2009, and the related statements of activities and cash flows for the year then ended, and the accompanying supplementary information, which is presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedule and, accordingly, do not express an opinion or any other form of assurance on them.

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February 27, 2010

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McDonough Organization with Respect and Equality for People

Statement of Financial Position

See Accountant's Compilation Report

June 30	2009
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 61,241
Foundation grant receivable	25,000
Total Current Assets	86,241
Property and Equipment	360,046
Total Assets	\$ 446,287
LIABILITIES AND NET ASSETS	
Current Liabilities	
Current maturities of long-term debt	\$ 5,539
Accrued payroll taxes withheld	10,562
Total Current Liabilities	16,101
Long-Term Debt, net of current maturities	12,732
Total Liabilities	28,833
Net Assets - Unrestricted	417,454
Total Liabilities and Net Assets	\$ 446,287

See notes to financial statements.

McDonough Organization with Respect and Equality for People

Statement of Activities

See Accountant's Compilation Report

Year Ended June 30	2009
Support and Revenue	
Grants from governmental entities	\$ 200,722
Foundation contributions	56,050
Contributions from individuals	28,431
Religious organization contributions	24,782
In-kind contributions of program materials	26,889
Interest income	843
Total Support and Revenue	337,717
Expenses	
Program expenses	328,919
Management and general expenses	44,238
Fundraising expenses	9,123
Total Expenses	382,280
Decrease in Net Assets	(44,563)
Net Assets - Unrestricted	
Beginning of year	462,017
End of year	\$ 417,454

See notes to financial statements.

McDonough Organization with Respect and Equality for People

Statement of Cash Flows

See Accountant's Compilation Report

Year Ended June 30	2009
Operating Activities	
Decrease in net assets	\$ (44,563)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Depreciation	24,825
Changes in operating assets and liabilities:	
Foundation grant receivable	(25,000)
Accrued payroll taxes withheld	3,896
Net Cash Used by Operating Activities	(40,842)
Financing Activity	
Payments on long-term debt	(431)
Net Decrease in Cash	(41,273)
Cash	
Beginning of year	102,514
End of year	\$ 61,241
Supplemental Disclosures of Cash Flow Information	
Cash paid for interest	\$ 193
Noncash investing and financing activity:	
Equipment acquired with long-term debt	18,702

See notes to financial statements.

McDonough Organization with Respect and Equality for People

Notes to Financial Statements

See Accountant's Compilation Report

1. The Organization and Summary of Significant Accounting Policies

Organization

McDonough Organization with Respect and Equality for People (M.O.R.E.) was organized in 1985 and, in 1988, became a Minnesota non profit corporation. M.O.R.E. is a spiritual and multicultural community-based organization whose mission is to empower people of many races, cultures, and ethnic backgrounds to live and work in peace; to combat racism and to change societal structures that contribute to keeping people in poverty. The Organization works to accomplish its mission through three primary programs:

- | | |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adult Education - | M.O.R.E. provides English, basic math, computer literacy, and life skills to adult refugees and immigrants. |
| Social Services - | M.O.R.E. distributes food, clothing and household goods, and provides advocacy/case management, mental health counseling, and support groups. |
| Issue Organization - | M.O.R.E. staff and volunteers work to change unjust systems by organizing around issues that affect people's lives such as immigration reform and poverty, and funding for English classes. |

Basis of Accounting

Financial statement presentation follows accounting principles generally accepted in the United States of America for Not for Profit Organizations. Under such principles, M.O.R.E., is required to report information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted, temporarily restricted and permanently restricted.

All gifts of cash and other assets 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 specific purposes are reported as temporarily restricted support. However, if a restriction is fulfilled in the same time period in which the contribution is received, M.O.R.E. reports the support as unrestricted.

Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

Management considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. M.O.R.E. does maintain certain funds in a money market account.

McDonough Organization with Respect and Equality for People

Notes to Financial Statements

See Accountant's Compilation Report

1. The Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Maintenance and repairs are expensed as incurred; major improvements are capitalized. Depreciation is provided for using the straight-line method over the estimated useful lives as follows for the major classes of assets:

Building and improvements	20 years
Equipment and furniture	5 years

Donated Materials

Donated educational materials are recorded as contributions at the estimated fair value when received and when such value can be objectively and accurately determined.

Contributed Services

Contributed professional services are recognized if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In addition, a substantial number of unpaid volunteers made significant contributions of their time that do not meet the recognition criteria described above. Accordingly, the value of that donated time is not reflected in the financial statements.

Functional Allocation of Expenses

The costs of providing the various programs were summarized on a functional basis in the statement of activities. Accordingly, certain costs were allocated among program expenses, management and general expenses, and fundraising based upon management's best estimates.

Income Taxes

McDonough Organization with Respect and Equality for People is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and comparable state regulations. Accordingly, no provision for income taxes is included in the financial statements.

Management has elected to defer new accounting and reporting standards related to income tax uncertainties. The Organization will continue to follow existing accounting guidance related to contingencies until it is required to adopt the new accounting standards.

McDonough Organization with Respect and Equality for People

Notes to Financial Statements

See Accountant's Compilation Report

2. Property and Equipment

Property and equipment consisted of the following:

Description	Cost	Accumulated Depreciation	Net Book Value
Building and improvements	\$ 477,794	\$ 135,515	\$ 342,279
Equipment and furniture	43,320	25,553	17,767
Property and Equipment	\$ 521,114	\$ 161,068	\$ 360,046

3. Long-Term Debt

Long-term debt consisted of an equipment financing agreement used to facilitate the purchase of certain computer equipment, requiring monthly payments of \$625 through May 2012, including interest imputed at 12.41%. The debt is collateralized by the equipment. Interest expense was \$193 in 2009.

Approximate future maturities of long-term debt are as follows:

Year Ending June 30	Amount
2010	\$ 5,539
2011	6,267
2012	6,465
Total	\$18,271

4. Significant Donor

A grant from one governmental entity comprised 54% of total support and revenue in 2009.

5. Subsequent Events

Management has evaluated subsequent events through February 27, 2010, the date which the financial statements were available to be issued.

Supplementary Information

McDonough Organization with Respect and Equality for People

Schedule of Functional Expenses

See Accountant's Compilation Report

Year Ended June 30, 2009

	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 221,021	\$ 38,035	\$ 8,335	\$ 267,391
Payroll taxes and employee benefits	19,330	3,176	698	23,204
Depreciation	24,254	521	50	24,825
Education program materials	13,388	-	-	13,388
Hmong Elders and support groups	1,415	-	-	1,415
Maintenance and repairs	10,314	222	21	10,557
Miscellaneous	1,896	719	-	2,615
Outreach materials	1,220	-	-	1,220
Professional fees	-	1,000	-	1,000
Program materials - in-kind contributions	26,889	-	-	26,889
Security	1,675	36	3	1,714
Social services program costs	265	-	-	265
Telephone and Internet	2,115	45	5	2,165
Travel	-	374	-	374
Utilities	5,137	110	11	5,258
	\$ 328,919	\$ 44,238	\$ 9,123	\$ 382,280