

2015
Financial Statements
With
Auditor's Letters

THE LADIES OF CHARITY

FINANCIAL STATEMENTS

DECEMBER 31, 2015

(With Independent Auditor's Report Thereon)

THE LADIES OF CHARITY
FINANCIAL STATEMENTS
DECEMBER 31, 2015

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PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of The Ladies of Charity

We have audited the accompanying financial statements of The Ladies of Charity (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ladies of Charity as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Patterson Hardee & Ballentine

February 5, 2016

THE LADIES OF CHARITY
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

ASSETS

Current Assets:

Cash	\$ 177,339	
Certificates of deposit	40,190	
Accounts receivable	20,254	
Investments	718	
Total current assets		\$ 238,501

Property and equipment, net	209,050
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Asset Whose Use is Limited:

Cash	61,418
	<u>\$ 508,969</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 1,881	
Payroll taxes payable	1,428	
Deferred revenue	3,989	
Due to nationals	2,660	
Accrued payroll	2,229	
Accrued vacation	1,428	
Total current liabilities		<u>\$ 13,615</u>

Net Assets:

Unrestricted	375,863	
Unrestricted - board-designated	58,073	
Total unrestricted net assets		433,936
Temporarily restricted		<u>61,418</u>
Total net assets		<u>495,354</u>
		<u>\$ 508,969</u>

See accompanying notes to financial statements.

THE LADIES OF CHARITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support and Revenues:			
Contributions	\$ 149,328	\$ 17,725	\$ 167,053
Grant	5,429	55,035	60,464
Membership dues	10,760	-	10,760
Fundraising activities, net of \$125,525 direct expenses	138,086	-	138,086
United Way	341	-	341
In-kind	800	-	800
Interest income	30	-	30
Other income	4,303	-	4,303
Net assets released from restrictions	99,372	(99,372)	-
	<u>408,449</u>	<u>(26,612)</u>	<u>381,837</u>
Total public support and revenues			
Expenses:			
Program services			
Welfare Agency	197,624	-	197,624
Other Charitable Programs	123,696	-	123,696
Total program services	321,320	-	321,320
Management and general	24,531	-	24,531
Fundraising	36,674	-	36,674
	<u>382,525</u>	<u>-</u>	<u>382,525</u>
Total expenses			
Increase (decrease) in net assets	25,924	(26,612)	(688)
Net assets - beginning of year	408,012	88,030	496,042
Net assets - end of year	<u>\$ 433,936</u>	<u>\$ 61,418</u>	<u>\$ 495,354</u>

See accompanying notes to financial statements.

THE LADIES OF CHARITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services			Supporting Services		
	Welfare Agency	Other Charitable Programs	Total Program Services	Management and General	Fundraising	Total
Compensation Expense:						
Salaries	\$ -	\$ 48,532	\$ 48,532	\$ 16,204	\$ -	\$ 64,736
Payroll taxes	-	3,727	3,727	1,243	-	4,970
	-	52,259	52,259	17,447	-	69,706
Other Expenses:						
Advertising expense	-	-	-	-	1,839	1,839
Assistance to clients	167,080	-	167,080	-	-	167,080
Bank fees	-	-	-	267	77	344
Christmas basket expense	-	22,485	22,485	-	-	22,485
Depreciation	1,775	5,309	7,084	2,124	13,803	23,011
Donations	-	3,703	3,703	-	-	3,703
In-kind expense	-	800	800	-	-	800
Insurance	-	1,134	1,134	454	2,950	4,538
Licenses and permits	50	-	50	-	-	50
Miscellaneous	-	4,453	4,453	1,469	-	5,922
National dues and subscriptions	-	6,485	6,485	-	-	6,485
Printing and postage	294	2,028	2,322	-	-	2,322
Professional fees	3,478	4,558	8,036	-	-	8,036
Repairs and maintenance	-	2,650	2,650	1,060	6,891	10,601
Scholarship	-	12,000	12,000	-	-	12,000
Supplies	4,945	1,557	6,502	-	-	6,502
Telephone	5,145	-	5,145	-	-	5,145
Utilities	14,857	4,275	19,132	1,710	11,114	31,956
	\$ 197,624	\$ 123,696	\$ 321,320	\$ 24,531	\$ 36,674	\$ 382,525

See accompanying notes to financial statements.

THE LADIES OF CHARITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Flows From Operating Activities:

Decrease in net assets	\$	(688)
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Adjustments to reconcile decrease in net assets
to net cash provided by operating activities:

Depreciation		23,011
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Changes in:

Certificates of deposit	\$	(4)	
Accounts receivable		(20,054)	
Asset whose use is limited		26,612	
Accounts payable		(1,984)	
Payroll tax payable		447	
Deferred revenue		2,843	
Due to nationals		1,896	
Accrued payroll		391	
Accrued vacation		(80)	

Total adjustments		10,067	
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Net cash provided by operating activities		32,390	
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Net increase in cash		32,390
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Cash - beginning of year		144,949
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Cash - end of year	\$	177,339
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THE LADIES OF CHARITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

The terms "we", "us", or "our" are used throughout these notes to the financial statements to identify The Ladies of Charity, a not-for-profit organization. We are a Catholic women's civic and social club which engages in philanthropic activities. Our motto is, "to serve rather than be served."

We provide emergency assistance to individuals and families who cannot be serviced immediately by other social service agencies. We provide services without regard to race, creed, or nationality.

Program Services:

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

Welfare Agency - provides assistance with utilities (electricity, gas, and water), rent, clothing, and food to individuals in need who meet specific qualifications. Limited amounts of funding are given to qualified individuals once every three years.

Other Charitable Programs:

Christmas Baskets - provides Christmas baskets to individuals in need

Scholarships - provides scholarships to high school students

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Accordingly, our net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations, which may or will be met, either by our actions and/or by the passage of time. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations which require the assets to be permanently maintained. Generally, the donors of these assets permit us to use all or part of the income earned and any related investments for general or specific purposes. We had no permanently restricted net assets as of December 31, 2015.

Contribution Revenue

We receive contributions from the general public and donations from private organizations to fund our operations. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions.

THE LADIES OF CHARITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies (continued)

Contribution Revenue (continued)

We recognize this revenue as it is received or promised to the organization in accordance with generally accepted accounting principles for nonprofit organizations. See NOTE 6 for discussion of restricted revenue.

Membership Dues

We also receive membership dues as a source of revenue. Normal dues are \$25 and consist of two parts, \$15 are our member dues and \$10 are national dues. We also collect lifetime member dues which consist of national dues only (\$10). Any national dues collected but not remitted to nationals at the end of the year are included in the current liabilities section of the Statement of Financial Position. The due to nationals balance at December 31, 2015, is \$2,660.

Membership dues are due from the "active" members on January 31. The collection period for the 2015 year was December 1, 2014, to November 30, 2015. The dues received in December of 2015, for 2016 membership dues, were recorded as deferred revenue on the Statement of Financial Position. The deferred revenue balance at December 31, 2015, is \$3,989.

There are no penalties for members who do not pay dues until they have not paid for three years then they are moved to an "inactive" membership status. Member may return to an "active" membership status if they pay the current year's membership dues. There is no obligation for the member to pay previous unpaid dues. Therefore no member dues receivable is set up for previously unpaid dues.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, we consider all unrestricted cash and investment instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2015, we had no cash equivalents.

Investments

Investments in equity securities with readily determinable fair values are reported at their fair values in the Statement of Financial Position. The fair values for these investments are based on quoted market prices. Donated securities are recognized at the fair value on the date of the contribution. All interest, dividends and unrealized gains and losses are reported in the Statement of Activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. The unrealized gain or loss on our investment is not considered material to the financial statements.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value as of the date of donation. Depreciation is provided using the straight line basis over the estimated useful lives of the respective assets. Purchases or donations of equipment over \$500 are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. At December 31, 2015, no assets were considered to be impaired.

Advertising

Advertising is expensed as incurred.

THE LADIES OF CHARITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies (continued)

Donated Goods, Facilities, and Services

Donated services are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by us if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

Donated Information Technology services, which amounted to \$800 in 2015, are recorded at their estimated fair value at the date of donation and have been included in the appropriate categories of revenue and expenses.

Members of the Board of Directors have provided substantial assistance to us by donation of time and services. The value of this contribution is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

We are a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes. We are not subject to examination by U.S. federal or state taxing authorities for years before 2012.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair Values of Financial Instruments

The carrying values of current assets, current liabilities, and restricted cash approximate fair values due to the short maturities of these instruments.

NOTE 2 - Certificates of Deposit

A summary of the certificates of deposits held at December 31, 2015, is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Certificate of deposit	.050%	9/10/2016	\$ 22,038
Certificate of deposit	.050%	9/28/2016	12,567
Certificate of deposit	.050%	8/28/2016	5,585
			<u>\$ 40,190</u>

The carrying amounts of the certificates of deposit approximate fair values at December 31, 2015.

THE LADIES OF CHARITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 3 - Investments

Investments consisted of the following at December 31, 2015:

	<u>Market Value</u>	<u>Cost</u>
Brookfield Office Properties, Inc.	\$ 230	\$ N/A
Urban Edge Properties	47	N/A
Vornado Realty Trust	400	N/A
Money Markets	41	N/A
	<u>\$ 718</u>	<u>\$ N/A</u>

NOTE 4 - Fair Value Measurements

We use a framework for measuring fair value and disclosing fair values. We define fair value at the price which would be received to sell an asset in an orderly transaction between market participants at the measurement date. We use this framework for all assets and liabilities measured and reported on a fair value basis and enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Each asset and liability carried at fair value is classified into one of the following categories:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities
- Level 2 - Observable market based inputs or unobservable inputs corroborated by market data
- Level 3 - Unobservable inputs not corroborated by market data

All investments use level 1 valuation inputs.

NOTE 5 - Property and Equipment

A summary of property and equipment at December 31, 2015, is as follows:

Land and buildings	\$ 606,100
Building improvements	90,015
Land improvements	26,345
Fixtures	13,462
Equipment	17,605
Furniture	240
	<u>753,767</u>
Less: accumulated depreciation	<u>(544,717)</u>
	<u>\$ 209,050</u>

NOTE 6 - Board-Designated Unrestricted Net Assets

A summary of board-designated unrestricted net assets at December 31, 2015, is as follows:

Memorial fund	\$ 725
Welfare agency program	<u>57,348</u>
Total board designated - unrestricted net assets	<u>\$ 58,073</u>

THE LADIES OF CHARITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7 - Temporarily Restricted Net Assets

Restricted donations are restricted for donor selected purposes. These donor selected purposes include a Replacement Fund, used for large purchases to update or restore buildings. The Christmas Basket program is restricted by donors for use of supplies to fill Christmas Baskets. The NES Project Help is restricted by the grant agreement to pay past due electric bills for individuals in extreme need. The Frist Technology Grant restriction is for the purchase technology. All amounts received for these projects are recorded as temporarily restricted revenue when received or promised and are released from restriction in accordance with generally accepted accounting principles for nonprofit organizations as the restrictions are fulfilled. A summary of temporarily restricted net assets at December 31, 2015, is as follows:

Replacement Fund	\$ 46,095
Christmas Basket Program	13,771
NES Project Help	1,361
Frist Technology Grant	<u>191</u>
Total temporarily restricted net assets	<u>\$ 61,418</u>

NOTE 8 - Leases

In November 2013, we entered into a lease for dumpster services that expires November 2018. Expense incurred under this operating lease for the year ended December 31, 2015, was \$1,014.

A schedule of future minimum lease payments required under this non-cancelable operating lease as of December 31, 2015, is as follows:

Year Ending December 31,

2016	\$ 1,042
2017	1,073
2018	919
Thereafter	<u>-</u>
	<u>\$ 3,034</u>

NOTE 9 - Concentrations

At the year ended December 31, 2015, 84% of our total accounts payables are due to three vendors.

NOTE 10 - Subsequent Events

We have evaluated events subsequent to the year ending December 31, 2015. As of February 5, 2016, the date the financial statements were available to be issued, no events subsequent to December 31, 2015, are considered necessary to be included in the financial statements.