

Financial Statements
Years Ended
December 31, 2010 and 2009

Hampton Roads
Ecumenical Lodgings &
Provisions, Inc.

Hampton Roads Ecumenical Lodgings & Provisions, Inc.

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Independent Accountants' Review Report

Board of Directors
Hampton Roads Ecumenical Lodgings & Provisions, Inc.

We have reviewed the accompanying statement of financial position of ***Hampton Roads Ecumenical Lodgings & Provisions, Inc.*** as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion. The 2009 financial statements of ***Hampton Roads Ecumenical Lodgings & Provisions, Inc.*** were reviewed by Goodman & Company, LLP, who merged into Dixon Hughes Goodman LLP as of April 1, 2011, and whose report dated March 23, 2011, stated that based on their procedures, they are not aware of any material modifications that should be made to the 2009 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the 2010 financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2010 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Newport News, Virginia
May 21, 2012

Hampton Roads Ecumenical Lodgings & Provisions, Inc.

Statements of Financial Position

| December 31, | 2010 | 2009 |
|---------------------------------------|-------------------|-------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 86,179 | \$ 31,367 |
| Accounts receivable - net | 31,539 | 49,137 |
| Total current assets | 117,718 | 80,504 |
| Property and equipment | | |
| Land | 60,793 | 60,793 |
| Building | 304,668 | 304,668 |
| Building improvements | 135,987 | 135,987 |
| Furniture and fixtures | 651 | 651 |
| Equipment | 8,980 | 8,980 |
| Dental clinic equipment | 42,455 | 42,455 |
| | 553,534 | 553,534 |
| Less - accumulated depreciation | (284,070) | (262,533) |
| | 269,464 | 291,001 |
| | \$ 387,182 | \$ 371,505 |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Note payable | \$ 25,000 | \$ - |
| Accounts payable and accrued expenses | 7,813 | 2,792 |
| Accrued expenses | 971 | 6,026 |
| Total current liabilities | 33,784 | 8,818 |
| Net assets | | |
| Unrestricted | 243,801 | 247,157 |
| Temporarily restricted | 109,597 | 115,530 |
| Total net assets | 353,398 | 362,687 |
| | \$ 387,182 | \$ 371,505 |

See accompanying notes and independent accountants' review report.

Hampton Roads Ecumenical Lodgings & Provisions, Inc.

Statements of Activities

| Years Ended December 31, | 2010 | | | 2009 | | |
|---|-------------------|------------------------|-------------------|-------------------|------------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Public support and revenue | | | | | | |
| Public support | | | | | | |
| Contributions | \$ 115,857 | \$ - | \$ 115,857 | \$ 134,797 | \$ - | \$ 134,797 |
| Grants | 417,976 | - | 417,976 | 473,043 | - | 473,043 |
| Net assets released from restrictions | 5,933 | (5,933) | - | 5,933 | (5,933) | - |
| Total public support | 539,766 | (5,933) | 533,833 | 613,773 | (5,933) | 607,840 |
| Revenue | | | | | | |
| Investment income | 1 | - | 1 | 17 | - | 17 |
| Fundraising | 10,281 | - | 10,281 | 8,531 | - | 8,531 |
| Program fees | 10,138 | - | 10,138 | 13,740 | - | 13,740 |
| In-kind services | 177,145 | - | 177,145 | 110,661 | - | 110,661 |
| Miscellaneous income | 57 | - | 57 | 14,971 | - | 14,971 |
| Total revenue | 197,622 | - | 197,622 | 147,920 | - | 147,920 |
| Total public support and revenue | 737,388 | (5,933) | 731,455 | 761,693 | (5,933) | 755,760 |
| Expenses | | | | | | |
| Program expenses | | | | | | |
| Dental clinic | 158,987 | - | 158,987 | 202,332 | - | 202,332 |
| Financial assistance | 8,604 | - | 8,604 | 9,162 | - | 9,162 |
| Food pantry | 5,580 | - | 5,580 | 5,636 | - | 5,636 |
| Free clinic | 229,686 | - | 229,686 | 218,220 | - | 218,220 |
| H.E.L.P. house | 71,167 | - | 71,167 | 73,060 | - | 73,060 |
| Night's welcome | 65,466 | - | 65,466 | 92,426 | - | 92,426 |
| Transitional housing | 24,789 | - | 24,789 | - | - | - |
| Total program expenses | 564,279 | - | 564,279 | 600,836 | - | 600,836 |
| Supporting services | | | | | | |
| Management and general | 172,339 | - | 172,339 | 174,994 | - | 174,994 |
| Fundraising | 4,126 | - | 4,126 | 22,885 | - | 22,885 |
| Total supporting services | 176,465 | - | 176,465 | 197,879 | - | 197,879 |
| Total expenses | 740,744 | - | 740,744 | 798,715 | - | 798,715 |
| Change in net assets | (3,356) | (5,933) | (9,289) | (37,022) | (5,933) | (42,955) |
| Net assets - beginning of year | 247,157 | 115,530 | 362,687 | 284,179 | 121,463 | 405,642 |
| Net assets - end of year | \$ 243,801 | \$ 109,597 | \$ 353,398 | \$ 247,157 | \$ 115,530 | \$ 362,687 |

See accompanying notes and independent accountants' review report.

Hampton Roads Ecumenical Lodgings & Provisions, Inc.

Statements of Functional Expenses

| Years Ended December 31, | | 2010 | | | | 2009 | | | |
|---------------------------------|--|---------------------|---------------------------|-----------------|-------------------|---------------------|---------------------------|------------------|-------------------|
| | | Program Services | Management and General | Fundraising | Total | Program Services | Management and General | Fundraising | Total |
| 4 | Salaries | \$ 251,939 | \$ 35,319 | \$ 976 | \$ 288,234 | \$ 329,812 | \$ 55,309 | \$ 19,735 | \$ 404,856 |
| | Benefits | 38,057 | 13,207 | - | 51,264 | 34,499 | 5,023 | - | 39,522 |
| | Advertising | - | 16 | - | 16 | - | 149 | - | 149 |
| | Dental clinic | 52,498 | - | - | 52,498 | 31,715 | - | - | 31,715 |
| | In-kind services | 86,662 | - | - | 86,662 | 63,873 | - | - | 63,873 |
| | Food | 5,580 | - | - | 5,580 | 5,636 | 42 | - | 5,678 |
| | Fundraising | - | - | 3,150 | 3,150 | - | - | 1,292 | 1,292 |
| | Insurance | 5,378 | 16,624 | - | 22,002 | 8,102 | 16,014 | - | 24,116 |
| | Maintenance | 35 | 26,135 | - | 26,170 | - | 28,978 | - | 28,978 |
| | Medical supplies | 22,638 | - | - | 22,638 | 33,054 | - | - | 33,054 |
| | Payroll taxes | 19,273 | 2,702 | - | 21,975 | 24,467 | 4,646 | 1,858 | 30,971 |
| | Professional fees | - | 7,648 | - | 7,648 | - | 866 | - | 866 |
| | Office equipment | - | 205 | - | 205 | - | 74 | - | 74 |
| | Office supplies | 1,696 | 16,958 | - | 18,654 | 695 | 19,272 | - | 19,967 |
| | Other | 13,352 | 31,444 | - | 44,796 | 13,714 | 17,665 | - | 31,379 |
| | Real estate taxes | - | 3,146 | - | 3,146 | - | 8,436 | - | 8,436 |
| | Telephone | - | 8,474 | - | 8,474 | - | 9,339 | - | 9,339 |
| | Transitional housing | 24,789 | - | - | 24,789 | - | - | - | - |
| | Transportation | - | 8,851 | - | 8,851 | - | 7,570 | - | 7,570 |
| | Training | - | 802 | - | 802 | - | 802 | - | 802 |
| | Utilities | 21,653 | - | - | 21,653 | 34,314 | - | - | 34,314 |
| | Total expense before depreciation | 543,550 | 171,531 | 4,126 | 719,207 | 579,882 | 174,186 | 22,885 | 776,953 |
| | Depreciation | 20,729 | 808 | - | 21,537 | 20,954 | 808 | - | 21,762 |
| | Total functional expenses | \$ 564,279 | \$ 172,339 | \$ 4,126 | \$ 740,744 | \$ 600,836 | \$ 174,994 | \$ 22,885 | \$ 798,715 |

See accompanying notes and independent accountants' review report.

Hampton Roads Ecumenical Lodgings & Provisions, Inc.

Statements of Cash Flows

| Years Ended December 31, | 2010 | 2009 |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ (9,289) | \$ (42,955) |
| Adjustments to reconcile to net cash from operating activities: | | |
| Depreciation | 21,537 | 21,762 |
| Change in: | | |
| Accounts receivable | 17,598 | 15,951 |
| Accounts payable and accrued expenses | (34) | 1,259 |
| Net cash from operating activities | 29,812 | (3,983) |
| Cash flows from financing activities | | |
| Proceeds from note payable - line of credit | 25,000 | - |
| Net change in cash and cash equivalents | 54,812 | (3,983) |
| Cash and cash equivalents - beginning of year | 31,367 | 35,350 |
| Cash and cash equivalents - end of year | \$ 86,179 | \$ 31,367 |

See accompanying notes and independent accountants' review report.

Hampton Roads Ecumenical Lodgings & Provisions, Inc.

Notes to Financial Statements

December 31, 2010 and 2009

1. Organization and Nature of Activities

Hampton Roads Ecumenical Lodgings & Provisions, Inc. (H.E.L.P.) is a nonprofit organization which was incorporated in April 1982 in Hampton, Virginia by a group of citizens representing various congregations on the Peninsula. H.E.L.P. has 61 member congregations.

The mission of H.E.L.P. is to provide regional leadership in promoting the means for people to live in dignity and secure the basic essentials of life. This is accomplished by providing shelter and assistance for children and adults who are homeless or at risk of losing shelter. Services include a community food pantry, bag lunch program, emergency financial assistance, health care, counseling and job training.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of H.E.L.P. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Classes of Net Assets

The financial statements report amounts separately by class of net assets as follows:

- *Unrestricted* amounts are those currently available, at the discretion of the Board of Directors for use in H.E.L.P.'s operations.
- *Temporarily restricted* amounts are those that are stipulated by donors for specific purposes. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.
- *Permanently restricted* amounts are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. At December 31, 2010 and 2009, H.E.L.P. had no permanently restricted net assets.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Amounts reported in the financial statements may be affected by these estimates and assumptions. Actual results could differ from these estimates and assumptions.

Cash and Cash Equivalents

H.E.L.P. considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable of \$31,539 and \$49,137 at December 31, 2010 and 2009, consists of grants from private foundations and local governments. Based upon prior experience, management has determined that no allowance for doubtful accounts is necessary.

Property and Equipment

Purchased property and equipment are recorded at cost, and donated items are stated at estimated fair value at the date of the gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Buildings and building improvements are depreciated over 27-39 years. Equipment and furniture and fixtures are depreciated over five to seven years.

Donated Services and Materials

Donated articles consist mainly of many consumable items such as food and various household items. Donated services include volunteer services most of which do not meet the recognition criteria under Accounting Standards Codification 958-605-50-1, *Contributions Received and Contributions Made*. For 2010 and 2009, certain professional services, primarily physician time devoted to the free clinic, have been recorded as in-kind services of \$177,145 and \$110,661, respectively.

Functional Expenses

H.E.L.P.'s expenses are related to the performance of three functions: program services, management and general and fundraising. Definitions of these functions are as follows:

- ***Program Services*** - H.E.L.P. operates various programs including, but not limited to, emergency shelter, transitional housing, a community food pantry, bag lunch program, healthcare, emergency financial assistance and job training. All costs related to the operation of these programs, including the day-to-day administration of the programs and other costs related to the programs are included in this function.
- ***Management and General*** - All management and general costs not identifiable with a program or fundraising activity, but indispensable to the conduct of such programs and activities and the organization's existence, are included in this function. This includes expenses for the overall direction of H.E.L.P.'s business management, general record keeping, budgeting, financial reporting and activities relating to the function such as salaries, rent, supplies, equipment and other general overhead.
- ***Fundraising*** - Activities performed by H.E.L.P. to generate funds to operate.

Income Taxes

H.E.L.P. is classified as a religious organization and, therefore, is exempt from federal or state income taxes under Section 501(c)(3) of the Internal Revenue Code. H.E.L.P. has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2010 and 2009. Fiscal years ending on or after December 31, 2007, remain subject to examination by federal and state tax authorities.

Advertising Costs

Advertising costs are expensed as incurred. For 2010 and 2009, advertising costs were \$16, and \$149, respectively.

Concentration of Credit Risk

H.E.L.P. maintains its cash balances in demand deposit accounts where balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 in 2010 and 2009, respectively. At December 31, 2010 and 2009, all cash balances were fully insured by the FDIC.

Subsequent Event

In preparing these financial statements, H.E.L.P. has evaluated events and transactions for potential recognition or disclosure through May 21, 2012, the date the financial statements were available to be issued.

3. Property and Equipment

A summary of property and equipment includes the following:

| | <u>2010</u> | Temporarily Restricted | Total |
|---------------------------------|--------------|---------------------------|------------|
| | Unrestricted | | |
| Buildings | \$ 141,495 | \$ 163,173 | \$ 304,668 |
| Land | 20,000 | 40,793 | 60,793 |
| Building improvements | 135,987 | - | 135,987 |
| Furniture and fixtures | 651 | - | 651 |
| Equipment | 51,435 | - | 51,435 |
| | <hr/> | <hr/> | <hr/> |
| | 349,568 | 203,966 | 553,534 |
| Less - accumulated depreciation | (189,701) | (94,369) | (284,070) |
| | <hr/> | <hr/> | <hr/> |
| | \$ 159,867 | \$ 109,597 | \$ 269,464 |
| | <hr/> | <hr/> | <hr/> |
| | <u>2009</u> | Temporarily Restricted | Total |
| | Unrestricted | | |
| Buildings | \$ 141,495 | \$ 163,173 | \$ 304,668 |
| Land | 20,000 | 40,793 | 60,793 |
| Building improvements | 135,987 | - | 135,987 |
| Furniture and fixtures | 651 | - | 651 |
| Equipment | 51,435 | - | 51,435 |
| | <hr/> | <hr/> | <hr/> |
| | 349,568 | 203,966 | 553,534 |
| Less - accumulated depreciation | (174,097) | (88,436) | (262,533) |
| | <hr/> | <hr/> | <hr/> |
| | \$ 175,471 | \$ 115,530 | \$ 291,001 |
| | <hr/> | <hr/> | <hr/> |

Included under temporarily restricted net assets are transitional housing units, which were purchased with grants provided by the City of Hampton and funded by the federal government. Use of these properties is restricted to individuals that meet certain low income requirements.

4. Note Payable

H.E.L.P. has an unsecured \$50,000 line of credit with Old Point National Bank, including interest at 5.00%. At December 31, 2010 and 2009, there was \$25,000 and \$-0-, respectively outstanding. The line of credit expires September 1, 2012.

5. Concentration of Support

During 2010 and 2009, H.E.L.P. received 73% and 80%, respectively, of its public support and revenue primarily through governmental and organizational grants and donations from member congregations. A significant reduction in public support could impact its program services.

* * * * *