

**Beatitudes Center DOAR, Inc.
Phoenix, Arizona**

Independent Auditor's Reports and Financial Statements

December 31, 2008

Beatitudes Center DOAR, Inc.
Table of Contents
December 31, 2008

Independent Auditor's Report on Basic Financial Statements	2
Statement of Financial Position as of December 31, 2008	3
Statement of Activities for the Year Ended December 31, 2008	4
Statement of Functional Expenses for the Year Ended December 31, 2008	5
Statement of Cash Flows for the Year Ended December 31, 2008	6
Notes to Financial Statements	7 - 9
 <u>Supplementary Information</u>	
Schedule of Expenses	10
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	11

KLECKA, WILKINS & KLECKA

• CERTIFIED PUBLIC ACCOUNTANTS •

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Beatitudes Center DOAR, Inc.
Phoenix, Arizona

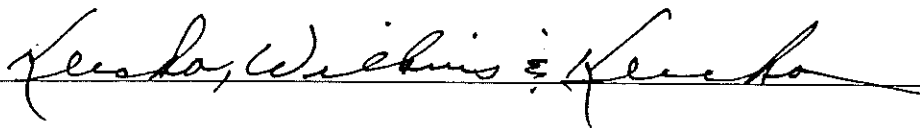
We have audited the accompanying statement of financial position of Beatitudes Center DOAR, Inc. (a nonprofit organization) as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 the 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 Beatitudes Center DOAR, Inc. as of December 31, 2008, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenses is included as supplementary information for purposes of additional analysis 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 financial statements taken as a whole. In accordance with *Government Auditing Standards*, we have also issued on March 30, 2009, a report on our consideration of Beatitudes Center DOAR, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Phoenix, Arizona
March 30, 2009



Beatitudes Center DOAR, Inc.
Statement of Financial Position
December 31, 2008

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 64,410
Accounts Receivable	11,533
Investments	991,490
Prepaid Expenses	<u>5,544</u>
Total Current Assets	1,072,977
Property and Equipment, Net	35,320
Other Assets	
Investment in Real Property	3,000
Resort Timeshare	<u>2,500</u>
	<u>5,500</u>
TOTAL ASSETS	<u><u>\$ 1,113,797</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 23,219
Payroll and Related	<u>17,465</u>
Total Current/Total Liabilities	<u>40,684</u>
Net Assets	
Unrestricted	813,913
Temporarily Restricted	93,000
Permanently Restricted	<u>166,200</u>
Total Net Assets	<u>1,073,113</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,113,797</u></u>

See Accompanying Notes and Auditor's Report

Beatitudes Center DOAR, Inc.
Statement of Activities
For the Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues				
Government Funding	\$ -	\$ 259,734	\$ -	\$ 259,734
Foundations, Grants and Corporations	-	283,092	-	283,092
Individuals and Memorials	620,622	-	-	620,622
In-Kind Occupancy	48,600	-	-	48,600
Fundraising (Net Related Expenses of \$70,517)	133,489	-	-	133,489
Investment Income	29,088	-	-	29,088
Church of the Beatitudes/Beatitudes Campus Congregations	22,550	-	-	22,550
Workshops and Resource Sales	17,955	-	-	17,955
Endowment Funds - Change in Fund Value	26,565	-	-	26,565
Net Assets Released from Restrictions	(366,084)	-	-	(366,084)
	<u>632,865</u>	<u>(632,865)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>1,165,650</u>	<u>(90,039)</u>	<u>-</u>	<u>1,075,611</u>
Expenses				
Program Services				
Center DOAR	241,533	-	-	241,533
VICAP	338,953	-	-	338,953
Generations	86,559	-	-	86,559
Project GrandCare	156,160	-	-	156,160
Nurse Ministries	125,398	-	-	125,398
	<u>948,603</u>	<u>-</u>	<u>-</u>	<u>948,603</u>
Total Program Services	<u>948,603</u>	<u>-</u>	<u>-</u>	<u>948,603</u>
Supporting Services				
Management and General	109,670	-	-	109,670
Fundraising, Less Special Events	46,919	-	-	46,919
	<u>156,589</u>	<u>-</u>	<u>-</u>	<u>156,589</u>
Total Supporting Services	<u>156,589</u>	<u>-</u>	<u>-</u>	<u>156,589</u>
Total Expenses	<u>1,105,192</u>	<u>-</u>	<u>-</u>	<u>1,105,192</u>
Increase (Decrease) in Net Assets	60,458	(90,039)	-	(29,581)
Net Assets at December 31, 2007	<u>753,455</u>	<u>183,039</u>	<u>166,200</u>	<u>1,102,694</u>
Net Assets at December 31, 2008	<u>\$ 813,913</u>	<u>\$ 93,000</u>	<u>\$ 166,200</u>	<u>\$ 1,073,113</u>

See Accompanying Notes and Auditor's Report

Beatitudes Center DOAR, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2008

Description	Program Services					Supporting Services			Total Expenses
	Center DOAR	VICAP Faith in Action	Generations	Project GrandCare	Nurse and Health Ministries Network	Total Program	Management & General	Fundraising	
Salaries and Wages	\$ 93,619	\$ 233,534	\$ 57,030	\$ 69,926	\$ 78,753	\$ 532,862	\$ 62,690	\$ 31,345	\$ 626,897
Payroll Taxes and Benefits	23,437	53,463	13,981	20,469	16,974	128,324	15,097	7,548	150,969
Total Personnel Costs	117,056	286,997	71,011	90,395	95,727	661,186	77,787	38,893	777,866
Occupancy (In-kind)	6,804	19,926	4,374	4,374	5,832	41,310	4,860	2,430	48,600
Supplies, Postage, Miscellaneous	19,085	2,982	612	1,618	2,032	26,328	3,098	1,549	30,975
Printing and Duplication	17,670	1,150	47	3,039	47	21,953	2,582	1,290	25,825
Orientation to Parish Nursing	-	-	-	-	14,836	14,836	-	-	14,836
Workshops and Special Programs	7,977	250	-	3,998	-	12,225	-	-	12,225
Central Services-Office	4,774	1,591	-	-	-	6,365	749	374	7,488
Computer Service	1,901	5,396	496	496	660	8,949	1,053	526	10,528
Telephone	2,213	1,818	399	399	532	5,361	631	315	6,307
Office Rent	2,662	4,590	-	826	1,102	9,180	1,080	540	10,800
Continuing Education	1,633	1,997	1,330	85	198	5,243	-	-	5,243
Equipment Repair/Maintenance	3,331	1,459	564	397	569	6,320	744	372	7,436
Mileage and Travel	2,242	5,536	1,360	2,099	2,062	13,299	-	-	13,299
Audit Fees	-	-	-	-	-	-	5,000	-	5,000
Permits/Fees/Dues/Subscriptions	5,263	195	145	66	189	5,858	-	-	5,858
Hospitality	1,095	511	357	279	-	2,242	-	-	2,242
Volunteer Training and Recognition	5,245	-	-	-	-	5,245	-	-	5,245
SRP - Project Safe House	-	761	-	-	-	761	-	-	761
AAA Caregiver Forum	-	-	5,500	-	-	5,500	-	-	5,500
GrandCare	-	-	-	47,919	-	47,919	-	-	47,919
Banking and Credit Card Fees	-	-	-	-	-	-	6,413	-	6,413
Insurance	-	-	-	-	-	-	4,413	-	4,413
Consulting Fees	294	-	-	-	990	1,284	-	-	1,284
Fundraising Activities (Events)	-	-	-	-	-	-	-	70,517	70,517
Mapping	18,241	-	-	-	-	18,241	-	-	18,241
Marketing	18,290	-	-	-	-	18,290	-	-	18,290
Total Expenses before Depreciation	235,775	335,159	86,195	155,989	124,777	937,895	108,410	116,806	1,163,111
Depreciation Expense	5,758	3,794	364	171	621	10,708	1,260	630	12,598
TOTAL EXPENSES	\$ 241,533	\$ 338,953	\$ 86,559	\$ 156,160	\$ 125,398	\$ 948,603	\$ 109,670	\$ 117,436	\$ 1,175,709

See Accompanying Notes and Auditor's Report

Beatitudes Center DOAR, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2008

Cash Flows Provided by (Used for) Operating Activities:

Decrease in Net Assets	\$ (29,581)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:	
Depreciation	12,598
Change in Assets and Liabilities:	
Investments	19,658
Accounts Receivable	1,543
Other Assets	
Prepaid Expense	(5,358)
Accounts Payable	11,320
Payroll and Related Liabilities	1,105
	11,285
Net Cash Used for Operating Activities	11,285

Cash Flows Used for Investing Activities:

Acquisition of Property and Equipment	(28,583)
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Net Decrease in Cash and Cash Equivalents (17,298)

Cash and Cash Equivalents at December 31, 2007 81,708

Cash and Cash Equivalents at December 31, 2008 \$ 64,410

Supplemental Information:

Cash Paid for Interest	\$ -
Cash Paid for Income Taxes	\$ -

Non-Cash Investing Activities

Donations Received - Software	\$ 10,978
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Beatitudes Center DOAR, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2008

NOTE 1 – NATURE OF OPERATIONS:

Beatitudes Center DOAR, Inc. (Developing Older Adult Resources) is a nonprofit interfaith organization dedicated to enhancing the quality of life for older adults and their families. Founded in 1981, Beatitudes Center DOAR promotes health and well-being through a broad range of community-based services that assist caregivers, homebound adults, grandparents raising grandchildren, and congregational health programs. The Generations program coordinates support groups and workshops for caregivers. The Nurse and Health Ministries Network provides education, consultation, and health promotion and screening activities. Project GrandCare offers support, workshops, legal assistance, and respite care for grandparents raising grandchildren. The VICaP Faith in Action program recruits, trains, and supervises volunteers who help homebound adults live in their own homes by providing services such as grocery shopping and transportation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, Beatitudes Center DOAR is required to report information regarding its financial position and activities to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Beatitudes Center DOAR considers cash deposited in banks to be cash, and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. At December 31, 2008, Beatitudes Center DOAR had \$183,039 in demand deposits temporarily restricted for purposes specified by donors.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value and recognized as revenue in the period in which the promise is received.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Services

During the year ended December 31, 2008, the value of contributed services recognized in the financial statements was \$48,600, which represents the occupancy cost of the offices provided by the Church of the Beatitudes. Beatitudes Center DOAR receives a substantial amount of volunteer services. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, Accounting for Contributions Received and Contributions Made.

Investments

Beatitudes Center DOAR accounts for its investments in accordance with SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. Investments are reported on the statement of financial position at their fair value. Investment income and realized and unrealized gains and losses on investments are recognized on the statement of activities as increases or decreases in unrestricted, temporarily restricted, and permanently restricted net assets depending upon the existence and nature of any donor-imposed restrictions.

Furniture and Equipment

Furniture and equipment are capitalized at cost. Beatitudes Center DOAR's policy is to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. Depreciation is computed on a straight-line basis over the estimated useful lives of three to twelve years.

Functional Expenses

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

Income Taxes

Beatitudes Center DOAR qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for income taxes in the accompanying financial statements. Beatitudes Center DOAR is not a private foundation.

See Auditor's Report

Beatitudes Center DOAR, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Retirement Plan

Beatitudes Center DOAR contributes a portion of the cost of the United Church of Christ cash-value annuity retirement plan for employees with more than three years of service who elect to participate and contribute to the plan. Beatitudes Center DOAR's total expense for the year ended December 31, 2008 was \$31,811.

NOTE 3 – FURNITURE AND EQUIPMENT:

Depreciation expense for the year ended December 31, 2008 totaled \$12,597. Furniture and equipment consisted of the following at December 31, 2008:

Furniture and Equipment	\$ 194,975
(Less) Accumulated Depreciation	<u>(159,655)</u>
Furniture and Equipment, Net	<u>\$ 35,320</u>

NOTE 4 – INVESTMENTS:

Investments at December 31, 2008 are comprised of a liquid cash account and "units of participation", representing the value of investment funds managed by the United Church Foundation, Inc. The funds represent donor and board-designated amounts set aside in prior years for the purpose of providing an operating reserve as well as in income stream for annual operations. The funds are summarized as follows:

Fund	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity	\$ 117,797	\$ 81,616	\$ (36,181)
Equity #2	16,709	9,677	(7,032)
Balanced	972,319	832,318	(140,001)
Balanced #2	83,882	61,493	(22,389)
Cash	6,386	6,386	-
Total	<u>\$ 1,197,093</u>	<u>\$ 991,490</u>	<u>\$ (205,603)</u>

The investment return in 2008 is summarized as follows:

Investment Income:	
Interest	\$ 29,088
Realized Gains/(Losses)	(28,985)
Market Change	<u>(333,519)</u>
Total Investment Income/(Loss)	<u>\$ (333,416)</u>

NOTE 5 – RELATED PARTY TRANSACTIONS:

The Church of the Beatitudes donated use of its facilities to Beatitudes Center DOAR. In-kind occupancy costs were valued at approximately \$48,600. The Church also contributed cash of \$10,000. Beatitudes Center DOAR rents office space from the Church on a month-to-month basis, at a cost of \$10,800 for the year.

The Beatitudes Campus contributed \$18,000 to Beatitudes Center DOAR in 2007, of which \$5,500 was applied to fundraising underwriting revenue. Beatitudes Center DOAR purchased central services, consisting of internal accounting and human resource services, from the Campus at a cost of \$7,488 for the year ended December 31, 2008.

NOTE 6 – CONCENTRATIONS OF RISK:

Financial instruments that potentially expose Beatitudes Center DOAR to concentrations of credit and market risk consist primarily of cash and investments. At December 31, 2008, the cash held by Beatitudes Center DOAR was deposited in banking institutions fully insured by the Federal Deposit Insurance Corporation, and \$100,000 of this amount was insured. Beatitudes Center DOAR has not experienced any cash losses.

At December 31, 2008, all of Beatitudes Center DOAR's investment funds, valued at \$991,490, were held by the United Church Foundation, Inc. (UCF) in UCF fund accounts. These funds are not subject to registration, regulation or reporting under federal and state securities laws, nor are they insured by the Federal Deposit Insurance Corporation. The UCF is subject to annual financial statement audits. Beatitudes Center DOAR does not anticipate nonperformance by its banking and financial institutions and believes it is not exposed to any significant risk.

Beatitudes Center DOAR, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2008

NOTE 7 – SPECIAL FUNDRAISING EVENTS:

Beatitudes Center DOAR conducts annually two main special events and several smaller events to raise funds. The results of these events for the year ended December 31, 2008 are as follows:

	Benefit Concert	Poinsettia Tea	Tour de Paradise	Other Events	Total
Revenue					
Ticket Sales	\$ 18,605	\$ 25,309	\$ 14,085	\$ -	\$ 43,914
Raffle Tickets	4,016	6,204	-	-	10,220
Sponsorships	34,800	25,000	3,000	-	59,800
Other Donations	37,685	34,352	50	900	72,037
Total Event Revenue	95,106	90,865	17,135	900	204,006
Special Event Expenses	35,084	29,904	1,572	3,957	70,517
Net Event Revenue	<u>\$ 60,022</u>	<u>\$ 60,961</u>		<u>\$ (3,057)</u>	
Net Fundraising Revenue					<u>\$ 133,489</u>

Beatitudes Center DOAR, Inc.
 Supplementary Information
 Schedule of Expenses
 For the Year Ended December 31, 2008

<u>Expenses</u>	<u>Amount</u>
Salaries and Wages	\$ 626,897
Payroll Taxes and Employee Benefits	150,969
Special Projects (Project Safe Home, Project GrandCare, Faith in Action)	61,667
Occupancy (In-kind)	48,600
Postage, Supplies, Office Operations and Miscellaneous	42,481
Printing and Duplication	25,825
Workshops and Special Programs	12,225
Orientation to Parish Nursing	14,836
Telephone	6,307
Computer Maintenance	10,528
Depreciation	12,598
Central Services Office	7,488
Office Rent	10,800
Continuing Education	5,243
Mileage	13,299
Equipment Repair and Maintenance	7,436
Audit	5,000
Insurance	4,413
Mapping	19,006
Marketing	18,290
Contract Staffing Fees	1,284
Total Expenses	\$ 1,105,192

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

To the Board of Directors
Beatitudes Center DOAR, Inc.
Phoenix, Arizona

We have audited the financial statements of Beatitudes Center DOAR, Inc. as of and for the year ended December 31, 2008. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Beatitudes Center DOAR, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

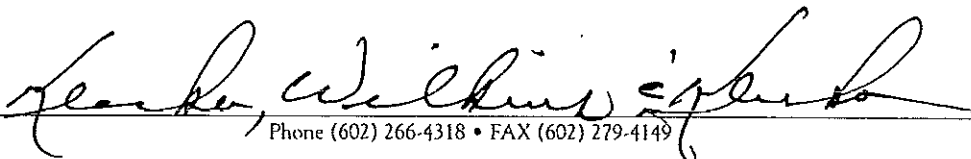
Internal Control Over Financial Reporting

The management of Beatitudes Center DOAR, Inc. is responsible for establishing and maintaining internal controls. In planning and performing our audit, we considered Beatitudes Center DOAR, Inc.'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 Beatitudes Center DOAR, Inc.'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 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 functions, 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 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 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.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities.



Phoenix, Arizona
March 30, 2009

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