

WEST SIDE CATHOLIC CENTER
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

WEST SIDE CATHOLIC CENTER

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INDEPENDENT AUDITORS' REPORT

February 12, 2010

The Board of Directors
The West Side Catholic Center
Cleveland, Ohio

We have audited the accompanying statements of financial position of The West Side Catholic Center (Organization) as of December 31, 2009 and 2008, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits.

We conducted our audits 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 audit 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 audits provide 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 the Organization as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years 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 February 12, 2010 on our consideration of The West Side Catholic Center's internal control over financial reporting and on 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 important for assessing the results of our audit.



Our audit was performed for the purpose of forming an opinion on the basic financial statements of The West Side Catholic Center taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Barnes Wendling CPAs, Inc.

WEST SIDE CATHOLIC CENTER

Statements of Financial Position

	December 31,	
	2009	2008
ASSETS		
Cash and cash equivalents	\$ 1,299,090	\$ 1,077,014
Receivables:		
Pledges receivable - net	446,931	690,604
Grants receivable	85,732	173,603
Prepaid expenses and other assets	15,948	28,611
Investments - Endowment	1,487,582	1,212,880
Property and equipment - net	1,773,206	1,743,200
Deposits	9,883	9,883
TOTAL ASSETS	\$ 5,118,372	\$ 4,935,795
LIABILITIES		
Accounts payable	\$ 23,772	\$ 40,962
Deferred revenue	128,404	144,710
Accrued liabilities and other	52,781	43,763
TOTAL LIABILITIES	204,957	229,435
NET ASSETS		
Unrestricted	3,101,700	3,026,112
Temporarily restricted	818,204	687,276
Permanently restricted	993,511	992,972
TOTAL NET ASSETS	4,913,415	4,706,360
TOTAL LIABILITIES AND NET ASSETS	\$ 5,118,372	\$ 4,935,795

WEST SIDE CATHOLIC CENTER

Statements of Activities and Changes in Net Assets Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Contributions	\$ 1,099,543	\$ 12,000	\$ -0-	\$ 1,111,543
Program income	29,939	-0-	-0-	29,939
Special event - Net of \$81,012 in direct expenses	158,667	-0-	-0-	158,667
United Way contributions	113,228	-0-	-0-	113,228
Grants	1,176,950	271,856	-0-	1,448,806
Capital and endowment campaign	-0-	539	539	1,078
Net realized and unrealized gains and losses on investments	-0-	208,477	-0-	208,477
Other income	2,094	-0-	-0-	2,094
Investment income	13,375	15,677	-0-	29,052
Loss on sale of fixed assets	(301,454)	-0-	-0-	(301,454)
 Total revenue	 2,292,342	 508,549	 539	 2,801,430
 Net assets released from restrictions	 377,621	 (377,621)	 -0-	 -0-
 Total revenues	 2,669,963	 130,928	 539	 2,801,430
EXPENSES				
Program services:				
Shelter	839,916	-0-	-0-	839,916
Center	723,415	-0-	-0-	723,415
Housing	770,912	-0-	-0-	770,912
 Total program services	 2,334,243	 -0-	 -0-	 2,334,243
Support services:				
General and administrative	121,738	-0-	-0-	121,738
Fundraising	138,394	-0-	-0-	138,394
 Total expenses	 2,594,375	 -0-	 -0-	 2,594,375
 Changes in net assets	 75,588	 130,928	 539	 207,055
Net assets, beginning of year	3,026,112	687,276	992,972	4,706,360
NET ASSETS, end of year	\$ 3,101,700	\$ 818,204	\$ 993,511	\$ 4,913,415

WEST SIDE CATHOLIC CENTER

Statements of Activities and Changes in Net Assets Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Contributions	\$ 671,223	\$ 25,000	\$ -0-	\$ 696,223
Program income				-0-
Special event - Net of \$75,592 in direct expenses	152,440	-0-	-0-	152,440
United Way contributions	755,251	-0-	-0-	755,251
Grants	1,237,946	584,946	-0-	1,822,892
Capital and endowment campaign	-0-	2,108	2,107	4,215
Net realized and unrealized gains and losses on investments	(305,535)	-0-	(125,786)	(431,321)
Other income	185,653	-0-	-0-	185,653
Investment income	43,447	-0-	-0-	43,447
Gain on sale of fixed assets	306	-0-	-0-	306
Total revenue	2,740,731	612,054	(123,679)	3,229,106
Net assets released from restrictions	115,114	(115,114)	-0-	-0-
Total revenues	2,855,845	496,940	(123,679)	3,229,106
EXPENSES				
Program services:				
Shelter	824,222	-0-	-0-	824,222
Center	635,996	-0-	-0-	635,996
Housing	731,274	-0-	-0-	731,274
Total program services	2,191,492	-0-	-0-	2,191,492
Support services:				
General and administrative	229,082	-0-	-0-	229,082
Fundraising	152,447	-0-	-0-	152,447
Total expenses	2,573,021	-0-	-0-	2,573,021
Changes in net assets	282,824	496,940	(123,679)	656,085
Net assets, beginning of year	2,743,288	190,336	1,116,651	4,050,275
NET ASSETS, end of year	\$ 3,026,112	\$ 687,276	\$ 992,972	\$ 4,706,360

WEST SIDE CATHOLIC CENTER

Statement of Functional Expenses Year Ended December 31, 2009

	Total Program	General and Administrative	Fund-Raising	Total
Operating Expense				
Wages & Benefits				
Salaries and wages	\$ 1,129,818	\$ 56,108	\$ 77,359	\$ 1,263,285
Payroll taxes	93,470	4,905	6,443	104,818
Health Insurance	128,386	8,580	2,484	139,450
Other employee benefits	28,065	9,310	5,884	43,259
Contract labor and professional fees	31,961	51	297	32,309
Total Wages and Benefits	<u>1,411,700</u>	<u>78,954</u>	<u>92,467</u>	<u>1,583,121</u>
Direct Client Expenses				
Purchased Groceries	62,608	164	-0-	62,772
Kitchen Supplies	4,571	157	-0-	4,728
Program expense	2,629	-0-	-0-	2,629
Client Assistance	80,410	5	50	80,465
Rent Assistance - Client	252,308	-0-	-0-	252,308
Total Direct Client Expenses	<u>402,526</u>	<u>326</u>	<u>50</u>	<u>402,902</u>
Occupancy				
Utilities	63,370	5,485	5,018	73,873
Security	3,565	976	394	4,935
Insurance - property & liability	5,655	273	247	6,175
Trash removal	2,597	149	239	2,985
Janitorial supplies	15,986	218	274	16,478
Maintenance and other	52,933	629	547	54,109
Total Occupancy	<u>144,106</u>	<u>7,730</u>	<u>6,719</u>	<u>158,555</u>
General & Administrative Costs				
Accounting, legal, and consulting	18,000	800	1,200	20,000
Vehicles and transportation	11,470	144	159	11,773
Telephone	15,944	740	618	17,302
Computer, copier, and fax	70,410	7,132	7,413	84,955
Real estate taxes	2,800	-0-	-0-	2,800
Office supplies	8,771	3,848	1,557	14,176
Other administrative costs	21,948	3,185	1,284	26,417
Total General & Administrative Costs	<u>149,343</u>	<u>15,849</u>	<u>12,231</u>	<u>177,423</u>
Advertising & Marketing				
Postage and printing	39,106	2,340	16,664	58,110
Other	889	76	10,263	11,228
Total Advertising & Marketing	<u>39,995</u>	<u>2,416</u>	<u>26,927</u>	<u>69,338</u>
Total Expenses Before Other Expenses	<u>2,147,670</u>	<u>105,275</u>	<u>138,394</u>	<u>2,391,339</u>
Other Expenses				
Collaborative Project Expense	132,736	-0-	-0-	132,736
Depreciation	53,837	16,463	-0-	70,300
Total Other Expenses	<u>186,573</u>	<u>16,463</u>	<u>-0-</u>	<u>203,036</u>
Total Expense	<u><u>\$ 2,334,243</u></u>	<u><u>\$ 121,738</u></u>	<u><u>\$ 138,394</u></u>	<u><u>\$ 2,594,375</u></u>

WEST SIDE CATHOLIC CENTER

Statement of Functional Expenses Year Ended December 31, 2008

	Total Program	General and Administrative	Fund-Raising	Total
Operating Expense				
Wages & Benefits				
Salaries and wages	\$ 1,065,284	\$ 85,176	\$ 74,337	\$ 1,224,797
Payroll taxes	113,407	15,972	7,638	137,017
Health Insurance	128,376	12,301	6,755	147,432
Other employee benefits	25,164	5,931	4,258	35,353
Contract labor and professional fees	16,167	5,617	-0-	21,784
Total Wages and Benefits	<u>1,348,398</u>	<u>124,997</u>	<u>92,988</u>	<u>1,566,383</u>
Direct Client Expenses				
Purchase Groceries	51,845	63	(48)	51,860
Kitchen Supplies	2,745	-0-	-0-	2,745
Program expense	3,592	-0-	-0-	3,592
Client Assistance	62,937	-0-	-0-	62,937
Rent Assistance - Client	140,383	-0-	-0-	140,383
Total Direct Client Expenses	<u>261,502</u>	<u>63</u>	<u>(48)</u>	<u>261,517</u>
Occupancy				
Utilities	80,100	4,576	2,289	86,965
Security	4,367	238	149	4,754
Insurance - property & liability	15,044	3,010	198	18,252
Trash removal	4,019	505	321	4,845
Janitorial supplies	11,521	3,453	37	15,011
Maintenance and other	100,364	779	265	101,408
Total Occupancy	<u>215,415</u>	<u>12,561</u>	<u>3,259</u>	<u>231,235</u>
General & Administrative Costs				
Accounting, legal, and consulting	26,441	9,702	2,105	38,248
Vehicles and transportation	15,790	107	-0-	15,897
Telephone	15,614	284	181	16,079
Computer, copier, and fax	50,622	19,213	1,339	71,174
Real estate taxes	-0-	-0-	-0-	-0-
Office supplies	5,702	7,380	553	13,635
Other administrative costs	35,689	22,365	1,749	59,803
Total General & Administrative Costs	<u>149,858</u>	<u>59,051</u>	<u>5,927</u>	<u>214,836</u>
Advertising & Marketing				
Postage and printing	13,144	2,535	41,535	57,214
Other	-0-	100	8,786	8,886
Total Advertising & Marketing	<u>13,144</u>	<u>2,635</u>	<u>50,321</u>	<u>66,100</u>
Total Expenses Before Other Expenses	<u>1,988,317</u>	<u>199,307</u>	<u>152,447</u>	<u>2,340,071</u>
Other Expenses				
Collaborative Project Expense	113,011	450	-0-	113,461
Depreciation	90,164	29,325	-0-	119,489
Total Other Expenses	<u>203,175</u>	<u>29,775</u>	<u>-0-</u>	<u>232,950</u>
Total Expense	<u>\$ 2,191,492</u>	<u>\$ 229,082</u>	<u>\$ 152,447</u>	<u>\$ 2,573,021</u>

WEST SIDE CATHOLIC CENTER

Statements of Cash Flows Years Ended December 31, 2009 and 2008

	2009	2008
Cash Flows From Operating Activities		
Changes in net assets	\$ 207,055	\$ 656,085
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	70,300	119,489
(Gain) loss on sale of property and equipment	301,454	(306)
Noncash contributions	-0-	(63,209)
Write-off of grants receivable	21,392	-0-
Net realized and unrealized (gain) loss on investments	(208,477)	431,321
Permanently restricted contributions	(539)	(2,107)
(Increase) decrease in assets:		
Pledges receivable - net	222,281	(481,784)
Grants receivable	87,871	(83,897)
Prepaid expenses and other assets	12,663	(20,918)
Deposits	-0-	(5,000)
Increase (decrease) in liabilities:		
Accounts payable	(17,190)	(13,795)
Deferred revenue	(16,306)	(13,305)
Accrued liabilities	9,018	(16,003)
Net cash and cash equivalents provided by operating activities	689,522	506,571
Cash Flows From Investing Activities		
Purchase of property and equipment	(401,771)	(48,650)
Proceeds from sale of fixed assets	11	1,200
Proceeds from investments	114,175	417,730
Purchases of investments	(180,400)	(527,389)
Net cash and cash equivalents used in investing activities	(467,985)	(157,109)
Cash Flows From Financing Activities		
Permanently restricted contributions	539	2,107
Net increase (decrease) in cash and cash equivalents	222,076	351,569
Cash and cash equivalents at beginning of year	1,077,014	725,445
Cash and cash equivalents at end of year	\$ 1,299,090	\$ 1,077,014

See Notes to Financial Statements

WEST SIDE CATHOLIC CENTER

Notes to Financial Statements Years Ended December 31, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

West Side Catholic Center (Organization) provides various services to low-income persons in Cuyahoga County, Ohio. The Organization's sources of revenues are derived principally from foundation grants, government grants, public contributions and the United Way.

For the year ended December 31, 2008, the Organization controlled a separate 501c3 organization, Family Transitional Housing (FTH). As a result, the accompanying December 31, 2008 financial statements were presented as combined statements of both the Organization and FTH. For the year ended December 31, 2009, FTH was dissolved and net assets of \$1,053,581 were transferred to the Organization.

Basis of Accounting

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Furthermore, the accounting policies adhered to by the Organization are generally consistent with the *Audit and Accounting Guide for Not-For-Profit Organizations* issued by the American Institute of Certified Public Accountants.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (ASC) 958: *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Organization 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.

Unrestricted Net Assets

Net assets not subject to donor-imposed stipulations. This category periodically includes net assets designated to the endowment by the Board. At December 31, 2009 and 2008 board designated net assets were \$269,917 and \$136,013, respectively.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met by actions of the Board/Organization and/or the passage of time.

WEST SIDE CATHOLIC CENTER

Notes to Financial Statements Years Ended December 31, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Use of 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 the reported amounts of disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents, for purposes of the statements of cash flows, exclude any cash or cash equivalents maintained in a professional investment account. Included in cash and cash equivalents are donor designated funds of \$340,890 and \$218,711, respectively, as of December 31, 2009 and 2008.

Pledges Receivable

Pledges receivable represent unconditional promises to give. Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk adjusted discount rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Based on management's assessment of pledge collection history with its donors and current relationships, it has concluded an allowance is not deemed necessary as of December 31, 2009 and 2008. During 2009, the Organization was notified its allocation from the United Way was reduced by 9.3%. This reduction covered the period of July 1, 2009 through June 30, 2010. The result of this reduction was an adjustment to reduce its pledges receivable by \$21,392 for the year ended December 31, 2009. Conditional promises to give are not included as support until the conditions are substantially met.

Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are stated at fair value at the time of the donation. All property and equipment are being depreciated on the straight-line basis over the estimated useful lives of the assets, ranging from five to forty years. The Organization's capitalization policy is to capitalize assets greater than \$5,000 and a useful life of more than one year.

WEST SIDE CATHOLIC CENTER

Notes to Financial Statements Years Ended December 31, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Organization recognizes revenue in the period in which the pledge (promise to give) is received. Contributions with donor-imposed restrictions that are met in the same period are reported as unrestricted contributions.

Grant Revenue

Reimbursable grants are recognized as unrestricted support in the period when the related expenditures are made. Deferred revenue is recognized when advances are received from the funding agencies before related expenditures are made.

Tax Status

The Organization is a not-for-profit organization exempt from taxes under Section 501(c) (3) of the Internal Revenue Code.

Fair Value Measurements

The Organization adopted applicable sections of the Financial Accounting Standards Board Accounting Standards Codification (ASC) 820: Fair Value Measurements and Disclosures for financial assets and financial liabilities and for nonfinancial assets and nonfinancial liabilities that are remeasured at least annually. ASC 820 establishes that fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and establishes a fair value hierarchy based upon the inputs used to measure fair value. The three levels of the fair value hierarchy defined by ASC 820 are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities (for example, exchange quoted prices).

Level 2 - Inputs to the valuation methodology are observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not sufficiently active to qualify as Level 1, other observable inputs, or inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs to the valuation methodology are significant to the fair value measurement and unobservable (for example, supported by little or no market activity).

As required by ASC 820, financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

WEST SIDE CATHOLIC CENTER

Notes to Financial Statements Years Ended December 31, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

The Organization has determined the fair value of the investments to be within the Level 1 of the hierarchy. The investments in securities are valued at the fair value of units held by the Organization at year end. The investment in annuity is valued at fair value of the units held by the Organization less surrender charges.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the reporting date.

Subsequent Events

Subsequent Events have been evaluated through February 12, 2010, which is the date financial statements were available to be issued.

Donated Services and Materials

The Organization receives volunteer services and materials that are not reportable under accounting principles generally accepted in the United States of America. A substantial number of unpaid volunteers have donated a significant amount of time to the Organization's program and fund-raising efforts. The value of volunteer services and donated materials is not disclosed as no objective basis is available to measure their value.

Reclassification

Certain amounts in the statements of functional expenses, investments and cash and cash equivalents reported in the December 31, 2008 financial statements have been reclassified to conform to the 2009 presentation. There was no effect on net assets or changes in net assets.

NOTE B - PLEDGES RECEIVABLE

As of December 31, 2009, pledges receivable are expected to be collected during the following periods:

Within one year	\$ 316,583
From one to five years	135,000
Total gross pledges	<u>451,583</u>
Allowance for net present value discount	(4,652)
Total	<u>\$ 446,931</u>

The rates used in the calculation of net present value discounts range from 3.2% to 4.5%.

WEST SIDE CATHOLIC CENTER

Notes to Financial Statements Years Ended December 31, 2009 and 2008

NOTE C - INVESTMENTS - ENDOWMENT

The following is a summary of the investment securities and annuity as of December 31,

	2009	2008
Money market funds	\$ 321,087	\$ 129,432
Certificates of deposit	-0-	104,863
Equity funds	556,567	455,190
Corporate bonds	359,733	282,263
Annuity	250,195	241,132
	<u>\$ 1,487,582</u>	<u>\$ 1,212,880</u>

NOTE D - ENDOWMENT

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a balanced portfolio to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of retaining the total return of its endowment and earnings until the endowment grows to \$5,000,000 at which time, a spending policy will be developed that will allow its endowment to grow at an established percent annually that would exceed the funds appropriated for distribution.

WEST SIDE CATHOLIC CENTER

Notes to Financial Statements Years Ended December 31, 2009 and 2008

NOTE D - ENDOWMENT (CONTINUED)

This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment Net Asset Composition by Type of Fund as of December 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-designated endowment funds	\$ 269,917	\$ -0-	\$ -0-	\$ 269,917
Donor-restricted endowment funds	<u>-0-</u>	<u>224,154</u>	<u>993,511</u>	<u>1,217,665</u>
Total	<u>\$ 269,917</u>	<u>\$ 224,154</u>	<u>\$ 993,511</u>	<u>\$ 1,487,582</u>

Changes in Endowment Net Assets for the year ended December 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2009	\$ 115,046	\$ -0-	\$ 992,972	\$ 1,108,018
Investment return:				
Investment income		15,677		15,677
Net appreciation (realized and unrealized)	<u>-0-</u>	<u>208,477</u>	<u>-0-</u>	<u>208,477</u>
Total investment return	-0-	224,154	-0-	224,154

WEST SIDE CATHOLIC CENTER

Notes to Financial Statements Years Ended December 31, 2009 and 2008

NOTE D - ENDOWMENT (CONTINUED)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contributions	5,410	-0-	-0-	5,410
Amortization of pledge Board designated	(539)	-0-	539	-0-
	150,000	-0-	-0-	150,000
	<u>154,871</u>	<u>-0-</u>	<u>539</u>	<u>155,410</u>
 Endowment net assets, December 31, 2009				
	<u>\$ 269,917</u>	<u>\$ 224,154</u>	<u>\$ 993,511</u>	<u>\$ 1,487,582</u>

NOTE E - PROPERTY AND EQUIPMENT

The cost of property and equipment is summarized as follows for the year ended December 31,

	2009	2008
Land and improvement	\$ 38,920	\$ 83,281
Buildings	554,119	464,779
Building improvement	1,627,606	2,240,036
Equipment	133,740	135,067
Vehicles	21,175	21,175
Furniture and fixtures	32,773	185,136
Total costs	<u>2,408,333</u>	<u>3,129,474</u>
Accumulated depreciation	<u>(635,127)</u>	<u>(1,386,274)</u>
 Net carrying amount	 <u>\$ 1,773,206</u>	 <u>\$ 1,743,200</u>

Depreciation expense was \$70,300 and \$119,489, respectively, for the years ended December 31, 2009 and 2008. During 2009, certain land, buildings and building improvements were sold for \$11 to unrelated third party. The sale resulted in a loss on disposal of assets of \$301,454.

NOTE F - LINE OF CREDIT

The Organization had a line of credit with maximum borrowings of \$150,000 through a bank at December 31, 2009 and 2008. The line of credit bears interest at the prime rate of interest (3.25% at December 31, 2009) plus one percent. The line of credit is collateralized by all personal property of the Organization. There were no amounts outstanding on the line of credit at December 31, 2009 and 2008.

WEST SIDE CATHOLIC CENTER

Notes to Financial Statements Years Ended December 31, 2009 and 2008

NOTE G - TEMPORARILY RESTRICTED NET ASSETS

Net assets were temporarily restricted for the following as of December 31,

	2009	2008
Passage of time	\$ 381,564	\$ 613,275
State I/D program	16,923	25,000
Housing program	64,330	-0-
Shelter programs	21,000	30,000
Center programs	110,233	19,001
	<u>\$ 594,050</u>	<u>\$ 687,276</u>
Total temporarily restricted net assets:	<u>\$ 594,050</u>	<u>\$ 687,276</u>

NOTE H - PENSION PLAN

The Organization has a defined contribution plan that provides benefits to eligible participants as determined according to the provisions of the plan agreement. Employer contributions were approximately \$21,286 and \$18,253, respectively, for the year ended December 31, 2009 and 2008.

NOTE I - PURCHASE COMMITMENT

At December 31, 2008, the Organization was party to an agreement stating their intention to purchase a building for \$300,000. During the year ended of December 31, 2009, the building was purchased. Renovations began in January 2010.

OMB CIRCULAR A-133 AUDIT REQUIREMENTS

WEST SIDE CATHOLIC CENTER

Schedule of Expenditures of Federal Awards Year Ended December 31, 2009

MAJOR PROGRAM

U.S. Department of Housing & Urban Development passed through Board of County Commissioners, Cuyahoga Department of Development

Supportive Services Program	14.235	\$	297,584
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U.S. Department of Housing & Urban Development passed through Office of Homeless Services

Housing Empowerment Project - Supportive Housing Program	14.235		58,368
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Total Major Programs		\$	<u>355,952</u>
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OTHER FEDERAL ASSISTANCE

U.S. Department of Housing & Urban Development passed through City of Cleveland Department of Development

Emergency Shelter Program	14.231	\$	67,323
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Federal Emergency Management Agency passed through Cuyahoga County Emergency Food and Shelter Board

Emergency Food and Shelter Program	97.024		32,392
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U.S. Department of Education passed through the Office of Safety, Health and Nutrition

Child and Adult Care Food Program	10.579		31,137
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U.S. Department of Health and Human Services through the Ohio Department of Public Safety - Office of Ohio Criminal Justice:

Family Violence Prevention Program	93.592		6,533
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U.S. Department of Justice passed through the Board of County Commissioners

Domestic Violence Program	16.736		22,533
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U.S. Department of Veterans Affairs

Veterans Special Needs Program	64.024		29,790
Veterans Per Diem Program	64.024		49,594

Total Other Federal Assistance			<u>239,302</u>
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Total Expenditures of Federal Awards		\$	<u><u>595,254</u></u>
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THE WEST SIDE CATHOLIC CENTER

Notes to the Schedule of Expenditures of Federal Awards Year Ended December 31, 2009

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

INDEPENDENT AUDITORS' 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

February 12, 2010

The Board of Directors
The West Side Catholic Center
Cleveland, Ohio

We have audited the financial statements of The West Side Catholic Center (Organization) as of and for the year ended December 31, 2009, and have issued our report thereon dated February 12, 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of significant deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 internal control that might be deficiencies, significant deficiencies or 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 of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Organization in a separate letter dated February 12, 2010.

This report is intended solely for the information and use of the audit committee, management of the Organization, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Barnes Wendling CPAs, Inc.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

February 12, 2010

The Board of Directors
The West Side Catholic Center
Cleveland, Ohio

Compliance

We have audited the compliance of The West Side Catholic Center (Organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller general of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information of the audit committee, management of the Organization, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Barnes Wendling CPAs, Inc.

THE WEST SIDE CATHOLIC CENTER

Schedule of Findings and Questioned Costs Year Ended December 31, 2009

Financial Statements

Type of auditor's report issues:	<u>Unqualified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant Deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant Deficiency(ies) identified not considered to be material weaknesses	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

CFDA Numbers

Name of Federal Program or Cluster

14.235	Supportive/Transitional Housing
Dollar threshold used to distinguish Type A and Type B programs:	\$ 300,000
Auditee qualified as a low risk auditee?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

THE WEST SIDE CATHOLIC CENTER

Schedule of Findings and Questioned Costs - (Continued) **Year Ended December 31, 2009**

Section II - Financial Statement Findings

No findings were noted.

Section III - Federal Award Findings and Questioned Costs

No findings were noted