

LAWRENCE COMMUNITY SHELTER, INC.
LAWRENCE, KS

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2011

AND

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Long CPA, PA
A Professional Association
Certified Public Accountants

LAWRENCE COMMUNITY SHELTER, INC.
Lawrence, Kansas

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To the Board of Directors
Lawrence Community Shelter, Inc.

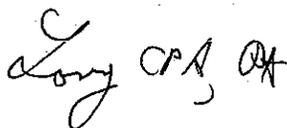
INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying statement of assets, liabilities and net assets – cash basis of the Lawrence Community Shelter, Inc., as of December 31, 2011, and the related statements of support, expenses and changes in net assets – cash basis and functional expenses – cash basis for the year 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.

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, these financial statements were prepared on the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, except that the statements include a provision for depreciation of property and equipment.

In our opinion, except for the presentation of assets noted in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Lawrence Community Shelter, Inc., as of December 31, 2011, and its support, expenses, and changes in net assets for the year then ended on the basis of accounting described in Note 1.



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Certified Public Accountants

April 25, 2012

LAWRENCE COMMUNITY SHELTER, INC.
Lawrence, Kansas

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
As of December 31, 2011

Assets	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current Assets			
Cash (Note 3)	\$ 68,110	\$ 175,500	\$ 243,610
Total current assets	<u>68,110</u>	<u>175,500</u>	<u>243,610</u>
Fixed Assets			
Building	2,331,060		2,331,060
Equipment (Note 2)	33,991	-	33,991
Leasehold Improvements (Note 2)	16,411	-	16,411
Accumulated depreciation	<u>(14,593)</u>	<u>-</u>	<u>(14,593)</u>
Total fixed assets	<u>2,366,869</u>	<u>-</u>	<u>2,366,869</u>
Other Assets			
Security Deposits (Note 4)	<u>2,830</u>	<u>-</u>	<u>2,830</u>
Total other assets	<u>2,830</u>	<u>-</u>	<u>2,830</u>
Total assets	<u>\$ 2,437,809</u>	<u>\$ 175,500</u>	<u>\$ 2,613,309</u>
Liabilities and Net Assets			
Current Liabilities			
Payroll withholdings	\$ 744	\$ -	\$ 744
Total current liabilities	<u>744</u>	<u>-</u>	<u>744</u>
Net Assets			
Unrestricted	2,437,065	-	2,437,065
Temporarily restricted	<u>-</u>	<u>175,500</u>	<u>175,500</u>
Total net assets	<u>2,437,065</u>	<u>175,500</u>	<u>2,612,565</u>
Total liabilities and net assets	<u>\$ 2,437,809</u>	<u>\$ 175,500</u>	<u>\$ 2,613,309</u>

The accompanying notes to financial statements
are an integral part of this statement.

LAWRENCE COMMUNITY SHELTER, INC.

Lawrence, Kansas

STATEMENT OF SUPPORT, EXPENSE AND CHANGES IN NET ASSETS-CASH BASIS

For the year ended Dec. 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support			
Donations	\$ 247,014	\$ 2,125,398	\$ 2,372,412
Interest	18		18
Events and fundraisers	58,644		58,644
Donated Services	117,500		117,500
Grants	236,156		236,156
Assets released from restriction	2,485,459	(2,485,459)	-
Total support	<u>3,144,791</u>	<u>(360,061)</u>	<u>2,784,730</u>
Expenses			
Program	636,761		636,761
Administrative	142,233		142,233
Total expenditures	<u>778,994</u>	<u>-</u>	<u>778,994</u>
Change in net assets	2,365,797	(360,061)	2,005,736
Net assets, beginning of year	<u>71,268</u>	<u>535,561</u>	<u>606,829</u>
Net assets, end of year	<u>\$ 2,437,065</u>	<u>\$ 175,500</u>	<u>\$ 2,612,565</u>

The accompanying notes to financial statements
are an integral part of this statement.

LAWRENCE COMMUNITY SHELTER, INC.

Lawrence, Kansas

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS

For the year ended December 31, 2011

	<u>Programs</u>	<u>Administrative</u>	<u>Total</u>
Salaries	\$ 306,824	\$ 102,275	\$ 409,099
Payroll taxes	26,089	8,696	34,785
Insurance: worker's compensation	5,693	1,897	7,590
Insurance: liability		2,815	2,815
Insurance: directors and officers liability		1,458	1,458
Office supplies	2,391	2,391	4,782
Photocopying and printing	1,685	1,685	3,370
Postage	1,333	1,332	2,665
Professional fees/Audit	1,550	1,550	3,100
Depreciation expense	4,415		4,415
Staff development	835	835	1,670
Building relocation	264		264
CCHD - Joseph Project Planning	52,659		52,659
Groceries, Clothing	9,769		9,769
Housing	1,098		1,098
Identification and acquisition	2,164		2,164
Medical expenses	8,829		8,829
Travel vouchers	10,467		10,467
Employment project	97		97
General supplies	21,962		21,962
Rent	26,479	8,826	35,305
Repairs and maintenance	6,490		6,490
Utilities	20,791	6,930	27,721
Bank charges		1,543	1,543
Donated services	117,500		117,500
Fundraising	7,377		7,377
Total expenses	\$ 636,761	\$ 142,233	\$ 778,994

The accompanying notes to financial statements
are an integral part of this statement

LAWRENCE COMMUNITY SHELTER, INC.

Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

The Lawrence Community Shelter, Inc. is a nonprofit organization whose mission is to provide safe shelter and comprehensive support services and programs that provide a path to a positive future for people experiencing homelessness and people who are at risk of homelessness. The Organization is supported primarily through donor contributions and grants. Approximately 92% of the Organization's cash support for the year ended December 31, 2011, came from grants and donor contributions. These financial statements are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, revenues are recorded when received and expenses are recorded when paid.

Financial Statement Presentation

The Lawrence Community Shelter, Inc. has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Lawrence Community Shelter, Inc., is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. For the year ended December 31, 2011, the Shelter's temporarily restricted net assets amounted to \$175,000. The Organization did not have any permanently restricted net assets.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Property and Depreciation

Property and equipment are recorded at cost. Depreciation is provided using the straight line method over the estimated useful life of the respective assets. Depreciation recorded for the year ended December 31, 2011 was \$4,415.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

LAWRENCE COMMUNITY SHELTER, INC.
Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Income Tax Status

The Lawrence Community Shelter, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, Lawrence Community Shelter, Inc. has also been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended December 31, 2011.

NOTE 2 – Property and Equipment

Property and equipment are summarized by major classifications at December 31, 2011 as follows:

Building	\$ 2,331,060
Furniture and equipment	33,991
Leasehold improvements	<u>16,411</u>
	<u>\$ 2,381,462</u>

NOTE 3 – Cash and Credit Risk

Cash includes demand deposits and funds invested at market rates in interest bearing accounts. The Organization had \$199,830 in demand accounts and \$47,356 in a money market accounts with financial institutions. The Federal Deposit Insurance Corporation insures demand and interest bearing accounts up to \$250,000 per bank per account type. Of the Organization’s demand deposit funds \$0 were not secured as of December 31, 2011.

NOTE 4 – Operating Lease

The Organization has entered into two leases. The first lease is a month-to-month lease agreement for a building located at 944 Kentucky, in Lawrence, Kansas. Under this lease agreement, the Organization is required to make monthly rental payments in the amount of \$1,500. This agreement also requires the Organization to make a returnable security deposit in amount of \$1,500. The second lease is for a building located at 214 West 10th Street, in Lawrence, Kansas. This agreement is for a term of one year and requires

LAWRENCE COMMUNITY SHELTER, INC.
Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – Operating Lease (Continued)

monthly rental payments in the amount of \$1,430. The Organization was also required to make a security deposit for this lease that amounted to \$1,330. Total rent expense for 2011 was \$35,305.

Minimum future rental payments under the two operating lease agreements are:

2012	\$ 35,160
2013	35,160
2014	35,160
2015	<u>35,160</u>
Total minimum future rental payments	<u>\$ 140,640</u>

NOTE 5 – Compensated Absences

The Organization provides for vacation, holiday and sick leave absences of employees during the year. Full time employees with one to three years of services can accrue up to twelve days of vacation per year. Employees with four to seven years of services can accrue up to eighteen days of vacation per year. Employees with eight to fourteen years of service can accrue up to 20 days of vacation per year. Employees with fifteen or more years of service can accrue up to twenty five days of vacation per year. Any vacation that is not used by April 1st of the year following the accrual is lost. Sick leave is accrued at a rate of one day per month of service. The amount for accrued compensated absences would not be material to the financial statements. Therefore, no provision for compensated absences has been made in these financial statements.

NOTE 6 – Restricted Cash

Restricted cash consists of \$46,659 in a money market account with a financial institution and \$128,841 in a demand account with a financial institution. \$173,495 is temporarily donor restricted for the purpose of locating a new building. \$2,005 is temporarily donor restricted for the purpose

LAWRENCE COMMUNITY SHELTER, INC.
Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – Restricted Cash (Continued)

of the Joseph Project. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

NOTE 7 – Donated Services

The Organization relies upon local volunteers to achieve its objective of serving needs of the homeless and potentially homeless of Lawrence, Kansas. The Lawrence Community Shelter, Inc. has calculated the amount of donated services based upon \$8.00 multiplied by the number of hours contributed. This amounted to \$117,500 for the 2011 fiscal year.

NOTE 8 – Risk Management

The Organization is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Organization carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9 – Subsequent Events

Subsequent events for management's review have been evaluated through April 25, 2012. The date in the prior sentence is the date the financial statements were available to be issued.