

WILLIAMSBURG AREA FAITH IN ACTION, INC.

Williamsburg, VA

ANNUAL REPORT

For the Year Ended December 31, 2008

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Independent Auditors' Report

Board of Directors
Williamsburg Area Faith In Action, Inc.
Williamsburg, VA

We have audited the accompanying statement of assets, liabilities, and net assets of Williamsburg Area Faith In Action, Inc. as of December 31, 2008, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Williamsburg Area Faith In Action, Inc. as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended on the basis of accounting described in Note 1.

As discussed in Note 2 to the financial statements, the entity began to recognize the value of donated services in its financial statements in 2008.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wildes, Stevens, Brackens & Company

Wildes, Stevens, Brackens, & Company

Richmond, VA

February 9, 2009

Williamsburg Area Faith In Action, Inc.
Statement of Assets, Liabilities, and Net Assets - Cash Basis
December 31, 2008

ASSETS		
Current Assets		
Cash and Cash Equivalents		\$ 61,959
	Total Current Assets	\$ <u>61,959</u>
Noncurrent Assets		
Intangible Assets		\$ 6,173
Accumulated Amortization		<u>(351)</u>
Net Intangible Assets		<u>5,822</u>
	Total Noncurrent Assets	\$ <u>5,822</u>
	TOTAL ASSETS	\$ <u><u>67,780</u></u>
LIABILITIES		
Current Liabilities		
Payroll Taxes Payable		\$ <u>2,313</u>
	Total Current Liabilities	\$ <u>2,313</u>
NET ASSETS		
Unrestricted		\$ 37,461
Temporarily Restricted		<u>28,006</u>
	Total Net Assets	\$ <u>65,468</u>
	TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>67,780</u></u>

See accompanying notes and independent auditors' report.

Williamsburg Area Faith In Action, Inc.
Statement of Revenues, Expenses, and Changes in Net Assets - Cash Basis
For the Year Ended December 31, 2008

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE			
SUPPORT			
Grants	\$ 17,250	\$ 60,621	\$ 77,871
Donations	44,008	1,000	45,008
In-Kind Services	118,472	-	118,472
In-Kind Materials	25	-	25
Total Support	\$ 179,755	\$ 61,621	\$ 241,376
REVENUE			
Interest Revenue	\$ 391	\$ -	\$ 391
Program Services	578	-	578
Fundraising Events	1,861	-	1,861
Other Income	73	-	73
Total Revenue	\$ 2,903	\$ -	\$ 2,903
NET ASSETS RELEASED FROM RESTRICTIONS	\$ 43,869	\$ (43,869)	\$ -
TOTAL SUPPORT AND REVENUE	\$ 226,527	\$ 17,752	\$ 244,278
EXPENSES			
Program Services	\$ 171,017	\$ -	\$ 171,017
Management & General	35,389	-	35,389
Fundraising	22,159	-	22,159
TOTAL EXPENSES	\$ 228,565	\$ -	\$ 228,565
INCREASE/(DECREASE) IN NET ASSETS	\$ (2,038)	\$ 17,752	\$ 15,713
NET ASSETS - December 31, 2007	39,499	10,255	49,754
NET ASSETS - December 31, 2008	\$ 37,461	\$ 28,006	\$ 65,468

See accompanying notes and independent auditors' report.

Williamsburg Area Faith In Action, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2008

Cash Flows from Operating Activities

Change in Net Assets	\$ 15,713
Reconciliation of change in net assets to cash flows from operating activities:	
Amortization Expense	351
Accounts Payable	1,402
Net Cash from Operating Activities	<u>\$ 17,467</u>

Cash Flows from Investing Activities

Fixed Asset Purchases	\$ 6,173
Net Cash from Investing Activities	<u>\$ (6,173)</u>

Cash Flows from Financing Activities

\$ -

Net Increase/(Decrease) in Cash \$ 11,294

Cash Balance December 31, 2007 50,665

Cash Balance December 31, 2008 \$ 61,959

Williamsburg Area Faith In Action, Inc.
Statement of Functional Expenses - Cash Basis
For the Year Ended December 31, 2008

	PROGRAM		SUPPORT SERVICES		TOTAL
	NON-MEDICAL SUPPORT SVCS	MANAGEMENT AND GENERAL	FUNDRAISING		
Public Relations					
Events	\$ -	\$ -	\$ 641	\$	641
Informational Materials	3,282	-	3,212		6,495
Operating Expenses					
Amortization	-	61	290		351
Accounting	-	2,250	-		2,250
Bank Fees	-	115	-		115
Computer Consulting/Maintenance	-	1,134	-		1,134
Dues	-	420	-		420
Equipment Rental	842	421	421		1,684
Insurance	513	3,025	-		3,538
Miscellaneous	-	64	-		64
Postage	484	-	484		968
Printing	10	-	10		20
Supplies	292	676	6		974
Occupancy					
Insurance	200	150	150		500
Maintenance/Utilities	1,629	1,214	1,214		4,057
Rent	4,158	3,119	3,119		10,395
Personnel					
Compensation & Related Expenses	37,877	18,615	11,796		68,288
Professional Development	637	3,994	816		5,447
Taxes					
Taxes	-	82	-		82
Volunteer					
Volunteer	2,622	24	-		2,646
In-Kind Services					
In-Kind Services	118,472	-	-		118,472
In-Kind Materials					
In-Kind Materials	-	25	-		25
TOTAL FUNCTIONAL EXPENSES	\$ 171,017	\$ 35,389	\$ 22,159	\$	228,565

See accompanying notes and independent auditors' report.

WILLIAMSBURG AREA FAITH IN ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Entity

The Williamsburg Area Faith in Action, Inc. operates as a non-stock nonpublic corporation whose purpose is to provide, through its volunteers, nonmedical support services to the elderly, chronically ill, and disabled. The services performed include transportation, visits to homes, light house and yard work, shopping assistance, respite care, and reassurance calls. The services are provided without charge or eligibility requirements.

Basis of Accounting

The accompanying financial statements are prepared on the cash basis of accounting. Support and revenue are recognized when received and expenses are recognized when paid. This method differs from generally accepted accounting principles, which require support and revenue to be recognized when earned and expenses to be recognized when incurred.

Financial Statements Presentation

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "*Financial Statements of Not-for-Profit Organizations*," the Organization classifies net assets as unrestricted, temporarily restricted, or permanently restricted based on the existence of donor-imposed limitations on the use of funds. Temporarily restricted funds released from restrictions during the same fiscal year as receipt are initially classified as temporarily restricted. Temporarily restricted funds received for the purpose of acquiring long-lived assets are classified as temporarily restricted net assets, and those restrictions are fully released during the fiscal year in which the assets are purchased.

Cash & Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less.

Income Taxes

The organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code.

See accompanying independent auditors' report.

WILLIAMSBURG AREA FAITH IN ACTION, INC.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2008

2. CHANGE IN ACCOUNTING POLICY

The Organization receives donated services in support of its sole program, non-medical assistance for the elderly, chronically ill, and disabled. The Organization began to recognize in-kind services provided by volunteers as in-kind support and program expense concurrently in the financial statements during the current fiscal year ended December 31, 2008. These services would otherwise be purchased by the Organization in order to accomplish its stated mission and are provided by individuals with the specific training necessary to provide these services. Recognition of these services increases both support and program expense by \$118,472 for the year ended December 31, 2008. Thus, no change in annual increase or decrease in net assets occurs as a result of the change in accounting policy. The Organization bases in-kind service value on hourly volunteer rates published by Independent Sector, whose published rate for 2007 is \$19.51/hour (2008 rate not yet available as of the date of the financial statements). The Organization believes that in-kind services constitute a significant and central part of its operations and support, and that recognizing these amounts in the financial statements increases the usefulness and transparency of its annual report.

3. CONCENTRATIONS

In 2008, the Organization received 17% (seventeen percent) of its total support and revenue from a single grantor through restricted grant funding.

In 2008, the Organization received 48% (forty-eight percent) of its total support and revenue from donated services in support of its sole program. The Organization's inability to secure donated services in future periods could adversely affect its program operations.

4. INTANGIBLE ASSETS

Intangible assets as of December 31, 2008 consist solely of software purchased during the fiscal year 2008, totaling \$6,173. Software is amortized on a straight-line basis over 1) the number of years management expects to use the software, or 2) the number of years prior to the software's obsolescence, whichever is the shorter period. The weighted average amortization period for the organization's software is 4 years. Information regarding the organization's single major class of intangible assets, software, is as follows:

Gross Carrying Amount	Accumulated Amortization	Current Period Amortization
\$ 6,173	\$ 351	\$351

See accompanying independent auditors' report.

WILLIAMSBURG AREA FAITH IN ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

Expected amortization for each of the next five fiscal years is as follows:

2009	\$	1,284
2010		1,284
2011		1,222
2012		1,161
2013		871
 Total	 \$	 5,822

5. JOINT COST ALLOCATION

Certain costs associated with public relations, general operations, occupancy, and personnel have been allocated to separate functional categories of expense based on management's determination of each category's portion of such joint costs. Total joint costs allocated during the year ended December 31, 2008 are as follows:

		Program	Mgmt/General	Fundraising		Total
Public Relations	\$	3,213	-	3,212	\$	6,425
Operating Exp.		1,336	421	915		2,672
Occupancy		5,986	4,483	4,483		14,952
Personnel		37,877	18,605	11,796		68,278
 Total	 \$	 48,412	 23,509	 20,406	 \$	 92,327

6. LEASES

The organization leases its facilities, which cover 925 square feet, under an original agreement dated December 4, 2004. The term of the original lease was three years and 28 days, commencing on December 4, 2004 and ending on December 31, 2007. The lease was extended one year to December 31, 2008, at \$945 per month. Total rental expense for 2008 was \$10,395. The lease has been extended another year to December 31, 2009, and lease payments due during 2009 under the new terms total \$11,907. The lease is renewable under one year or two year terms.

In December of 2006, the Organization entered into a non-cancelable lease for copier equipment. The term of the lease is 60 months, with monthly payments of \$107. During 2008, the Organization paid a total of \$1,684 to the lessor, including \$400 for additional maintenance. Amounts due under the lease for its remaining years are as follows:

See accompanying independent auditors' report.

WILLIAMSBURG AREA FAITH IN ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

2009	\$	1,284
2010		1,284
2011		<u>1,284</u>
 Total	 \$	 <u>3,852</u>

7. TEMPORARILY RESTRICTED NET ASSETS

All temporarily restricted funds received during the fiscal year 2008 were use-restricted. As these funds are expended for the purposes specified by the donors/grantors, the funds are re-classified from temporarily restricted net assets to unrestricted net assets.

At December 31, 2008, temporarily restricted assets were available for the following purposes:

Database Development/Technology Issues	\$ 813
Consulting Fee for Set-up of Back-up System & Remote Access	1,353
Consulting Fee for CareWorks Reports Development	900
Compensation & Related Expenses	23,094
Professional Development	<u>1,846</u>
 Total	 \$ <u>28,006</u>

See accompanying independent auditors' report.