

ARLINGTONIANS MEETING EMERGENCY NEEDS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

KOSITZKA, WICKS & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS



Table of Contents

Independent Auditor's Report

Financial Statements

Statements of Financial Position.....	1
Statements of Activities.....	2 - 3
Statements of Functional Expenses.....	4 - 5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7 - 12



KOSITZKA, WICKS & COMPANY
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Arlingtonians Meeting Emergency Needs, Inc.
Arlington, Virginia

We have audited the accompanying statements of financial position of **Arlingtonians Meeting Emergency Needs, Inc. (AMEN)** (a not-for-profit organization), as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These statements are the responsibility of **Arlingtonians Meeting Emergency Needs, Inc.'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 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 **Arlingtonians Meeting Emergency Needs, Inc.**, as of June 30, 2011 and 2010, 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.

Kositzka, Wicks and Company

Alexandria, Virginia
September 30, 2011

Arlingtonians Meeting Emergency Needs, Inc.

Statements of Financial Position June 30,

2011

2010

Assets

Current assets

Cash and cash equivalents	\$ 126,163	\$ 172,700
Prepaid expenses	816	834
Grants receivable	-	2,250
	<u>126,979</u>	<u>175,784</u>

Property

Equipment	6,101	6,101
Less: accumulated depreciation	(5,280)	(4,528)
	<u>821</u>	<u>1,573</u>

Total assets

\$ 127,800	\$ 177,357
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Liabilities and net assets

Current liabilities

Accounts payable and accrued expenses	\$ 3,719	\$ 3,822
Refundable advance	5,125	4,325
Total liabilities	<u>8,844</u>	<u>8,147</u>

Net assets

Unrestricted	113,970	143,246
Temporarily restricted	4,986	25,964
Total net assets	<u>118,956</u>	<u>169,210</u>
Total liabilities and net assets	<u>\$ 127,800</u>	<u>\$ 177,357</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Arlingtonians Meeting Emergency Needs, Inc.

Statement of Activities for the year ended June 30, 2011

	Unrestricted	Temporarily restricted	Total
Revenue			
Contributions	\$ 209,051	\$ 19,000	\$ 228,051
Arlington County matching funds	-	370,008	370,008
Arlington County non matching funds	-	117,995	117,995
EnergyShare grants	-	80,800	80,800
Grants from foundations	21,000	59,000	80,000
United Way and CFC funding	5,214	-	5,214
Interest earned	697	-	697
Other revenue and refunds	4,014	200	4,214
In-kind contributions	14,099	-	14,099
Net assets released from restrictions	667,981	(667,981)	-
Total revenue	922,056	(20,978)	901,078
Expenses			
Program services	851,247	-	851,247
Management and general	63,599	-	63,599
Fundraising	36,486	-	36,486
Total expenses	951,332	-	951,332
Change in net assets	(29,276)	(20,978)	(50,254)
Net assets at beginning of year	143,246	25,964	169,210
Net assets at end of year	\$ 113,970	\$ 4,986	\$ 118,956

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Arlingtonians Meeting Emergency Needs, Inc.

Statement of Activities for the year ended June 30, 2010

	Unrestricted	Temporarily restricted	Total
Revenue			
Contributions	\$ 215,197	\$ -	\$ 215,197
Arlington County matching funds	-	305,580	305,580
Arlington County non matching funds	-	147,780	147,780
EnergyShare grants	-	99,010	99,010
Grants from foundations	45,000	30,000	75,000
Grants - other	-	14,500	14,500
United Way and CFC funding	10,890	-	10,890
Interest earned	523	-	523
Other revenue and refunds	1,952	-	1,952
In-kind contributions	21,717	-	21,717
Net assets released from restrictions	587,672	(587,672)	-
Total revenue	<u>882,951</u>	<u>9,198</u>	<u>892,149</u>
Expenses			
Program services	758,400	-	758,400
Management and general	71,040	-	71,040
Fundraising	25,932	-	25,932
Total expenses	<u>855,372</u>	<u>-</u>	<u>855,372</u>
Change in net assets	27,579	9,198	36,777
Net assets at beginning of year	<u>115,667</u>	<u>16,766</u>	<u>132,433</u>
Net assets at end of year	<u>\$ 143,246</u>	<u>\$ 25,964</u>	<u>\$ 169,210</u>

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Arlingtonians Meeting Emergency Needs, Inc.

Statement of Functional Expenses for the year ended June 30, 2011

Expenses	Program	Management and general	Fundraising	Total
Carter-Jenkinson fund rent assistance	\$ 346,976	\$ -	\$ -	\$ 346,976
Daily Fund expense	314,382	-	-	314,382
EnergyShare expense	101,783	-	-	101,783
Administrative support salaries	34,856	17,428	17,428	69,712
PSH emergency fund expense	15,644	-	-	15,644
Donated professional fees	-	14,099	-	14,099
Section 8 security deposit loans	11,715	-	-	11,715
Audit charges	-	10,500	-	10,500
Bookkeeping	-	10,308	-	10,308
Client support	10,080	-	-	10,080
Consulting	-	-	8,880	8,880
Printing	2,793	713	3,119	6,625
Payroll taxes	3,195	1,669	1,597	6,461
Dress for work success	6,417	-	-	6,417
Insurance	-	2,999	-	2,999
Community outreach	53	79	2,130	2,262
Telephone	1,233	554	432	2,219
Fundraising	235	120	1,512	1,867
AMEN Office rent	920	920	-	1,840
Office supplies and services	-	1,469	295	1,764
Postage and freight	423	326	261	1,010
Dues and subscriptions	250	647	-	897
Miscellaneous	-	824	67	891
Mass mailing costs	120	20	709	849
Depreciation	-	752	-	752
Website	77	35	56	168
Computer-related expense	42	124	-	166
Bank charges	53	13	-	66
Total functional expenses	\$ 851,247	\$ 63,599	\$ 36,486	\$ 951,332

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Arlingtonians Meeting Emergency Needs, Inc.

Statement of Functional Expenses for the year ended June 30, 2010

	Program	Management and general	Fundraising	Total
Expenses				
Carter-Jenkinson fund rent assistance	\$ 314,196	\$ -	\$ -	\$ 314,196
Daily Fund expense	261,180	-	-	261,180
EnergyShare expense	90,420	-	-	90,420
Administrative support salaries	32,061	16,031	16,031	64,123
Donated professional fees	-	21,717	-	21,717
Section 8 security deposit loans	17,543	-	-	17,543
PSH emergency fund expense	11,375	-	-	11,375
Audit charges	-	10,500	-	10,500
Client support	10,400	-	-	10,400
Bookkeeping	-	9,820	-	9,820
Dress for work success	7,882	-	-	7,882
Printing	4,256	432	1,794	6,482
Payroll taxes	3,020	1,633	1,508	6,161
Consulting	-	-	5,042	5,042
Insurance	1,031	2,000	-	3,031
Dues and subscriptions	-	2,735	-	2,735
Mass mailing costs	1,436	140	696	2,272
Office supplies and services	722	1,090	266	2,078
Telephone	667	1,252	-	1,919
AMEN Office rent	910	910	-	1,820
Fundraising	506	-	505	1,011
Depreciation	-	807	-	807
Miscellaneous	-	707	-	707
Website	431	252	-	683
Computer-related expense	216	432	-	648
Bank charges	-	440	-	440
Postage and freight	148	142	90	380
Total functional expenses	\$ 758,400	\$ 71,040	\$ 25,932	\$ 855,372

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Arlingtonians Meeting Emergency Needs, Inc.

Statements of Cash Flows for the years ended June 30,

2011

2010

Cash flows from operating activities

Change in net assets	\$ (50,254)	\$ 36,777
Adjustments to reconcile change in net assets to cash provided (used) by operating activities		
Depreciation expense	752	807
(Increase) decrease in operating assets		
Prepaid expenses	18	2,548
Grants receivable	2,250	10,181
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(103)	(1,003)
Refundable advance	800	(3,175)
Net cash provided (used) by operating activities	<u>(46,537)</u>	<u>46,135</u>

Cash flows from investing activities

-

-

Cash flows from financing activities

-

-

Net increase (decrease) in cash and cash equivalents

(46,537)

46,135

Cash and cash equivalents, beginning of year

172,700

126,565

Cash and cash equivalents, end of year

\$ 126,163

\$ 172,700

Supplemental cash flow information

Interest paid

\$ -

\$ -

Incomes taxes paid

\$ -

\$ -

The accompanying independent auditor's report and notes are an integral part of the financial statements.

Arlingtonians Meeting Emergency Needs, Inc.

Notes to Financial Statements June 30, 2011 and 2010

1. Organization and purpose

Arlingtonians Meeting Emergency Needs, Inc. (AMEN) is a not-for-profit organization incorporated in 1975 to provide emergency financial help to residents of Arlington, Virginia. AMEN makes grants for rent, utility bills, medical and dental bills, prescriptions, and transportation.

2. Significant accounting policies

Basis of accounting

The financial statements of AMEN are prepared using the accrual method of accounting. In accordance with this method of accounting, revenue is recognized in the period in which it is earned and expenses are recognized in the period in which they are incurred. All revenue and expenses, which are applicable to future periods, have been presented as deferred revenue or prepaid expenses on the accompanying statements of financial position.

Financial statement presentation

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. At June 30, 2011 and 2010 the Organization had no permanently restricted net assets.

Revenue recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. A contribution is classified as temporarily restricted when the donor has designated it for future use or specified an event that must transpire before it is available for use. 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 net assets released from restrictions. Other revenue is recognized when earned.

Cash and cash equivalents

For purposes of the statements of cash flows, AMEN considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. AMEN maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Unlimited FDIC insurance for noninterest-bearing transaction accounts became effective on December 31, 2010 and continues through December 31, 2012. FDIC insurance on interest bearing accounts is \$250,000 per depositor, per insured bank. AMEN has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. At June 30, 2011 and 2010, there were no amounts that exceeded FDIC insurance coverage.

See independent auditor's report.

Arlingtonians Meeting Emergency Needs, Inc.

Notes to Financial Statements June 30, 2011 and 2010

2. Significant accounting policies (continued)

Property and equipment

Property and equipment is recorded at cost. AMEN's policy is to capitalize purchases of property and equipment with a cost of \$1,000 or more. Depreciation is computed on a straight-line basis over the estimated useful lives of the property and equipment, generally three years to seven years.

Accrued vacation

Vacation and sick pay are expenditures in the year paid. Upon termination, an employee is compensated for any accrued but unpaid vacation pay. If accrued, the amounts would not be material to the financial statements as a whole.

Donated services

Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized.

Functional classification of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates of personnel time.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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.

Other financial assets and liabilities

Financial assets with carrying values approximating fair value include cash and cash equivalents, prepaid expenses and grants receivable. Financial liabilities with carrying values approximating fair value include accounts payable, accrued expenses and refundable advances. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities.

See independent auditor's report.

Arlingtonians Meeting Emergency Needs, Inc.

Notes to Financial Statements June 30, 2011 and 2010

2. Significant accounting policies (continued)

Subsequent events

The Organization assessed events occurring subsequent to June 30, 2011 through September 30, 2011, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

3. Property and equipment

Property and equipment and related depreciation are as follows as of June 30, 2011 and 2010:

	Useful life (years)	Depreciation expense		Accumulated Depreciation	
		2011	2010	2011	2010
Equipment	5-7	\$ 752	\$ 807	\$ 3,668	\$ 2,916
Software	3	-	-	1,612	1,612
		<u>\$ 752</u>	<u>\$ 807</u>	<u>\$ 5,280</u>	<u>\$ 4,528</u>

4. Arlington County contract

According to the provisions of the contract received from Arlington County, funds received must be matched by one dollar in private funding for every two dollars received from the County. AMEN was required to match \$170,000 and \$152,790 for the years ended June 30, 2011 and 2010, respectively. AMEN met this requirement during both years.

Arlington County granted AMEN an additional \$24,050 for its Permanent Supportive Housing Program for the year ended June 30, 2010. The contract stipulated that any unspent funds were required to be returned at the end of the grant period and no matching funds were required. No additional funds for the Permanent Supportive Housing Program were received during the year ended June 30, 2011.

See independent auditor's report.

Arlingtonians Meeting Emergency Needs, Inc.

Notes to Financial Statements June 30, 2011 and 2010

5. Security deposit program

The Section 8 Security Deposit Program was initiated to assist Section 8 housing clients by providing loans for security deposits. Arlington County provides AMEN with funds to implement this program. Individuals repay the loans over a period of time through monthly payments to the County Section 8 program. For the years ended June 30, 2011 and 2010, AMEN disbursed \$11,715 and \$17,543, respectively in new loans. No receivable or allowance has been recorded for the years ended June 30, 2011 and 2010 as Arlington County holds the promissory notes with these individuals and pursues collection. There were no repayments during the year ended June 30, 2011 and 2010.

6. EnergyShare program

AMEN participates in EnergyShare, a Dominion Virginia Power program which collects donations from electric company customers to assist other customers in paying utility bills. AMEN uses EnergyShare grants to pay electric, gas, and oil bills. For the years ended June 30, 2011 and 2010, AMEN received a total of \$80,800 and \$99,010, respectively and provided \$101,783 and \$90,420 expenditures for assistance, respectively.

7. Temporarily restricted net assets

The organization received contributions in support of specific programs for the years ended June 30, 2011 and 2010. These contributions have been reflected in the statements of activities as temporarily restricted contributions. To the extent those funds have been disbursed in support of these programs, amounts have been recorded as net assets released from restrictions. Any funds that have not been expended are included as net assets - temporarily restricted as of June 30, 2011 and 2010. Additional expenditures to maintain these programs are provided from the unrestricted current asset balance.

Temporarily restricted net assets consisted of the following as of June 30,

	<u>2011</u>	<u>2010</u>
Restricted grants	\$ 500	\$ 5,634
Permanent Supportive Housing Emergency Fund	<u>4,486</u>	<u>20,330</u>
	<u>\$ 4,986</u>	<u>\$ 25,964</u>

See independent auditor's report.

Arlingtonians Meeting Emergency Needs, Inc.

Notes to Financial Statements June 30, 2011 and 2010

7. Temporarily restricted net assets (continued)

Net assets were released from donor restrictions during the years ended June 30, 2011 and 2010 by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. Net assets released from restrictions consisted of the following for the years ended June 30,

	<u>2011</u>	<u>2010</u>
Arlington County funds	\$ 488,003	\$ 429,305
EnergyShare grants	80,800	99,010
Restricted grants and contributions	83,334	47,982
Permanent Supportive Housing Emergency Fund	<u>15,844</u>	<u>11,375</u>
	<u>\$ 667,981</u>	<u>\$ 587,672</u>

8. Contributed services and facilities

AMEN received substantial benefit from services provided by members of the local community. These services included fund-raising and publicity, record-keeping, and processing of requests for assistance. The value of the volunteer hours was estimated by management to be \$56,507 and \$65,500 for the years ended June 30, 2011 and 2010, respectively. The value of the donated local community services is not reflected in the accompanying financial statements.

For the year ended June 30, 2011, AMEN received donated professional information technology service fees of \$10,500 and legal service fees of \$3,599. For the year ended June 30, 2010, donated services included professional information technology service fees of \$16,200 and legal service fees of \$5,517. The total donated professional service fees of \$14,099 and \$21,717, respectively are reflected in the financial statements as of June 30, 2011 and 2010.

9. Related party transaction

The program director, also a member of the AMEN board of directors, is paid a monthly stipend for coordinating and processing requests for assistance services related to the Arlington County grant. He is also reimbursed for expenses incurred on AMEN's behalf. For the years ended June 30, 2011 and 2010, payments for these services were \$10,080 and \$10,400, respectively.

See independent auditor's report.

Arlingtonians Meeting Emergency Needs, Inc.

Notes to Financial Statements June 30, 2011 and 2010

10. Commitments

AMEN entered into an operating lease for office space effective December 15, 2007. The term of the lease was from January 2008 through December 2008. The lease has continued on an ongoing basis through an oral agreement with the owner of the property. The arrangement was formalized with a lease agreement, signed on January 1, 2011. The facility agreement began March 1, 2011 and shall continue until terminated by either party. The agreement provides for payment of a base rent amount of \$475 per quarter plus operating expenses. Rental expense was \$1,840 and \$1,820, respectively for the years ended June 30, 2011 and 2010.

11. Concentrations

Arlington County funds accounted for 54% and 51%, respectively of revenue for the years ended June 30, 2011 and 2010.

12. Income taxes

As required, AMEN adopted FASB ASC 740-10 during the year beginning July 1, 2009. The adoption did not result in a material impact to AMEN's results of operations or its financial condition. AMEN is exempt from federal income tax as a non-profit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation. For the years ended June 30, 2011 and 2010, AMEN did not have any "unrelated business income" subject to income taxes. Accordingly, no provision for income taxes has been included in these financial statements.

AMEN is subject to taxation in the U.S. and a small number of state and local jurisdictions. The material jurisdictions subject to potential examination by taxing authorities include the United States and Virginia. Management does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on AMEN's results of operations. Tax years that remain subject to examination by the IRS are 2007 through 2010.

See independent auditor's report.