

DAVID P. GUENTHER
CERTIFIED PUBLIC ACCOUNTANT
311 BLUE BIRD DRIVE
GOODLETTSVILLE, TENNESSEE 37072
(615) 859-1300
(615) 859-1932 FAX

INDEPENDENT AUDITOR'S REPORT

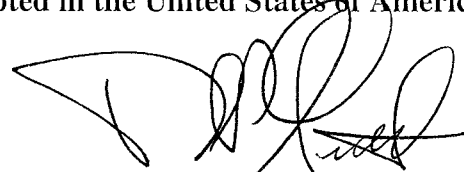
To the Board of Directors
Ladies of Charity Welfare Agency, Inc.
Nashville, Tennessee

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, 2009 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, 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.

January 21, 2011



DAVID P. GUENTHER

LADIES OF CHARITY WELFARE AGENCY, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

Current assets:

Cash on hand and in banks	\$ 101,628
Total current assets	\$ <u>101,628</u>

Fixed assets:

Equipment & furniture	\$ 4,328
	\$ <u>4,328</u>
Less: accumulated depreciation	<u>2,726</u>

Total fixed assets	\$ 1,602
Total assets	\$ <u><u>103,230</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:

Payroll withholdings	\$ 906
Total current liabilities	\$ <u>906</u>

Net assets:

Unrestricted	\$ 102,324
Total net assets	\$ <u>102,324</u>

Total liabilities and net assets	\$ <u><u>103,230</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, 2009

Public support and revenue:

Public support:

Contributions	\$ 20,665
Other agencies	156,225
United Way	<u>71,674</u>

Total public support	<u>\$ 248,564</u>
-----------------------------	--------------------------

Expenses:

Program services	\$ 266,794
Management & general	-
Fund raising	<u>-</u>
Total expenses	<u>\$ 266,794</u>

Increase (decrease) in net assets	\$ (18,230)
--	--------------------

Net assets, December 31, 2008	<u>120,554</u>
--------------------------------------	-----------------------

Net assets, December 31, 2009	<u><u>\$ 102,324</u></u>
--------------------------------------	---------------------------------

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, 2009

Cash flows from operating activities:	
Change in net assets	\$ (18,230)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	1,007
Decrease in payroll withholdings	<u>(183)</u>
Net cash used by operating activities	\$ <u>(17,406)</u>
Cash flows from financing activities:	\$ -
Cash flows from investing activities:	\$ -
Net decrease in cash	\$ (17,406)
Cash, beginning of period	<u>119,034</u>
Cash, end of period	<u><u>\$ 101,628</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)
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total All Programs</u>
Compensation expense:				
Salaries	\$ 45,105	\$ -	\$ -	\$ 45,105
Employee benefits	2,998	-	-	2,998
Payroll taxes	3,451	-	-	3,451
Total compensation expense	<u>\$ 51,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,554</u>
Other expenses:				
Assistance to clients	\$ 183,822	\$ -	\$ -	\$ 183,822
Dues & subscriptions	250	-	-	250
Depreciation	1,007	-	-	1,007
Insurance	1,365	-	-	1,365
Miscellaneous	309	-	-	309
Occupancy expense	14,165	-	-	14,165
Professional fees	7,491	-	-	7,491
Staff training	1,602	-	-	1,602
Supplies and general	1,272	-	-	1,272
Telephone	3,957	-	-	3,957
Total other expenses	<u>\$ 215,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,240</u>
Total expenses	<u><u>\$ 266,794</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 266,794</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, 2009

(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, 2009, 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, 2009, 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, 2009, 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
Page 2

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.

Ladies of Charity Welfare Agency, Inc.
Notes to Financial Statements
Page 3

(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.

(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.