

WESLEY COMMUNITY CENTER, INC.

**Financial Statements
December 31, 2013 and 2012
with Independent Auditor's Report**

Matthew J. Scarr, CPA LLC

Certified Public Accountant

*808 East Franklin Street
Centerville, OH 45459-5605
(937) 232-1200
Fax (937) 435-2863*

Independent Auditor's Report

To the Board of Directors of
Wesley Community Center, Inc.

I have audited the accompanying statement of financial position of Wesley Community Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of Wesley Community Center, Inc. as of and for the year ended December 31, 2012 were audited by other auditors whose report dated November 15, 2013 expressed an unmodified opinion.

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

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 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, I 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.

WESLEY COMMUNITY CENTER, INC.

Statements of Financial Position

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Current assets:		
Cash	\$ 167,737	50,078
Accounts receivable:		
Trade	36,856	70,286
Employee	-	64
Prepaid expenses	3,399	3,320
	<u>207,992</u>	<u>123,748</u>
Real property held for resale	<u>12,100</u>	<u>18,000</u>
Property and equipment, net	<u>184,442</u>	<u>184,836</u>
Other assets	<u>1,829</u>	<u>4,631</u>
	<u>\$ 406,363</u>	<u>331,215</u>
<u>Liabilities and Net Assets</u>		
Accounts payable	\$ 15,525	39,798
Wages payable	8,371	12,603
Accrued expense	12,915	2,569
Advances from employees	17,816	17,816
Deferred revenue	34,553	-
Note payable	14,605	16,793
Mortgage note payable	107,990	113,683
	<u>211,775</u>	<u>203,262</u>
Net assets:		
Unrestricted	191,944	125,309
Temporarily restricted	2,644	2,644
	<u>194,588</u>	<u>127,953</u>
	<u>\$ 406,363</u>	<u>331,215</u>

See accompanying notes to the financial statements.

WESLEY COMMUNITY CENTER, INC.

Statement of Activities - Continued

Year Ended December 31, 2013 with Comparative Totals for 2012

	Unrestricted					Temporarily Restricted	Total	2012
	Administrative and Facility	Human Services	Senior Services	Youth Programs	Total Unrestricted			
Fundraising expense	2,474	-	-	-	2,474	-	2,474	3,906
Equipment rental	3,460	3,507	1,169	2,314	11,689	-	11,689	12,164
Maintenance	4,671	10,120	4,261	4,779	28,896	-	28,896	15,500
Office expense	559	823	274	548	2,532	-	2,532	4,737
Travel	-	1,103	-	705	1,808	-	1,808	1,170
Postage	716	194	121	126	1,232	-	1,232	1,462
Public relations	1,929	-	-	-	1,929	-	1,929	923
Professional fees	15,097	-	-	-	15,097	-	15,097	14,000
Interest expense	5,162	-	-	-	5,162	-	5,162	10,790
Miscellaneous	2,354	2,074	341	846	7,324	-	7,324	8,085
Dues and subscriptions	735	-	-	-	735	-	735	1,131
Loss on sale of assets	5,900	-	-	4,774	10,674	-	10,674	14,221
Depreciation and amortization In-kind	14,042	-	-	11,704	25,746	-	25,746	24,084
	48,426	125,376	16,582	9,101	201,189	-	201,189	137,600
Total expense	240,516	369,109	81,617	141,780	959,916	-	959,916	975,258
Change in net assets	(9,569)	109,491	(14,747)	(54,076)	66,635	-	66,635	115,655
Net assets - beginning of year	93,235	218,739	31,803	(128,409)	125,309	2,644	127,953	12,298
Net assets - end of year	\$ 83,666	328,230	17,056	(182,485)	191,944	2,644	194,588	127,953

See accompanying notes to the financial statements.

WESLEY COMMUNITY CENTER, INC.

Statement of Activities - Continued

Year Ended December 31, 2012

	Unrestricted					Total	Temporarily Restricted	Total
	Administrative and Facility	Human Services	Senior Services	Transportation	Youth Programs			
Fundraising expense	3,906	-	-	-	-	3,906	-	3,906
Equipment rental	3,426	3,360	1,447	2,048	1,883	12,164	-	12,164
Maintenance	2,591	5,256	2,230	2,806	2,617	15,500	-	15,500
Office expense	1,930	1,027	459	703	618	4,737	-	4,737
Travel	36	995	42	50	47	1,170	-	1,170
Postage	450	382	165	243	222	1,462	-	1,462
Public relations	650	125	39	57	52	923	-	923
Professional fees	14,000	-	-	-	-	14,000	-	14,000
Interest expense	10,790	-	-	-	-	10,790	-	10,790
Miscellaneous	3,635	2,145	514	1,138	653	8,085	-	8,085
Dues and subscriptions	1,131	-	-	-	-	1,131	-	1,131
Loss on sale of assets	-	-	-	14,221	-	14,221	-	14,221
Depreciation and amortization In-kind	14,879	-	-	9,205	-	24,084	-	24,084
	-	137,600	-	-	-	137,600	-	137,600
Total expense	198,560	385,172	74,598	212,760	104,168	975,258	-	975,258
Change in net assets	46,290	91,756	27,419	(80,048)	34,659	120,076	(4,421)	115,655
Net assets - beginning of year	46,945	126,983	4,384	(48,361)	(124,718)	5,233	7,065	12,298
Net assets - end of year	\$ 93,235	218,739	31,803	(128,409)	(90,059)	125,309	2,644	127,953

See accompanying notes to the financial statements.

WESLEY COMMUNITY CENTER, INC.

Notes to Financial Statements

Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of operations—Wesley Community Center, Inc. (the “Organization”) is a not-for-profit corporation. The Organization’s mission is to provide education, developmental, individual, family, and community support services in the greater Dayton, Ohio area. The Organization receives support primarily from program revenues and donations.

Method of accounting—The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as more explicitly described in the Financial Accounting Standards Board Accounting Standards Codification.

Basis of presentation—Financial reporting standards for not-for-profit organizations require classification of financial resources into the following three net asset categories according to donor-imposed restriction:

Unrestricted net assets – Represent resources that are available to support the Organization’s operations.

Temporarily restricted net assets – Represent resources for which donor imposed restrictions have not yet been met. When donor restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Represent resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted net assets at December 31, 2013 and 2012.

Functional allocation of expenses—The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. According, certain costs have been allocated among the programs and supporting services benefited.

Use of estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America required to make estimates and assumptions that affect certain reported amount and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications—Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation.

Subsequent events—The Organization evaluates events and transactions occurring subsequently to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements considering events through August 14, 2014, the date on which the financial statement were available to be issued.

2. PROPERTY AND EQUIPMENT:

Property and equipment is summarized as follows at December 31:

	<u>2013</u>	<u>2012</u>
Land	\$ 56,000	56,000
Land improvements	38,296	38,296
Buildings	306,654	322,589
Furniture and equipment	39,764	39,764
Vehicles	<u>174,595</u>	<u>142,814</u>
	615,309	599,463
Less accumulated depreciation and amortization	<u>430,867</u>	<u>414,627</u>
	<u>\$ 184,442</u>	<u>184,836</u>

3. NOTE PAYABLE & MORTGAGE NOTE PAYABLE:

The Organization has an installment note with KeyBank, N.A. which is unsecured, bears interest at 6.35%, and is payable in monthly installments of \$267 through June 2019. The balance of this note is \$14,605 and \$16,793 at December 31, 2013 and 2012, respectively.

The Organization also has a mortgage note payable with KeyBank, N.A. which is collateralized by the Organization's building. The note bears interest at 2.5% over the bank's prime lending rate (3.66% at December 31, 2013 and 2012), and is payable in monthly installments of \$825 through November 2027. The balance of this mortgage note is \$107,990 and \$113,683 at December 31, 2013 and 2012, respectively.