

# **WILKINSBURG COMMUNITY MINISTRY**

**FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2011**

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**CARL N. HOCKENBERRY**  
**CERTIFIED PUBLIC ACCOUNTANT**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Wilksburg Community Ministry

I have audited the accompanying statement of cash receipts and disbursements (with functional information) and beginning and ending cash balances of Wilksburg Community Ministry (a nonprofit organization) for the year ended December 31, 2011. This financial statement is the responsibility of the Organization's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. I believe that my audit provides a reasonable basis for my opinion.

As described in note 1, this financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements and beginning and ending cash balances of Wilksburg Community Ministry for the year ended December 31, 2011, on the basis of accounting described in note 1.

My audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The functional classification of cash receipts and the determination of excess or deficiency of cash receipts over cash disbursements by function as shown on the face of the financial statement is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

*Carl N. Hockenberry, CPA*

March 12, 2012

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**WILKINSBURG COMMUNITY MINISTRY**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (WITH FUNCTIONAL INFORMATION)**  
**AND BEGINNING AND ENDING CASH BALANCES**  
**Year Ended December 31, 2011**

	Functional Information							
	TOTAL	Program Services				Supporting Services and Other		
		Meals on Wheels	Youth Meal Partnership	Urban Survival	Other Programs	Unrestricted Gifts, Other Receipts, and Management and General Disbursements	Loans	Fundraising
<b>CASH RECEIVED FROM</b>								
Program services								
Meals on Wheels	\$ 50,921	\$ 50,921	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Youth Meal Partnership	50,152	-	50,152	-	-	-	-	-
Angel Food Ministries	3,137	-	-	-	3,137	-	-	-
Urban Survival	1,308	-	-	1,308	-	-	-	-
<b>Total program services</b>	<b>105,518</b>	50,921	50,152	1,308	3,137	-	-	-
Contributions, gifts, and grants	126,287	5,000	14,800	5,000	5,223	96,264	-	-
Overdraft line of credit	7,302	-	-	-	-	-	7,302	-
Fundraising events	3,583	-	-	-	-	-	-	3,583
Loans from officers	1,000	-	-	-	-	-	1,000	-
Other	1,491	-	-	-	-	1,491	-	-
<b>TOTAL CASH RECEIVED</b>	<b>245,181</b>	55,921	64,952	6,308	8,360	97,755	8,302	3,583
<b>CASH DISBURSED FOR</b>								
Salaries and wages	94,392	21,594	15,256	29,040	4,913	16,581	-	7,008
Payroll taxes	5,202	1,190	841	1,600	271	914	-	386
Food preparation service	43,866	43,866	-	-	-	-	-	-
Food and other program supplies	43,230	5,120	34,456	644	3,010	-	-	-
Occupancy expenses	19,588	4,897	1,959	7,835	-	4,897	-	-
Repayments on loans from officers	9,500	-	-	-	-	-	9,500	-
Repayments on overdraft line of credit	7,302	-	-	-	-	-	7,302	-
Insurance	7,184	-	-	-	-	7,184	-	-
Office supplies and expenses	3,980	-	-	-	-	3,980	-	-
Van expenses	2,642	1,717	264	661	-	-	-	-
Equipment maintenance and repair	2,460	-	-	-	-	2,460	-	-
Bank fees, interest expense, and payroll service fees	1,084	-	-	-	-	1,084	-	-
Miscellaneous expenses	1,882	-	-	-	1,770	112	-	-
<b>TOTAL CASH DISBURSED</b>	<b>242,312</b>	78,384	52,776	39,780	9,964	37,212	16,802	7,394
<b>EXCESS (DEFICIENCY) OF CASH RECEIPTS OVER CASH DISBURSEMENTS</b>	<b>2,869</b>	\$ (22,463)	\$ 12,176	\$ (33,472)	\$ (1,604)	\$ 60,543	\$ (8,500)	\$ (3,811)
CASH, beginning of year	8,036							
<b>CASH, end of year</b>	<b>\$ 10,905</b>							

See notes to financial statement.

## **WILKINSBURG COMMUNITY MINISTRY NOTES TO FINANCIAL STATEMENT**

### **Note 1. Nature of Organization and Summary of Significant Accounting Policies**

Nature of Organization: Wilkinsburg Community Ministry (WCM) was organized to:

- Provide an effective and meaningful community ministry to all the families and individuals residing in the borough of Wilkinsburg, Pennsylvania, and to all of the members of the churches supporting WCM;
- Place emphasis upon extending the ministry of the churches within the Wilkinsburg area to all people, with the primary concern being to mediate the saving grace of God as revealed in Jesus Christ to all people; and
- Act as the agent of the member churches in this area to develop and engage in outreach programs and activities aimed at meeting the physical, social, economic and spiritual needs of all people in the community.

WCM operates the following programs:

- Meals on Wheels. Volunteers and employees of WCM deliver meals, which WCM has had prepared, to the elderly and disabled. Hot meals are delivered five days per week, 52 weeks per year. WCM contracts with Allegheny County Department of Human Services Area Agency on Aging and the Pennsylvania Department on Aging to provide these services on a fee per meal basis which reimburses WCM for some, but not all of its costs to provide the meals on wheels program. WCM also derives a small amount of fees from self-pay individuals.
- Youth Meal Partnership. WCM has partnered with several local agencies to provide meals to children in after-school, summer, and developmental health programs. WCM contracts with the Pennsylvania Department of Education to provide meals on a fee per meal basis.
- Urban Survival. WCM provides a food pantry for qualified, needy individuals and families, free bread each Wednesday, and provides food bags, including turkeys, to needy families and individuals at Thanksgiving and Christmas. At the start of the school year, backpacks filled with school supplies are distributed to low income students. WCM accepts donations of clothing and furniture and distributes them to people on an as-needed basis. In addition, WCM provides assistance with relief applications for individuals and families who cannot afford their heating or water bills.
- Job Training. WCM works with the City of Pittsburgh's Employment, Advancement and Retention program (EARN) and other job training agencies to provide on-the-job training at WCM as a path to gain experience for permanent employment.
- Angel Food Ministries. WCM acts as a Host Site where all people may purchase food at discounts compared to grocery stores prices. Angel Ministries ceased operations in late 2011 and, accordingly, WCM has discontinued this program.

## NOTES TO FINANCIAL STATEMENT

### **Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)**

WCM depends on gifts from local individuals, member churches, charitable foundations, and businesses to supplement service revenues to pay for the costs of providing its services.

Basis of Accounting: WCM prepares its financial statement on the cash receipts and cash disbursements basis of accounting; consequently, contributions and other revenues are recognized when received rather than when promised or earned, and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. The statement of cash receipts and disbursements (with functional information) also includes loan proceeds, loan repayments, and refunds.

Use of Estimates and Functional Allocation of Expenses: Management uses estimates and assumptions in preparing the financial statement. Those estimates and assumptions affect the functional allocations of cash receipts and disbursements. Actual results could differ from these estimates.

Functional information about cash disbursements for providing various programs and supporting services is shown on the statement of cash receipts and disbursements. Accordingly, certain cash disbursements are allocated among the programs and supporting services benefited.

Functional Information on Statement of Cash Receipts and Disbursements: Columnar information under the column heading "Functional Information" on the statement of cash receipts and disbursements, with the exception of the matrix of cash disbursements by natural classification and by function, is considered supplemental information.

Contributions: WCM considers as unrestricted all contributions and grants received in which time or purpose restrictions are satisfied within the same reporting period. WCM has no temporarily and no permanently restricted assets as of December 31, 2011. WCM began in 2011 acting as agent for the Wilksburg Ministerial Association (WILMA) and collects donations and disburses funds as directed by WILMA's governing board. As of December 31, 2011, WCM holds \$3,453 in its cash account on behalf of WILMA.

Cash: Cash consists of unrestricted amounts in two (one as of December 31, 2011) checking accounts with one financial institution. In April, 2011, the payroll cash account was closed into the regular checking account.

Donated Services and Goods: WCM receives a substantial amount of volunteer support. WCM's Meals on Wheels (MOW) program operates four delivery routes Monday through Friday, with each route requiring a driver and a delivery person. Accordingly,

## NOTES TO FINANCIAL STATEMENT

### Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

the MOW program uses approximately 30 volunteers per week and one office staff driver using the Ministry's van to deliver meals. WCM's directors serve on a volunteer basis. Individuals also provide volunteer support for other WCM programs and supporting services. WCM also receives donated or discounted food and dairy items that it uses for its urban survival and youth meals partnership programs.

Property and Equipment: WCM's property and equipment consists of a delivery van and donated used office furniture and equipment. Management believes the fair value of donated assets to be immaterial. As donations of property and equipment do not result in a cash transaction, any such donations are not included on the statement of cash receipts and disbursements (with functional information).

Subsequent Events: Management has evaluated events subsequent to December 31, 2011, through March 12, 2012, the date the financial statements were available to be issued.

### Note 2. Related Party Gifts

WCM received approximately \$36,000 in gifts from member churches for the year ended December 31, 2011.

### Note 3. Loans from Officers

Two officers on WCM's board of directors have made working capital loans to WCM. The loans are non-interest bearing, uncollateralized, and have no specific repayment terms.

Balances outstanding as of December 31, 2011, are as follows:

Officer #1	\$15,000
Officer #2	<u>1,500</u>
Total	<u>\$16,500</u>

### Note 4. Operating Leases

WCM leases office and storage space under an operating lease which commenced March 1, 2010, and expires March 31, 2012. The lease was renewed on February 27, 2012, for a period of two years ending on March 31, 2014, for monthly rental of \$995 per month.

## **NOTES TO FINANCIAL STATEMENT**

### **Note 4. Operating Leases (Continued)**

WCM has paid a deposit of \$950 with the land lord which may be applied to the last months lease if there are no fees or damages due from the lease. The lease contains a renewal option in which the lease payments and lease term may be negotiated and a 60 day cancellation clause. WCM also leases a copier under an operating lease through September 28, 2012. Total lease expense for the office and storage space and the copier included in the statement of cash receipts and disbursements for the year ended December 31, 2011, is \$14,220.

Future minimum lease payments on noncancelable operating leases with initial or remaining terms in excess of one year are \$13,650 for 2012; \$11,940 for 2013; and \$2,985 for 2014.

### **Note 5. Overdraft Line of Credit**

WCM has an overdraft line of credit with its bank. The bank will cover overdrafts up to \$5,000. The line is automatically repaid with subsequent deposits into WCM's operating checking account. The line is uncollateralized with interest charged at an annual rate of 18% at December 31, 2011. The line is renewable annually each August 3. There were no amounts outstanding under this line as of December 31, 2011.

### **Note 6. Income Taxes**

WCM is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.