

LADIES OF CHARITY WELFARE AGENCY, INC.

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INDEPENDENT AUDITOR'S REPORT

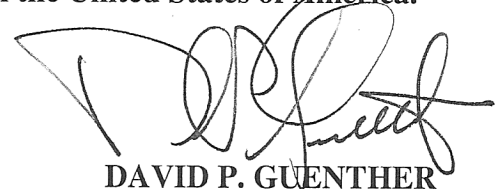
**To the Board of Directors
Ladies of Charity Welfare Agency, Inc.
Nashville, Tennessee**

I have audited the accompanying statement of financial position of Ladies of Charity Welfare Agency, Inc., (A Tennessee Corporation, not-for-profit) as of December 31, 2011 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended. 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 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 statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. I believe that my audit provides 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 Ladies of Charity Welfare Agency, Inc. as of December 31, 2011 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.

June 13, 2012



DAVID P. GUENTHER

LADIES OF CHARITY WELFARE AGENCY, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Current assets:

Cash on hand and in banks	\$ 104,352
Certificate of deposit	<u>12,525</u>
Total current assets	\$ <u>116,877</u>

Fixed assets:

Equipment & furniture	\$ <u>6,078</u>
	\$ <u>6,078</u>
Less: accumulated depreciation	<u>4,573</u>
 Total fixed assets	 \$ <u>1,505</u>
Total assets	\$ <u><u>118,382</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:

Payroll withholdings	\$ <u>1,052</u>
Total current liabilities	\$ <u>1,052</u>

Net assets:

Unrestricted	\$ <u>117,330</u>
Total net assets	\$ <u>117,330</u>
 Total liabilities and net assets	 \$ <u><u>118,382</u></u>

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

LADIES OF CHARITY WELFARE AGENCY, INC.
(A TENNESSEE CORPORATION-NOT FOR PROFIT)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

Public support and revenue:

Public support:

Contributions	\$ 48,247
Other agencies	147,384
United Way	<u>69,684</u>

Total public support \$ 265,315

Revenue:

Interest income \$ 28

Total public support and revenue \$ 265,343

Expenses:

Program services	\$ 244,717
Management & general	-
Fund raising	-
Total expenses	<u>\$ 244,717</u>

Increase in net assets \$ 20,626

Net assets, December 31, 2010 96,704

Net assets, December 31, 2011 \$ 117,330

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

LADIES OF CHARITY WELFARE AGENCY, INC.
(A TENNESSEE CORPORATION FOR NOT PROFIT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

Cash flows from operating activities:

Change in net assets	\$ 20,626
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Adjustments to reconcile change in net assets to net cash used by operating activities:

Depreciation	924
Decrease in payroll withholdings	<u>(82)</u>

Net cash provided by operating activities	\$ <u>21,468</u>
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Cash flows from investing activities:

Interest added to certificate of deposit	\$ <u>(28)</u>
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Net cash flow from investing activities	\$ <u>(28)</u>
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Net increase in cash	\$ 21,440
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Cash, beginning of period	<u>82,912</u>
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Cash, end of period	\$ <u><u>104,352</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

LADIES OF CHARITY WELFARE AGENCY, INC.
(A TENNESSEE CORPORATION-NOT FOR PROFIT)
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total All Programs</u>
Compensation expense:				
Salaries	\$ 42,721	\$ -	\$ -	\$ 42,721
Employee benefits	4,661	-	-	4,661
Payroll taxes	3,427	-	-	3,427
Total compensation expense	<u>\$ 50,809</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,809</u>
Other expenses:				
Assistance to clients	\$ 166,320	\$ -	\$ -	\$ 166,320
Depreciation	924	-	-	924
Insurance	168	-	-	168
Licenses and Permits	702	-	-	702
Occupancy expense	14,464	-	-	14,464
Professional fees	5,879	-	-	5,879
Supplies and general	2,321	-	-	2,321
Telephone	3,130	-	-	3,130
Total other expenses	<u>\$ 193,908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,908</u>
 Total expenses	 <u><u>\$ 244,717</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 244,717</u></u>

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

LADIES OF CHARITY WELFARE AGENCY, INC.
(A TENNESSEE CORPORATION – NOT FOR PROFIT)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

(1) SIGNIFICANT ACCOUNTING POLICIES:

Accrual Basis – The financial statements of the Organization are prepared using the accrual basis of accounting, under which income is recognized when earned rather than when collected and expenses are recognized when incurred rather than when disbursed.

Basis of Presentation – Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification ASC 958-225 (formerly SFAS No. 117). Under ASC 958-225, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of the three net asset categories follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. As of December 31, 2011, there were no temporarily restricted net assets.

Permanently Restricted – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. At December 31, 2011, there were no permanently restricted net assets.

Use of Estimates – Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities and disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

Cash Equivalents – For purposes of the Statement of Cash Flows, cash equivalents include any liquid investments with an original maturity of three months or less. At December 31, 2011, there were no cash equivalents.

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Ladies of Charity Welfare Agency, Inc.
Notes to Financial Statements
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Fixed Assets – Equipment is stated at cost or, if donated, at fair market value at the date of gift. Upon retirement or disposition, costs and accumulated depreciation are removed from the accounts, and the resulting profit or loss is reflected in income. Equipment is depreciated using declining balance method over the estimated useful lives of the assets, which range from five to seven years.

Contributions – Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Income Taxes – The Internal Revenue Service granted the Organization exempt status under Code Section 501(c)(3) as a charitable organization, and has classified it as other than a private foundation as defined in Code Section 590(a).

Contributed Services – A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs. No amounts have been recognized in the accompanying financial statements because the criteria for recognition of such volunteer effort under ASC 958-605 (formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*), have not been satisfied.

(2) ORGANIZATION & GENERAL:

The Ladies of Charity Welfare Agency, Inc., is a non-denominational charitable agency which was founded by the Ladies of Charity of Nashville, Inc., a non-profit Catholic women's civic and social club which engages in philanthropic activities. The Agency provides services without regard to race, creed or nationality. The executive board of the Ladies of Charity of Nashville, Inc., is also the board of directors of the ladies of Charity Welfare Agency, Inc.

The Ladies of Charity Welfare Agency, Inc. provides emergency assistance to individuals and families who cannot be serviced immediately by other social service agencies. For example, it administers funds provided for Nashville Electric Service to assist needy persons with their electric bills.

The Agency receives public support primarily through the Ladies of Charity of Nashville, Inc., and the United Way of Middle Tennessee with a small amount of direct public contributions.

(3) TAX STATUS:

The Agency is a nonprofit organization, exempt from income tax under Section 501 (C) 3 of the U. S. Internal Revenue Code. Contributions to the Agency qualify for the 50 percent charitable contributions limitation. Tax returns for 2009, 2010 and 2011 are subject to routine audit by the Internal Revenue Service.

(4) TRANSACTIONS WITH RELATED PARTIES:

The Ladies of Charity Welfare Agency, Inc. is completely controlled by the Ladies of Charity of Nashville, Inc. The facilities, building and furnishings are supplied by the Ladies of Charity of Nashville, Inc. Ladies of Charity provides fundraising and administrative support to the Agency.

(5) SUBSEQUENT EVENTS:

The Agency has evaluated subsequent events through June 13, 2012, the date which the financial statements were available to be issued. No events have occurred which would have a material effect on the financial statements of the Agency as of that date.