

**DON BOSCO COMMUNITY CENTER, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITORS' REPORT**  
**JUNE 30, 2009**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Don Bosco Community Center, Inc.  
Kansas City, Missouri

We have audited the accompanying consolidated statements of financial position of Don Bosco Community Center, Inc. (a nonprofit organization) ("the Organization") as of June 30, 2009 and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Don Bosco Community Center, Inc. as of June 30, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2010 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Marr and Company, P.C.  
Certified Public Accountants

Kansas City, Missouri  
January 27, 2010

**DON BOSCO COMMUNITY CENTER, INC.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2009**

**ASSETS**

<u>Current Assets:</u>	
Cash and cash equivalents	\$ 513,834
Accounts receivable, net (Note 3)	<u>222,048</u>
Total Current Assets	735,882
Interest in net assets of Don Bosco Foundation Charitable Trust (Note 8)	51,555
<u>Property and Equipment:</u>	
Land	158,289
Buildings and improvements	2,142,615
Equipment	<u>1,128,479</u>
	3,429,383
Less accumulated depreciation	<u>2,024,034</u>
Net Property and Equipment	<u>1,405,349</u>
<b>TOTAL ASSETS</b>	<b><u>\$2,192,786</u></b>

**LIABILITIES AND NET ASSETS**

<u>Current Liabilities:</u>	
Payroll withholdings	\$ 52,714
Accounts payable	345,523
Accrued personnel costs (Note 6)	68,025
Accrued liabilities	2,501
Deferred revenue	<u>20,439</u>
Total Current Liabilities	489,202
<u>Net Assets:</u>	
Unrestricted	1,591,854
Temporarily restricted:	
Don Bosco Foundation Charitable Trust (Note 8)	<u>111,730</u>
Total Net Assets	<u>1,703,584</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$2,192,786</u></b>

*See Accompanying Notes to these Financial Statements.*

**DON BOSCO COMMUNITY CENTER, INC.**

**CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>SUPPORT, REVENUE AND RECLASSIFICATIONS</u></b>			
Public Support:			
Contributions	\$ 239,539	\$ 60,175	\$ 299,714
Special events	133,740	0	133,740
United Way	160,728	0	160,728
Revenue:			
Governmental revenues	3,087,599	0	3,087,599
Contracts and grants	419,082	0	419,082
Client fees	1,128,367	0	1,128,367
Sales tax	158,569	0	158,569
Other	20,554	0	20,554
Investment revenue	<u>7,922</u>	<u>197</u>	<u>8,119</u>
Total Support and Revenue	5,356,100	60,372	5,416,472
Net assets released from restrictions	<u>17,405</u>	<u>(17,405)</u>	<u>0</u>
Total Support, Revenue and Reclassifications	5,373,505	42,967	5,416,472
<b><u>EXPENSES</u></b>			
Program Services:			
Family Support Center	296,838	0	296,838
Senior Center	1,080,945	0	1,080,945
Nationalities Center	140,687	0	140,687
Youth Development Center	105,958	0	105,958
Counseling Center	322,218	0	322,218
Educational Center	<u>3,234,638</u>	<u>0</u>	<u>3,234,638</u>
Total Program Services	5,186,592	0	5,186,592
Supporting Services:			
Administrative	618,457	0	618,457
Fund development	<u>164,110</u>	<u>0</u>	<u>164,110</u>
Total Supporting Services	782,567	0	782,567
Total Expenses	<u>5,969,159</u>	<u>0</u>	<u>5,969,159</u>
Change in net assets	(595,654)	42,967	(552,687)
NET ASSETS, BEGINNING OF YEAR	<u>2,187,508</u>	<u>68,763</u>	<u>2,256,271</u>
NET ASSETS, END OF YEAR	<u>\$1,591,854</u>	<u>\$111,730</u>	<u>\$1,703,584</u>

*See Accompanying Notes to these Financial Statements.*

**DON BOSCO COMMUNITY CENTER, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Decrease in net assets	\$(552,687)
Adjustments to reconcile decrease in net assets to net cash by operating activities:	
Depreciation	125,277
Loss on sale of property	66,954
Increase in interest in net assets of Don Bosco Foundation	(197)
(Increase)Decrease in:	
Accounts receivable	17,239
Prepaid expenses	13,902
Beneficial interest in trusts	17,405
Increase(Decrease) in:	
Accounts payable	189,924
Accrued expenses	(153,056)
State advance government	(16,092)
Deferred revenue	<u>(33,234)</u>
Net Cash Used by Operating Activities	(324,565)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Purchase of property and equipment	(225,632)
Proceeds from sale of property	<u>270,836</u>
Net Cash Provided by Investing Activities	<u>45,204</u>
Net Decrease in Cash	(279,361)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>793,195</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 513,834</u>

*See Accompanying Notes to these Financial Statements.*

# DON BOSCO COMMUNITY CENTER, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2009

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Don Bosco Community Center, Inc. is a social service agency dedicated to 1) improving the quality of life for those people residing in the northeast and central areas of Kansas City, Missouri; 2) developing capable people who are economically and socially self-sufficient; and 3) delivering programs and services to individuals and families that combat dysfunction. Its primary sources of funding are derived from client fees, school basic formula revenues and grants and contracts from federal, state and local agencies. Don Bosco Community Center extends unsecured credit (primarily to contracting agencies) for services rendered.

Program objectives are achieved through the operation of six centers that provide service to the community as described below.

- Family Support Center - provides goods and services such as case management, food, clothing, housing referrals and transportation to disadvantaged individuals and families.
- Senior Center - serves the elderly community through programs such as on-site nutrition, home-delivered meals and daily social activities.
- Nationalities Center - works with newly arrived refugee immigrants to assist them towards self-sufficiency through English language classes.
- Youth Development Center - offers after-school care as well as youth programs such as sports, summer camps, community and career activities and other events for children five years of age and older.
- Counseling Center - serves the mental health needs of the community through counseling and case management services regardless of financial status.
- Educational Center - provides a charter alternative high school that works with at-risk students.

#### Principles of Consolidation and Comparability

The consolidated financial statements include the accounts of Don Bosco Community Center, Inc. and Don Bosco Educational Center, Inc. (collectively, the "Organization"). The financial statements also include the interest in net assets of the Don Bosco Foundation held by the Organization. All significant intercompany accounts and transactions have been eliminated in consolidation.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

#### Accounts Receivable

The Organization provides an allowance for uncollectible accounts based upon a review of existing receivables. At June 30, 2009 the Organization considered all receivables fully collectible.

# DON BOSCO COMMUNITY CENTER, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2009

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Property and Equipment

Property and equipment are recorded at cost, if acquired, or fair value, if donated. The Organization's policy is to capitalize property and equipment with a cost of \$500 or more and a useful life of three years or more. Depreciation is calculated over the estimated useful lives of the respective assets on a straight-line basis.

	<u>Years</u>
Buildings and improvements	7-35
Equipment	5

Depreciation expense for the year ended June 30, 2009, was \$86,849. The depreciation expense was allocated to the related programs as follows:

Family Support Center	\$ 9,524
Senior Center	33,174
Nationalities Center	11,552
Youth Development Center	2,966
Counseling Center	2,707
Education Center	16,162
General Administrative	10,764

#### Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period of purpose. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### Income Taxes

The Don Bosco Community Center, Inc. and Don Bosco Educational Center, Inc. qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code.

#### Estimates

The preparation of financial statements in conformity with U.S. 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 estimates.

#### Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

**DON BOSCO COMMUNITY CENTER, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Contributions* (continued)

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations or restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

*Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of support, revenue and expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**NOTE 2: CASH AND CASH EQUIVALENTS**

At June 30, 2009, the bank balances of the Organization's deposits totaled \$567,739. Of this amount, \$567,739 was covered by FDIC insurance and supported by collateral and \$0 was not insured or collateralized. The banking institutions that hold the Organization's deposits participates in the FDIC Transaction Account Guarantee Program. This program guarantees full deposit coverage of non-interest bearing transaction accounts regardless of the dollar amount and is separate from the \$250,000 FDIC limit.

**NOTE 3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2009 consist of the following:

Governmental programs	\$216,706
Sprint e-Rate	<u>5,342</u>
	<u>\$222,048</u>

**NOTE 4: LINE OF CREDIT**

On July 23, 2008, the Organization entered into a \$300,000 secured revolving credit agreement with a bank, due on demand and collateralized by real estate. Interest is payable monthly at 3.25%. No borrowings occurred during fiscal year 2009 and none have occurred in 2010 through the date of the independent auditors' report.

**NOTE 5: OPERATING LEASES**

The Organization leased office equipment under various operating leases. Lease expense for year ended June 30, 2009 was \$13,964. The copier leases were terminated with a buyout during 2009.

**DON BOSCO COMMUNITY CENTER, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 6: ACCRUED PERSONNEL COSTS**

Accrued personnel costs at June 30, 2009, consisted of the following.

Accrued salaries - certified summer	\$62,025
Accrued vacation - principal	<u>6,000</u>
	<u>\$68,025</u>

Certified personnel at the Education Center are hired for the school term which lasts nine and a half months but are paid by contract, which calls for 24 equal bi-monthly payments extended to July and August after year ended June 30, 2009. Therefore, these two payments are considered salaries as of June 30, 2009. This practice has been consistently followed in previous years.

**NOTE 7: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets released from restriction during the year, amounting to \$17,405 for 2009, relate to distributions received resulting from the Organization's beneficial interest in an estate and certain trusts (see Note 8).

Temporarily restricted net assets are restricted due to their inherent time restrictions.

**NOTE 8: RELATED PARTY TRANSACTIONS**

The Don Bosco Foundation Charitable Trust (the "Foundation") was established to solicit, accept and invest donations on behalf of the Organization. At June 30, 2009, funds raised by the Foundation, which are maintained in a money market portfolio, amounted to \$51,555. Interest of \$197 earned on those funds for the year ended June 30, 2009, has been reinvested in the Foundation. Assets maintained by the Foundation are restricted for use by the Organization based on the passage of time, as the Organization does not control the timing and amounts of transfers of assets from the Foundation to the Organization.

In addition, the Organization owes the Foundation \$60,175 for funds deposited by the Organization that were designated to the Foundation. The receivable and corresponding payable have been eliminated in the consolidated financial statements. The temporarily restricted net assets balance was \$111,730 at June 30, 2009 and reflects the money market assets and funds owed to the Foundation.

**NOTE 9: RETIREMENT PLAN**

The Organization's Educational Center contributes to the Public School Retirement System of the Kansas City, Missouri School District, a cost-sharing multiple-employer defined benefit pension plan. Under the plan, the covered employees are required to contribute 7.5% of their annual covered salary and the school is required to contribute a matching amount. The contribution requirements of these employees and the school are established by the Board of Trustees of the Plan. The Organization's contributions to the system for the year ended June 30, 2009, was \$87,178, equal to the required contributions.

**DON BOSCO COMMUNITY CENTER, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 9: RETIREMENT PLAN (continued)**

The Organization also maintains a 401(k) plan for substantially all its employees not participating in the aforementioned plan. Under this plan, the employee may voluntarily defer a percentage of eligible compensation, subject to IRS limitations. The Organization matches contributions as stated in the plan documents. Additionally, the plan provides for the employer discretionary contributions. There were no discretionary contributions for the years ended June 30, 2009.

## **INTERNAL CONTROL AND COMPLIANCE**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Don Bosco Community Center, Inc.  
Kansas City, Missouri

We have audited the consolidated financial statements of Don Bosco Community Center, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated January 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests on its compliance with certain provisions of laws, regulations, contracts and grant agreements, non compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and administration, and is not intended to be and should not be used by anyone other than these specified parties.



Marr and Company, P.C.  
Certified Public Accountants

Kansas City, Missouri  
January 27, 2010