

013781

2010
Review

THE CHARITY GUILD, INC.

Financial Statements

June 30, 2010



GARY R. OMAN, P.C.
Certified Public Accountant and Business Consultant

2010

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Financial Statements

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Review

1024 Pearl Street
Brockton, MA 02301

013781

To the Officers and Directors
The Charity Guild, Inc.
Brockton, Massachusetts

We have reviewed the accompanying statement of financial position of The Charity Guild, Inc. (a non-profit organization) as of June 30, 2010, and the related statements of activities and changes in net assets and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of The Charity Guild, Inc.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Gary R. Oman, P.C.

March 26, 2011



America Counts on CPAs

THE CHARITY GUILD, INC.

Statement of Financial Position

June 30, 2010

<u>Assets</u>	
Cash and Cash Equivalents:	
Unrestricted cash	\$ 60,529
Temporarily restricted cash	6,998
Total Cash and Cash Equivalents	<u>67,527</u>
Property and Equipment:	
Land and building (note 2)	336,010
Office and other equipment	24,023
Food equipment	5,543
Furniture	2,146
	<u>367,722</u>
Less - Accumulated depreciation	58,523
Net Property and Equipment	<u>309,199</u>
Total Assets	<u>\$ 376,726</u>
 <u>Liabilities and Net Assets</u>	
Liabilities:	
Sales tax payable	\$ 308
Mortgage payable (note 2)	154,738
Total Liabilities	<u>155,046</u>
Net Assets:	
Unrestricted	214,682
Temporarily restricted	6,998
Total Net Assets	<u>221,680</u>
Total Liabilities and Net Assets	<u>\$ 376,726</u>

See accompanying notes and accountant's review report.

THE CHARITY GUILD, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support:			
In-kind donations of food	\$ 154,804	\$ -	\$ 154,804
Grants	-	45,805	45,805
Contributions	14,791		14,791
Memorial contributions	2,925		2,925
Total Support	<u>172,520</u>	<u>45,805</u>	<u>218,325</u>
Revenues:			
Fundraising	90,348		90,348
Thrift store income	67,347		67,347
Membership dues	2,050		2,050
Total Revenues	<u>159,745</u>	<u>-</u>	<u>159,745</u>
Total Support and Revenues	<u>332,265</u>	<u>45,805</u>	<u>378,070</u>
Net Assets Released from Restrictions:			
Satisfaction of program restrictions	81,564	(81,564)	-
	<u>413,829</u>	<u>(35,759)</u>	<u>378,070</u>
Expenses:			
Food pantry	214,019		214,019
Salaries and wages	67,877		67,877
Fundraising expense	19,244		19,244
Repairs and maintenance	16,111		16,111
Utilities	11,574		11,574
Interest expense	9,381		9,381
Payroll taxes	6,852		6,852
Depreciation	5,765		5,765
Miscellaneous	4,858		4,858
Insurance	4,532		4,532
Professional fees	2,536		2,536
Office supplies and expense	2,495		2,495
Postage and printing	2,456		2,456
Volunteer expenses and memorials	881		881
Other programs	763		763
Holiday sharing	70		70
Total Expenses	<u>369,414</u>	<u>-</u>	<u>369,414</u>
Increase (Decrease) in Net Assets	44,415	(35,759)	8,656
Net Assets at Beginning of the Year	<u>170,267</u>	<u>42,757</u>	<u>213,024</u>
Net Assets at End of the Year	<u>\$ 214,682</u>	<u>\$ 6,998</u>	<u>\$ 221,680</u>

See accompanying notes and accountant's review report.

THE CHARITY GUILD, INC.
Statement of Cash Flows
For the Year Ended June 30, 2010

Cash Flows From Operating Activities:	
Increase in net assets	\$ 8,656
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	5,765
Increase in sales tax payable	308
Net cash provided by operating activities	<u>14,729</u>
Cash Flows From Financing Activities:	
Principal payments on mortgage payable	<u>(9,141)</u>
Net cash used in investing activities	<u>(9,141)</u>
Net Increase in Cash and Cash Equivalents	5,588
Beginning Cash and Cash Equivalents	<u>61,939</u>
Ending Cash and Cash Equivalents	<u>\$ 67,527</u>
Supplemental disclosure of cash flow information	
Cash paid during the year for interest expense	<u>\$ 9,381</u>

See accompanying notes and accountant's review report.

THE CHARITY GUILD, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of The Charity Guild, Inc. (the "Charity Guild") is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of these financial statements.

Organization and Nature of Activities:

Charity Guild is a non-denominational not-for-profit organization which provides food and clothing to those in need in Brockton, Massachusetts and nearby communities. Funds needed to provide the food and clothing are raised from grants, donations and the operations of a thrift store that sells clothing and other household goods.

Financial Accounting Standards Board (FASB) Codification:

The FASB issued Accounting Standards Codification (ASC) Topic 105, *Generally Accepted Accounting Principles*, which became the single source of authoritative nongovernmental U.S. generally accepted accounting principles (GAAP) recognized by FASB. The codification is effective for interim or annual financial periods ending after September 15, 2009. The accompanying financial statements of Charity Guild include references to the codification.

Cash and Cash Equivalents:

Charity Guild considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Promises to Give:

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

As of June 30, 2010, there were no permanently restricted net assets.

Property and Equipment:

Property and equipment is recorded at cost or, if donated, at the fair market value at the date of gift, net of accumulated depreciation. Depreciation of property and equipment is provided using the straight-line method at rates based on the following estimated useful lives:

	<u>Years</u>
Building	39
Furniture, Office and Other Equipment	5 -10

THE CHARITY GUILD, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

Property and Equipment (Concluded):

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. When depreciable assets are retired, the cost and related accumulated depreciation are removed from the records with the resulting gain or loss credited or charged to income. Expenses for maintenance and repairs are charged to expense as incurred.

Depreciation was \$5,765 in 2010.

Impairment of Long-Lived Assets:

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the statements of activities, to its current fair value.

Net Assets:

Charity Guild is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Under these provisions, net assets and revenues, expense, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

- a. Unrestricted net assets are those currently available for Charity Guild operations and those resources invested in property, plant and equipment.
- b. Temporarily restricted net assets are those stipulated by donors for specific operating purposes or for the acquisition of property and equipment; or those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interests have ceased.
- c. Permanently restricted net assets are those gifts for which, as required by donor restrictions, the corpus must be invested in perpetuity and only income is to be made available based upon donor intent.

Revenue Recognition:

Charity Guild recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as unrestricted support, temporarily restricted support, or permanently restricted support. Temporarily restricted contributions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as temporarily restricted contributions and are reclassified as net assets released from restrictions in the same year.

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. The majority of the promises to give are received from a broad base of Brockton area contributors as a result of the annual campaign.

THE CHARITY GUILD, INC.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Concluded):

Contributions of donated noncash assets received from a variety of sources are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Contributed Services:

Charity Guild received a substantial amount of services donated by its volunteers in carrying out its mission. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

Use of 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 assumptions.

Subsequent Events:

Management has evaluated subsequent events through March 26, 2011, the date on which the financial statements were available to be issued.

2. Mortgage Payable

Mortgage payable at June 30, 2010 consisted of the following:

Mortgage note payable to Mutual Bank, monthly payments of \$1,543 with interest at 5.875%, due November 11, 2032, secured by real estate at 501 Main Street, Brockton, MA.

\$ 154,738

Maturities of long-term debt are as follows:

Year Ending	
<u>June 30</u>	
2011	\$ 9,660
2012	10,244
2013	10,843
2014	11,520
2015	12,550
Thereafter	99,921

THE CHARITY GUILD, INC.

Notes to Financial Statements

3. Description of Supporting Services

General and Administrative:

This supporting service category includes the functions necessary to secure proper administrative functioning of Charity Guild's governing board, maintain an adequate working environment, and manage financial responsibilities of Charity Guild.

Fundraising:

This supporting service category includes expenditures which provide the structure necessary to encourage and secure private financial support.

4. Operating Leases

Charity Guild has certain office equipment under operating leases that expire over the next several years.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2010.

Year Ending June 30	
2011	\$ 1,236
2012	1,236
2013	1,236
2014	1,236
2015	1,236
	<u>\$ 6,180</u>

Rental expense was \$1,244 in 2010.

5. Income Taxes

Charity Guild has received an exemption from Internal Revenue Service (IRS) from federal income taxes under Section 501(a), as an entity described in Section 501(c)(3) of the Internal Revenue Code. Charity Guild is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose.

On July 1, 2009, Charity Guild adopted the provisions of FASB ASC Topic 740-10, *Income Taxes* (previously known as FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*). The implementation of ASC 740-10 had no impact on Charity Guild's financial statements and, accordingly, no interest or penalties were accrued as of July 1, 2009. Management believes it has no material uncertain tax positions or any related penalties and interest to accrue for the year ended June 30, 2010, and, accordingly, there is no liability for unrecognized tax benefits.

THE CHARITY GUILD, INC.

Notes to Financial Statements

5. Income Taxes (Concluded)

Charity Guild files IRS Form 990 annually with the Federal Government and is still open to examination by taxing authorities for fiscal years 2007 and later.

6. Commitments and Contingencies

In the normal course of business Charity Guild is subject to proceedings, lawsuits and other claims, including proceedings under laws and regulations related to taxes and other matters. Such matters are subject to many uncertainties and outcomes are not predictable with assurance. Consequently, Charity Guild is unable to ascertain the ultimate aggregate amount of monetary liability or financial impact with respect to these matters at June 30, 2010. However, Charity Guild believes that after final disposition, any monetary liability or financial impact beyond that provided for at year-end would not be material to the annual financial statements.