

URBAN CONNECTION-SAN ANTONIO

FINANCIAL STATEMENTS

DECEMBER 31, 2009

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CINDY SHOFFSTALL  
Certified Public Accountant  
13522 Pueblo Springs Dr  
San Antonio, Texas 78232  
210-496-3333

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Urban Connection-San Antonio  
San Antonio, Texas

I have audited the accompanying statement of financial position of Urban Connection-San Antonio (a nonprofit corporation) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban Connection-San Antonio as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America. The schedule of functional expenses is presented for purposes of additional analysis and is not subject to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Cindy Shoffstall CPA*

Cindy Shoffstall  
Certified Public Accountant

May 14, 2010

URBAN CONNECTION-SAN ANTONIO  
STATEMENT OF FINANCIAL POSITION  
December 31, 2009

ASSETS	
Cash in banks	\$ 41,470
Accounts receivable	2,953
Land	<u>23,451</u>
TOTAL ASSETS	<u>\$ 67,874</u>
LIABILITIES	
Accounts payable-trade	<u>518</u>
TOTAL LIABILITIES	<u>518</u>
NET ASSETS	
Unrestricted	<u>67,356</u>
TOTAL NET ASSETS	<u>67,356</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 67,874</u>

See accompanying notes to the Financial Statements and the independent auditor's report.

URBAN CONNECTION-SAN ANTONIO  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2009

REVENUE & OTHER SUPPORT

Contributions	\$ 349,328
Interest income	97
Gifts in kind	14,806
Earned revenues	8,538
Special events income	4,353
TOTAL REVENUE & OTHER SUPPORT	377,122

EXPENSES

Program expenses	
Kids connection	133,546
Resource connection	113,038
Community connection	55,484
Kingdom connection	14,117
TOTAL PROGRAM EXPENSES	316,185

Supporting services	
General & administrative	38,266
TOTAL SUPPORTING SERVICES	38,266

TOTAL EXPENSES	354,451
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Changes in Net Assets-Increase	22,671
Net Assets - December 31, 2008	44,685
Net Assets - December 31, 2009	\$ 67,356

See accompanying notes to the Financial Statements and the independent auditor's report.

URBAN CONNECTION-SAN ANTONIO  
STATEMENT OF FUNCTIONAL EXPENSE  
Year Ended December 31, 2009

	<u>Administrative</u>	<u>Kids</u> <u>Connection</u>	<u>Resource</u> <u>Connection</u>	<u>Community</u> <u>Connection</u>	<u>Kingdom</u> <u>Connection</u>
Auto expense	\$ 36	\$ 6,140	\$ 70	\$ 0	\$ 0
Contract services	2,450	6,500	3,875	5,675	10,125
Dues & subscriptions	1,221	0	0	559	16
Equipment expenses	2,100	1,269	7,101	2,691	(500)
Facilities & equipment	0	0	928	1,950	0
Meals & entertainment	920	282	208	402	66
Occupancy	3,728	10,184	13,436	6,562	1,195
Office supplies	2,303	2,009	2,047	810	311
Postage & delivery	592	229	145	122	0
Printing & reproduction	246	197	154	338	8
Program expenses	18	3,746	17,879	2,156	384
Salaries	21,544	98,536	44,906	23,116	1,492
Service fees	993	5	0	500	6
Special events & fundraising	80	1,762	(286)	8,320	0
Staff expenses	266	537	0	60	363
Supplies & materials	1,466	2,109	22,666	2,205	651
Travel	<u>303</u>	<u>41</u>	<u>(91)</u>	<u>18</u>	<u>0</u>
Total Expenses	<u>\$ 38,266</u>	<u>\$133,546</u>	<u>\$113,038</u>	<u>\$ 55,484</u>	<u>\$ 14,117</u>

See accompanying notes to the Financial Statements and the independent auditor's report

URBAN CONNECTION-SAN ANTONIO  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2009

Cash flows from operating activities	
Changes in net assets-increase	\$ 22,671
Changes in:	
Accounts receivable	(2,952)
Accounts payable	<u>(3,843)</u>
Net cash used for operating activities	<u>15,875</u>
Cash flows from investing activities	
Purchase of land	<u>(23,451)</u>
Net cash from investing activities	<u>(23,451)</u>
Net decrease in cash	\$ (7,575)
Cash in banks:	
December 31, 2008	<u>49,045</u>
December 31, 2009	<u>\$ 41,470</u>

See accompanying notes to the Financial Statements and the independent auditor's report.

URBAN CONNECTION-SAN ANTONIO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of activity

Urban Connection-San Antonio (UC-SA) was originally founded as a satellite program of Central Dallas Ministries (CDM). In September of 2008, Urban Connection-San Antonio received its own 501(C)(3) status as a public charity and is operating independent of CDM. UC-SA serves the residents in the Lincoln Heights Courts (a San Antonio Housing Authority property) and surrounding areas. The West End community is one of the most poverty stricken areas in the city of San Antonio. UC-SA provides opportunities for residents to take hope-filled, positive and proactive steps to gain control of their lives and living environments. UC-SA is a holistic social services agency aimed at helping residents to become self-sufficient, productive members of their community by building relationships through their programs. **Kids Connection** consists of an After School Academy (UCASA) during the school year and Kids Camp during the summer. UCASA's goal is to strengthen fundamental academic and social skills using CORE curriculum, practical application, and exposure to various learning environments. Apart from the school year, they provide all day summer Kids Camp for area children that are available during spring and fall break as well. Arts Education provides exposure to dance, theatre, art, the symphony, technology, health and wellness and more. Urban Connection Outdoor Adventures allows children ages 10 to 16 to go camping, hunting, fishing and participate in other outdoor activities. Parents and adults participate in numerous other programs which they offer through their **Resource Connection** which houses a food pantry, Clothes Closet, Thrift Store, job readiness programs, and classes in parenting, nutrition, ESL, finance and GED study groups. **Kingdom Connection** establishes relationships with other ministries to enhance, expand, and fill out the service delivery system in their area and heads up their teen mentoring program. **Community Connection** involves everyone in their local area and the Frank Garrett Community Center (FGCC).

Basis of accounting

The financial statements of Urban Connection-San Antonio have been prepared on the modified accrual basis of accounting. Under this method, revenues are recognized in the period they become available and measurable, and expenditures are recognized in the period the associated liability is incurred.

See accompanying independent auditor's report.

URBAN CONNECTION-SAN ANTONIO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

Basis of presentation

Financial statement presentation follows the recommendation 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, 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.

Use of estimates

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

Advertising

All advertising costs are expensed when incurred. The organization did not have any advertising expenses in 2009.

Contributions

The organization also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

See accompanying independent auditor's report.

URBAN CONNECTION-SAN ANTONIO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

Contributed services

Contributed services have not been reflected in the financial statements. Nevertheless, a substantial number of volunteers donate significant amounts of their time in the organization's programs and supporting services. The organization receives an average of 985 hours of in-kind volunteer service hours per month valued at \$19,946. In 2009, the organization received 14,905 hours of in-kind volunteer service hours valued by the Independent Sector at \$20.85 per hour for a total contributed value of \$310,769.

Income taxes

The corporation, a nonprofit organization under section 501 (C) (3) of the Internal Revenue Code, is generally exempt from federal income taxes and accordingly, no provision for income taxes is included in the financial statements.

Allowance for doubtful accounts

An allowance for doubtful accounts has not been set up since accounts receivable is an immaterial amount on the balance sheet.

Cash and cash equivalents

Cash and cash equivalents include all the money in the checking, savings, and money market accounts.

**NOTE 2 - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 3 - LAND**

The organization acquired land in February of 2009 for \$23,451 in order to build a building.

See accompanying independent auditor's report.

URBAN CONNECTION-SAN ANTONIO  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2009

**NOTE 4 – LEASES**

The organization rents buildings from the San Antonio Housing Authority (SAHA). The rent was only a \$1 a year until August 2006 when SAHA began requiring that all non-profits pay a market rate as tenants on their public housing properties. The organization signed a new 3-year lease dated August 17, 2006, which required the organization to pay \$1,000 per month during the first year of tenancy (August 6, 2006 – July 31, 2007) and \$2,000 per month for the 2<sup>nd</sup> and 3<sup>rd</sup> years of the lease. The organization has paid this rent amount as well as utilities to SAHA since then. In July 2009, with the end of the lease, the organization asked SAHA to renegotiate the lease at a lower monthly rate. SAHA found that numerous non-profit agencies were still paying \$1 per year and decided to investigate. The organization has been paying utilities only until a new lease can be determined. In addition, SAHA granted the organization the use of 2 more buildings with the rent being waived provided that the organization serve 200 or more residents each month.

**NOTE 5 – UNCERTAINTIES**

See note 4 for the uncertainty concerning the lease payment obligation.

**NOTE 6 – RESTRICTED ASSETS**

One donor's contributions are to be used strictly towards the salary of the pastor. Since this is an in and out transaction, none of the assets held at the end of the year are still restricted.

See accompanying independent auditor's report.