

ST. JOSEPH THE WORKER

**Financial Statements
with
Accountant's Report**

June 30, 2009 and 2008

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANT

Board of Directors
St. Joseph the Worker:

I have audited the accompanying statements of financial position of St. Joseph the Worker as of June 30, 2009 and 2008 and the related statements of activities and cash flows for each of the years then ended and the statement of functional expenses for the year ended June 30, 2009. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits. The summarized comparative information for 2008 in the statement of functional expenses has been derived from the Organization's 2008 financial statements and, in my report dated January 8, 2009, I expressed an unqualified opinion on those financial statements.

I conducted my audits 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 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Joseph the Worker at June 30, 2009 and 2008 and the changes in its net assets and its cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

November 4, 2009



ST. JOSEPH THE WORKER
Statements of Financial Position
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 126,699	85,291
Unconditional promises to give	18,707	3,500
Consumable supplies, at cost	2,830	2,830
Prepaid expense	<u>10,800</u>	<u>2,689</u>
	<u>159,036</u>	<u>94,310</u>
Improvements, furniture, equipment and vehicle	99,371	91,917
Accumulated depreciation	<u>(69,407)</u>	<u>(55,443)</u>
	<u>29,964</u>	<u>36,474</u>
	<u>\$ 189,000</u>	<u>130,784</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 3,211	2,363
Accrued salaries and vacation	<u>5,802</u>	<u>4,564</u>
	<u>9,013</u>	<u>6,927</u>
<u>NET ASSETS</u>		
Net assets:		
Unrestricted	158,547	115,917
Restricted	<u>21,440</u>	<u>7,940</u>
	<u>179,987</u>	<u>123,857</u>
	<u>\$ 189,000</u>	<u>130,784</u>

See accompanying notes to financial statements.

ST. JOSEPH THE WORKER

Statements of Activities

Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Changes in unrestricted net assets:		
Support:		
Grants:		
Valley of the Sun United Way	\$ 154,238	185,172
Other	<u>140,500</u>	<u>124,853</u>
	294,738	310,025
Contributions	136,329	114,172
Fund raising projects	100,140	66,451
Donated services, materials and facilities	<u>108,336</u>	<u>89,996</u>
	639,543	580,644
Interest and dividend income	<u>1,283</u>	<u>2,230</u>
Total unrestricted support and income	640,826	582,874
Net assets released from purpose restrictions upon expenditure	<u>7,500</u>	<u>-</u>
Total unrestricted support, income and net assets released from purpose restrictions	<u>648,326</u>	<u>582,874</u>
Expenses:		
Program services – employment assistance	456,708	425,804
Supporting services:		
General and administrative	62,077	53,550
Fund raising	<u>86,911</u>	<u>74,103</u>
	605,696	553,457
Loss on disposition of furniture and equipment	-	256
Realized and unrealized loss from securities	<u>-</u>	<u>402</u>
	<u>605,696</u>	<u>554,115</u>
Increase in unrestricted net assets	<u>42,630</u>	<u>28,759</u>
Changes in temporarily restricted net assets:		
Support received and restricted for expenditures	21,000	7,500
Net assets released from purpose restrictions upon expenditure	<u>(7,500)</u>	<u>-</u>
Increase in temporarily restricted net assets	<u>13,500</u>	<u>7,500</u>
Increase in net assets	56,130	36,259
Net assets at beginning of year	<u>123,857</u>	<u>87,598</u>
Net assets at end of year	\$ <u>179,987</u>	<u>123,857</u>

See accompanying notes to financial statements.

ST. JOSEPH THE WORKER

Statement of Functional Expenses

**Year ended June 30, 2009
with
summarized comparative information for 2008**

	2009				<u>Total 2008</u>
	Program services – employment assistance	Supporting Services			
		General and administrative	Fund raising	Total	
Salaries and benefits:					
Compensation	\$ 214,216	33,138	41,737	289,091	265,994
Payroll taxes	17,393	2,859	3,574	23,826	23,463
Insurance and retirement	35,179	5,782	7,228	48,189	39,673
Staff training and other	1,821	299	373	2,493	3,367
Donated staff services	<u>28,807</u>	-	-	<u>28,807</u>	<u>21,701</u>
	297,416	42,078	52,912	392,406	354,198
Telephone	7,789	1,191	-	8,980	8,244
Auto and travel	3,460	85	156	3,701	2,078
Supplies	8,702	3,799	17,829	30,330	18,790
Professional services	3,433	2,885	-	6,318	3,223
Postage	435	2,949	2,511	5,895	5,814
Computer expense	1,461	517	1,574	3,552	1,319
Insurance	1,946	593	733	3,272	2,627
Printing	2,289	579	5,133	8,001	13,003
Bus tickets	46,243	-	-	46,243	48,670
Tools, clothing, permits and hygiene	16,177	-	-	16,177	25,139
Gas vouchers, water and watches	5,614	-	-	5,614	4,785
Client housing assistance	5,389	-	-	5,389	8,976
Miscellaneous	1,825	2,207	3,216	7,248	5,502
Facilities rent	38,819	4,496	2,149	45,464	36,638
Depreciation	12,568	698	698	13,964	12,236
Client education	<u>3,142</u>	<u>-</u>	<u>-</u>	<u>3,142</u>	<u>2,215</u>
	<u>\$ 456,708</u>	<u>62,077</u>	<u>86,911</u>	<u>605,696</u>	<u>553,457</u>

See accompanying notes to financial statements.

ST. JOSEPH THE WORKER

Statements of Cash Flows

Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Increase in net assets	\$ 56,130	36,259
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	13,964	12,236
Donated furniture and equipment	(3,040)	(2,330)
Loss on disposition of furniture and equipment	-	256
Increase in unconditional promises to give	(15,207)	(490)
Increase in prepaid expense	(8,111)	(1,076)
Increase (decrease) in accounts payable	848	(1,896)
Decrease in payroll taxes payable	-	(66)
Increase in accrued salaries and vacation	<u>1,238</u>	<u>1,198</u>
Net cash provided by operating activities	<u>45,822</u>	<u>44,091</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	(4,414)	(8,393)
Net cash provided (used) by investing activities	(4,414)	(8,393)
Cash flows from financing activities	-	-
Net increase in cash and cash equivalents	41,408	35,698
Cash and cash equivalents at beginning of year	<u>85,291</u>	<u>49,593</u>
Cash and cash equivalents at end of year	\$ <u>126,699</u>	<u>85,291</u>

See accompanying notes to financial statements.

ST. JOSEPH THE WORKER

Notes to Financial Statements

June 30, 2009 and 2008

(1) Operations and Summary of Significant Accounting Policies

St. Joseph the Worker was incorporated in 1989 as an Arizona nonprofit corporation whose primary purpose is to assist the homeless and poor in the Phoenix area in securing and maintaining permanent employment. The Organization does not have members and its activities are governed by a Board of Directors.

The Organization presents its financial statements in accordance with the Financial Accounting Standards Board's Statement of Financial Accounting, *Financial Statements of Not-for-Profit Organizations*. Significant accounting policies of the Organization follow:

(a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting in which support is recognized when earned and expenses are recognized when the obligation has been incurred.

(b) Estimates

Management necessarily uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual amounts could vary from these estimates and assumptions.

(c) Basis for Presentation

Information regarding financial position and activities is reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Support received is recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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. The Organization did not have any permanently restricted net assets at June 30, 2009 or 2008. Contributions of unrestricted net assets with an economic life in excess of one year are recorded as increases in support and unrestricted net assets, in the year received. Certain amounts for 2008 have been reclassified to conform with the current year's presentation

(d) Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

(e) Advertising Costs

Advertising costs are charged to expense when incurred. No advertising costs were incurred during the years ended June 30, 2009 and 2008.

ST. JOSEPH THE WORKER

Notes to Financial Statements (continued)

June 30, 2009 and 2008

(l) Operations and Summary of Significant Accounting Policies (continued)

(f) Improvements, Furniture, Equipment and Vehicle

Improvements, furniture, equipment and vehicle are recorded at cost or, if donated, at fair market value at the time of donation. Generally, acquisitions under \$200 are recorded as a current expense rather than capitalized. Depreciation is provided using the straight-line method over the estimated life of the asset as follows:

	<u>Years</u>
Leasehold improvements	10
Office furniture and equipment	3-10
Vehicle	5
Software	3-5
Website	<u>2-10</u>

(g) Donated Services, Materials and Facilities

Materials and facilities donated to the Organization for use in its activities are credited at fair value as support in the period received.

Services donated to the Organization are credited at fair value as support in the period received if the services create or enhance an asset or represent specialized skills that would be purchased if they were not donated. Services consist primarily of job readiness teaching and clerical. For support realized from donated services, materials and facilities, a corresponding amount of expense is recognized in the statement of activities if utilized in the current period.

(h) Income Taxes

The financial statements do not reflect a provision for income taxes as the Organization is exempt from taxes under a group exemption obtained by the Roman Catholic Church in the United States on income related to its exempt purpose.

(i) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(j) Concentration of Credit Risk

Credit risk consists of cash and cash equivalents on deposit with banks. At June 30, 2009 and during the year then ended, amounts on deposit did not exceed FDIC limits.

(k) Promises to Give

Promises to give totaled \$18,707 at June 30, 2009, all of which were subsequently collected.

The Organization is typically notified prior to the end of each year by Valley of the Sun United Way of the amount of the grant for the subsequent year. This amount is recorded in the statement of activities as support from grants in the year in which the funds are received, rather than as a promise to give receivable in the statement of financial position.

ST. JOSEPH THE WORKER

Notes to Financial Statements (continued)

June 30, 2009 and 2008

(2) Valley of the Sun United Way

Support from Valley of the Sun United Way for the years ended June 30 follows:

	<u>2009</u>	<u>2008</u>
Job development, placement and retention grant	\$ 68,250	68,250
Helping the Working Poor contract	51,000	69,667
Donor designated	<u>34,988</u>	<u>47,255</u>
	<u>\$ 154,238</u>	<u>185,172</u>

The Organization has been notified by the Valley of the Sun United Way that for the year ending June 30, 2010, the job development, placement and retention grant will be \$60,612, and the Helping the Working Poor contract will be \$51,000.

The Organization entered into a contract for the period January 1, 2007 through June 30, 2008 to provide off-site comprehensive employment services to individuals in Maricopa County, Arizona. The Organization collaborated with Interfaith Cooperative Ministries and Helping Hands Housing Services for this purpose. Support of \$23,133 from Valley of the Sun United Way was allocated by the Organization to these agencies during the year ended June 30, 2008. The statement of functional expenses presents these amounts as allocated to various functional expenses.

(3) Improvements, Furniture, Equipment and Vehicle

Improvements, furniture, equipment and vehicle consisted of the following at June 30:

	<u>2009</u>	<u>2008</u>
Leasehold improvements	\$ 2,846	1,156
Office furniture and equipment	56,746	53,650
Vehicle	2,500	2,500
Software	19,471	19,471
Website	<u>17,808</u>	<u>15,140</u>
	99,371	91,917
Less accumulated depreciation	<u>(69,407)</u>	<u>(55,443)</u>
	<u>\$ 29,964</u>	<u>36,474</u>

The Organization's facilities are located in the Lodestar Day Resource Center on the Human Services Campus. The Campus is owned by Human Services Campus, L.L.C. of which the Organization is a manager, but not a member. The facilities are occupied under a memorandum of understanding that specifies a monthly operating assessment of \$1,000. Rental payments of \$14,100 and \$12,000 were made during the years ended June 30, 2009 and 2008, respectively. The agreement expires each June 30 and is subject to renewal for a period of one year.

ST. JOSEPH THE WORKER

Notes to Financial Statements (continued)

June 30, 2009 and 2008

(4) Restricted Net Assets

Net assets were restricted for the following purposes at June 30:

	<u>2009</u>	<u>2008</u>
Purchase of office equipment	\$ 440	440
Client services	<u>21,000</u>	<u>7,500</u>
	<u>\$ 21,440</u>	<u>7,940</u>

(5) Supplemental Cash Flow Information

The following items were donated to the Organization during the years ended June 30:

	<u>2009</u>	<u>2008</u>
Furniture and equipment	\$ 3,040	2,330
Marketable securities	<u>-</u>	<u>9,412</u>

(6) Donated Services, Materials and Facilities

The Organization receives substantial support through donations of services, materials and facilities. Donated services, materials and facilities were recorded as revenue, expense and assets as follows:

	<u>2009</u>	<u>2008</u>
Donated support:		
Services	\$ 33,516	23,701
Materials	47,220	45,812
Facilities	<u>27,600</u>	<u>20,483</u>
	<u>\$ 108,336</u>	<u>89,996</u>

Corresponding amounts were recorded as follows:

Expenses:		
Supplies	\$ 6,229	3,710
Salaries – staff services	28,808	21,701
Facilities rent	27,600	20,483
Professional services	3,433	-
Telephone	5,400	4,535
Tools, clothing, permits and hygiene	8,963	11,512
Bus tickets	<u>24,863</u>	<u>25,725</u>
	105,296	87,666
Furniture and equipment	<u>3,040</u>	<u>2,330</u>
	<u>\$ 108,336</u>	<u>89,996</u>

ST. JOSEPH THE WORKER

Notes to Financial Statements (continued)

June 30, 2009 and 2008

(7) Retirement Savings Plan

In 2008 the Organization adopted a 403(b) retirement savings plan requiring the Organization to match each participating employee's contribution to the plan up to 3% of compensation. The matching contribution expense was \$5,097 and \$3,822 during the years ended June 30, 2009 and 2008 respectively.

(8) Income Tax Positions

The Organization has taken the following income tax positions with respect to preparing its exempt organization tax returns and financial statements:

- The Organization continues to qualify as a religious organization includable under a group exemption obtained by the Roman Catholic Church in the United States.
- There is no unrelated business income, subject to income tax
- The Organization has not engaged in prohibited transactions subject to penalties
- The retirement savings plan continues to qualify as tax-exempt under IRS code section 403(b)

In the opinion of management, these positions are reasonable and comply with income tax rules and regulations. All of these positions are subject to review by Federal, state and local taxing authorities. The tax returns of the Organization have never been audited by any taxing authority and are subject to examination for all open years.

(9) Subsequent Events Evaluation

Management has evaluated subsequent events occurring through November 4, 2009 and appropriate recognition or disclosure has been made in the financial statements.