

ECUMENICAL COUNCIL OF PASADENA AREA CHURCHES

FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

B. Andrew Chapkis

An Accountancy Corporation

16633 Ventura Blvd., Suite 905

Encino, CA 91436

Tel: (818) 990-0740

Fax: (818) 990-5391

achapkis@cpaaa.com

B. Andrew Chapkis, CPA

Michele L. Martin, CPA

Anetta G. Stark, JD

Svetlana Stolarov, CPA

REPORT OF INDEPENDENT AUDITORS

August 3, 2010

To the Board of Trustees

Ecumenical Council of Pasadena Area Churches

Pasadena, California

We have audited the accompanying statements of financial position of Ecumenical Council of Pasadena Area Churches (a nonprofit organization) as of December 31, 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 Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's December 31, 2008 financial statements and in our report dated August 5, 2009 we expressed an unqualified opinion on those financial statements.

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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ecumenical Council of Pasadena Area Churches as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

B. Andrew Chapkis

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ECUMENICAL COUNCIL OF PASADENA AREA CHURCHES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

ASSETS

CURRENT ASSETS	<u>2009</u>	<u>2008</u>
Cash	\$ 105,203	\$ 53,856
Grants receivable	33,315	22,065
Prepaid expenses	<u>4,644</u>	<u>6,200</u>
TOTAL CURRENT ASSETS	143,162	82,121
NONCURRENT ASSETS		
Land, building and equipment (Note 3)	<u>44,993</u>	<u>49,029</u>
TOTAL ASSETS	<u><u>\$ 188,155</u></u>	<u><u>\$ 131,150</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 21,345	\$ 17,460
Deferred revenue	<u>34,508</u>	
TOTAL CURRENT LIABILITIES	<u>55,853</u>	<u>17,460</u>
NET ASSETS		
Unrestricted	94,375	61,974
Temporarily restricted (Note 4)	25,427	39,216
Permanently restricted (Note 4)	<u>12,500</u>	<u>12,500</u>
TOTAL NET ASSETS	<u>132,302</u>	<u>113,690</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 188,155</u></u>	<u><u>\$ 131,150</u></u>

See Accompanying Notes to the Financial Statements

ECUMENICAL COUNCIL OF PASADENA AREA CHURCHES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
(with summarized information for the year ended 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
REVENUES, GAINS AND OTHER SUPPORT					
Donations	\$ 162,321	\$ 49,736		\$ 212,057	\$ 198,588
Government grants	269,228			269,228	153,237
Fund-raising net of direct cost to donors of \$1,566 in 2008 and \$2,770 in 2009	12,658			12,658	11,692
Net assets released from restrictions due to satisfaction of program restrictions	<u>63,525</u>	<u>(63,525)</u>			
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>507,732</u>	<u>(13,789)</u>		<u>493,943</u>	<u>363,517</u>
EXPENSES					
Program Services	363,463			363,463	274,420
Supporting Services					
General and administrative	84,948			84,948	42,747
Fund-raising	<u>26,920</u>			<u>26,920</u>	<u>35,579</u>
TOTAL EXPENSES	<u>475,331</u>			<u>475,331</u>	<u>352,746</u>
CHANGE IN NET ASSETS	32,401	(13,789)		18,612	10,771
NET ASSETS AT BEGINNING OF YEAR	<u>61,974</u>	<u>39,216</u>	<u>12,500</u>	<u>113,690</u>	<u>102,919</u>
NET ASSETS AT END OF YEAR	<u>\$ 94,375</u>	<u>\$ 25,427</u>	<u>\$ 12,500</u>	<u>\$ 132,302</u>	<u>\$ 113,690</u>

See Accompanying Notes to the Financial Statements

ECUMENICAL COUNCIL PASADENA AREA CHURCHES

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2009

(with summarized information for the year ended December 31, 2008

	2009			2008
	Program Services	General & Admin.	Fund- raising	Total Expenses
EXPENSES				
Salaries	\$ 122,338	\$ 47,574	\$ 15,359	\$ 185,271
Payroll taxes	8,877	2,842	864	12,583
Employee benefits	3,431	5,719	2,287	11,437
Workers Compensation	2,810	1,107	340	4,257
	<u>137,456</u>	<u>57,242</u>	<u>18,850</u>	<u>213,548</u>
Accounting/audit		7,000		7,000
Bank charges	203		102	305
Camp expense	8,130			8,130
Computer expense	3,547		1,773	5,320
Depreciation		4,036		4,036
Equipment leases & maintenance	2,112	1,024	64	3,200
Insurance	7,074	5,407	1,279	13,760
Mass shelter & rent assistance	107,571			107,571
Office supplies	3,544	936	2,355	6,835
Pantry food	22,805			22,805
Postage	221	531	1,461	2,213
Printing/copying	76	182	500	758
Program supplies	3,882			3,882
Rent	7,190			7,190
Repairs and maintenance	10,654	3,187	199	14,040
Served meals	31,687			31,687
Taxes and licenses	735	357	22	1,114
Telephone	2,950	1,126	70	4,146
The Women's Room	5,541			5,541
Utilities and trash removal	8,085	3,920	245	12,250
	<u>\$ 363,463</u>	<u>\$ 84,948</u>	<u>\$ 26,920</u>	<u>\$ 475,331</u>
TOTAL EXPENSES				<u>\$ 352,746</u>

See Accompanying Notes to the Financial Statements

ECUMENICAL COUNCIL OF PASADENA AREA CHURCHES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

CASH PROVIDED FROM OPERATING ACTIVITIES	2009	2008
Change in net assets	<u>\$18,612</u>	<u>10,771</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,036	3,488
<Increase> decrease in grants receivable	(11,250)	5,167
<Increase> decrease in prepaid expenses	1,556	(947)
Increase in accounts payable and other accrued expenses	3,885	10,227
Increase in deferred revenue	<u>34,508</u>	
TOTAL ADJUSTMENTS	<u>32,735</u>	<u>17,935</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>51,347</u>	<u>28,706</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment and improvements		<u>(6,257)</u>
NET CASH USED BY INVESTING ACTIVITIES		<u>(6,257)</u>
NET INCREASE IN CASH	51,347	22,449
CASH, BEGINNING OF YEAR	<u>53,856</u>	<u>31,407</u>
CASH, END OF YEAR	<u><u>\$105,203</u></u>	<u><u>\$53,856</u></u>

See Accompanying Notes to the Financial Statements

ECUMENICAL COUNCIL OF PASADENA AREA CHURCHES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

Note 1: Summary of Significant Accounting Policies

Organization

Ecumenical Council of Pasadena Area Churches (the Organization) is a California nonprofit corporation. The Organization was created to express the ecumenical relationships among the Christian Churches of the Pasadena area. Cooperative programs include ecumenical worship services, educational meetings and sponsorship of Friends in Deed House, a social service center and sponsorship of bad weather shelter. Another major component of their work is oversight of four other projects that provide food, clothing and shelter for area residents. Major sources of revenue are donations and government grants. The Organization is exempt from income tax liability under §501(c)(3) of the Internal Revenue Code and the corresponding section of the California Code.

Basis of 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.

Cash and Cash Equivalents

The Organization considers all unrestricted, highly liquid investments, with an initial maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recognition of Donor Restrictions

The Organization reports gifts of cash and other assets as 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 reported in the statement of activities as net assets released from restriction.

Grants Receivable

There is no provision for doubtful accounts as all receivables were considered collectible.

ECUMENICAL COUNCIL OF PASADENA AREA CHURCHES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

Note 1: Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk

Two government grants amounted to 13.0% and 17.2% of total revenues in 2009 and 15.6% and 13.9% of total revenues in 2008.

Income Taxes

Since the Organization is exempt from income tax liability, under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions, no provision is made for current or deferred tax expense.

Land, Building and Equipment

Equipment is stated at cost, or if acquired by gift or bequest, is stated at market value at the date of acquisition for all expenditures or gifts in excess of \$500. Depreciation is provided for by use of the straight-line method of depreciation over the estimated useful lives of the assets. The building was constructed in 1978 and is recorded at the construction cost estimate. It is being depreciated using the straight-line method over the estimated useful life.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations and various assignments.

Note 2: Description of Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

General and Administrative Expenses

These expenses include the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and communication of the Organization's program strategy through the executive director; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Organization and manage the financial and budgetary responsibilities of the Organization.

Fund-raising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations.

ECUMENICAL COUNCIL OF PASADENA AREA CHURCHES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

Note 2: Description of Program and Supporting Services (Continued)

Program

Recruits and assesses the needs of member congregations, provides participation and leadership in community events and provides emergency and non-emergency food, clothing and shelter for area residents.

Note 3: Land, Building and Equipment

Land, building and equipment consists of the following:

	<u>2009</u>	<u>2008</u>
Office Equipment	\$ 36,326	\$ 41,817
Land	6,512	6,512
Building	<u>135,220</u>	<u>135,220</u>
	178,058	183,549
Accumulated depreciation	<u>(133,065)</u>	<u>(134,520)</u>
Total	<u>\$ 44,993</u>	<u>\$ 49,029</u>

Note 4: Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Camp	15,581	17,518
Capital Improvements	3,313	
Food	3,720	17,700
Scholarship		125
Stay Healthy Program	963	1,228
Vargas Family Fund	<u>1,850</u>	<u>2,645</u>
Total temporarily restricted net assets	<u>\$ 25,427</u>	<u>\$ 39,216</u>

Permanently restricted net assets, \$12,500, consist of endowment fund assets to be held indefinitely. The income from the assets can be used to support the Organization's general activities.

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DECEMBER 31, 2009 and 2008

Note 5: Commitments

The Organization has an operating lease agreement for equipment that expires May 2013. Future minimum annual lease payments for the next five years are as follows:

2010	\$ 2,712
2011	2,712
2012	2,712
2013	<u>1,130</u>
	<u>\$ 9,266</u>

Equipment lease expense was \$2,960 in 2009 and \$2,969 in 2010.

Note 6: Financial Statement Presentation

Certain amounts in the 2008 financial statements have been reclassified to conform to the 2009 presentation.

Note 7: Subsequent Events

Management has evaluated subsequent events through August 3, 2010, the date on which the financial statements were available to be issued.