

ROSE HILL COMMUNITY CENTER, INC.

FINANCIAL STATEMENTS

June 30, 2008

GRABOWSKI, SPARANO & VINCELETTE

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rose Hill Community Center, Inc.
New Castle, Delaware

We have audited the accompanying statements of financial position of Rose Hill Community Center, Inc., (a non-profit organization) as of June 30, 2008 and 2007 and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Rose Hill Community Center's 2007 financial statements and, in our report dated August 13, 2007, we expressed an unqualified opinion on those financial statements.

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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rose Hill Community Center, Inc., as of June 30, 2008 and 2007 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.

Board of Directors
Rose Hill Community Center, Inc.
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Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of functional expenses for the years ended June 30, 2008 and 2007 are presented for purposes of additional analysis and are 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.

October 2, 2008

*Gyabowski, Sparano
& Vincellette, CPAs*

ROSE HILL COMMUNITY CENTER, INC.
Statements of Financial Position
June 30,

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
<u>ASSETS</u>		
ASSETS		
Cash	\$ 1,113,625	\$ 657,743
Accounts Receivable	11,215	1,405
Grants Receivable	5,998	16,637
Prepaid Expenses	3,153	3,968
Investments	1,986,825	2,291,807
Land	225,000	225,000
Building	1,275,000	1,275,000
Equipment	121,135	160,761
Furniture and Fixtures	57,703	64,008
Vehicles	82,000	82,000
Building Improvements	1,980,665	1,977,465
Accumulated Depreciation	<u>(1,137,961)</u>	<u>(1,092,035)</u>
<u>TOTAL ASSETS</u>	<u>\$ 5,724,358</u>	<u>\$ 5,663,759</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts Payable	\$ 5,517	\$ 13,256
Line of Credit	303,025	240,601
Accrued Salaries and Wages	12,230	10,106
Accrued Payroll Taxes and Withholding	1,133	-0-
Deferred Revenue	<u>5,467</u>	<u>5,417</u>
<u>TOTAL LIABILITIES</u>	<u>327,372</u>	<u>269,380</u>
NET ASSETS		
Unrestricted	3,227,720	3,257,510
Temporarily Restricted	<u>2,169,266</u>	<u>2,136,869</u>
<u>TOTAL NET ASSETS</u>	<u>5,396,986</u>	<u>5,394,379</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 5,724,358</u>	<u>\$ 5,663,759</u>

See accompanying notes to financial statements.

ROSE HILL COMMUNITY CENTER, INC.
 Statements of Activities
 For the Years Ended June 30,

	<u>2 0 0 8</u>		<u>2 0 0 7</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>(For Comparative Purposes Only) Total</u>	
REVENUES, GAINS, AND OTHER SUPPORT				
Grants (Note 10)	\$ 290,000	\$ 426,852	\$ 716,852	\$ 751,256
Investment Income	171,433		171,433	88,110
Facility Rental	117,623		117,623	114,354
Miscellaneous	1,529		1,529	5,905
Program Income	36,538	16,136	52,674	25,826
Contributions	2,747	5,378	8,125	12,077
Loss on Disposal of Asset	(330)		(330)	(10,000)
Gains/(Losses) on Investments	(97,808)	(78,877)	(176,685)	174,635
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	337,092	(337,092)		
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	858,824	32,397	891,221	1,162,163
EXPENSES				
Program Services	684,057		684,057	721,187
Management and General Fundraising	203,853		203,853	200,232
	704		704	-0-
TOTAL EXPENSES	888,614	-0-	888,614	921,419
CHANGE IN NET ASSETS	(29,790)	32,397	2,607	240,744
NET ASSETS - BEGINNING OF YEAR	3,257,510	2,136,869	5,394,379	5,153,635
END OF YEAR	\$3,227,720	\$2,169,266	\$5,396,986	\$5,394,379

See accompanying notes to financial statements.

ROSE HILL COMMUNITY CENTER, INC.
Statements of Cash Flows
For the Years Ended June 30;

	<u>2 0 0 8</u>	<u>2 0 0 7</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 2,607	\$ 240,744
Adjustments to Reconcile		
Change in Net assets to Net Cash		
Provided by Operating Activities:		
Non-cash charges / (credits)-		
Contribution	-0-	(7,769)
Depreciation	103,744	105,033
(Gain) Loss on Sale of Investments	97,808	(45,064)
Unrealized (Gain) Loss on Investments	78,877	(129,571)
Changes in Current Items		
(Increase) Decrease-		
Accounts Receivable	(9,810)	(1,251)
Grants Receivable	10,639	488
Prepaid Expenses	815	(1,547)
Increase (Decrease)-		
Accounts Payable	(7,739)	(2,628)
Accrued Salaries & Withholdings	3,257	(3,118)
Deferred Revenue	50	5,217
	<u>280,248</u>	<u>160,534</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Equipment	(15,417)	(10,311)
Book Value of Asset Disposed	330	10,000
Proceeds From Sale of Investments	1,388,878	1,108,827
Purchase of Investments	(1,260,581)	(1,147,218)
	<u>113,210</u>	<u>(38,702)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Line of Credit	(191,576)	(186,999)
Proceeds from Line of Credit	254,000	427,600
	<u>62,424</u>	<u>240,601</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE IN CASH	<u>\$ 455,882</u>	<u>\$ 362,433</u>
CASH BALANCES		
Beginning	\$ 657,743	\$ 295,310
Ending	<u>1,113,625</u>	<u>657,743</u>
NET INCREASE IN CASH	<u>\$ 455,882</u>	<u>\$ 362,433</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 24,880</u>	<u>\$ 10,966</u>

See accompanying notes to financial statements.

ROSE HILL COMMUNITY CENTER, INC.
Notes to Financial Statements
For the Years Ended June 30, 2008 and 2007

NOTE 1 NATURE OF OPERATIONS

Rose Hill Community Center is a private non-profit community based agency founded in 1980 for the purpose of providing for basic human services to low-income residents of the area. The Center currently houses a senior center, boys club and head start. Other direct services include summer recreation programs, crisis alleviation, information and referral, a youth oriented substance abuse program, community beautification project and a variety of special projects corresponding to yearly, holiday, or theme events.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipts. No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Center's program and administrative services.

Depreciation

The Center provides for depreciation over the estimated useful lives of the equipment on the straight-line method.

Cash Equivalents

For purposes of cash flow, the Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Financial Statement Presentation

The Rose Hill Community Center, Inc. elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Rose Hill Community Center, Inc. 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.

ROSE HILL COMMUNITY CENTER, INC.
Notes to Financial Statements (Cont'd)
For the Years Ended June 30, 2008 and 2007

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Contributions

The Rose Hill Community Center, Inc. also elected to adopt SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Functional Allocation of Expenses

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

NOTE 3 TAX-EXEMPT STATUS

The Center has qualified as an exempt organization under the Internal Revenue Code and there is no liability for Federal and State income taxes arising from its activities.

NOTE 4 COMMITMENTS

The following is a summary of approximate future minimum rental commitments for non-cancelable operating leases with terms of more than one year as of June 30, 2008:

6/30/09	\$ 4,452
6/30/10	4,452
6/30/11	4,452
6/30/12	<u>1,855</u>
	<u>\$15,211</u>

NOTE 5 USE OF ESTIMATES IN FINANCIAL STATEMENTS

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.

ROSE HILL COMMUNITY CENTER, INC.
Notes to Financial Statements (Cont'd)
For the Years Ended June 30, 2008 and 2007

NOTE 6 CONCENTRATION OF CREDIT RISK

The Center maintains its cash balances in two financial institutions located in Wilmington, Delaware. Only the balances in one institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At June 30, 2007 the Center's uninsured cash balances total \$1,418,505.

NOTE 7 PENSION PLAN

All full time employees who meet certain age and length of service requirements are eligible to participate in the Center's 401k Pension Retirement Plan. The plan provides that the Center must contribute 5% of the base pay of the eligible participants. Pension retirement contributions charged to operations were \$8,890 and \$3,842 for the years ended June 30, 2008 and 2007 respectively.

NOTE 8 INVESTMENTS

Marketable debt and equity securities are carried at fair market value; that determination is made by aggregating marketable equity and debt securities. The Center has included in its investment policy, the purchase of residential real estate for resale. The cost of the original purchase and subsequent improvements are reflected at cost. A certificate of deposit with Sun National Bank in the amount of \$500,000 is pledged as collateral for a line of credit as described in Note 12. Investments consisted of the following as of June 30, 2008:

	<u>Cost</u>	<u>Market Value</u>
Common and preferred stocks	\$ 901,855	\$1,256,950
Certificates of Deposit	604,428	604,477
Residential Real Estate	125,398	125,398
	<u>\$1,631,681</u>	<u>\$1,986,825</u>

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Capital Purchases	\$1,327,287	\$1,409,364
Trip Program	3,967	3,919
NCC Summer Camp	0-	798
Holy Spirit Food Closet	3,354	0-
Delawarr Senior Center	430,491	351,940
C & D Senior Center	404,167	370,848
	<u>\$2,169,266</u>	<u>\$2,136,869</u>

ROSE HILL COMMUNITY CENTER, INC.
Notes to Financial Statements (Cont'd)
For the Years Ended June 30, 2008 and 2007

NOTE 10

CONCENTRATION OF REVENUE

The Center receives a significant portion of its revenue from several contributors and from programs. For the year ended June 30, 2008 the State of Delaware provided 77 percent of total revenue.

Grant Revenue consists of the following:

	<u>2008</u>	<u>2007</u>
State of Delaware-		
Community Center Grant	\$ 290,000	\$ 290,000
Delaware Prevention Network	29,379	69,121
Delawarr Senior Center	226,242	226,242
C & D Senior Center	138,812	138,812
Summer Camp Youth Program	2,023	7,081
C & D Home Repair	6,000	-0-
Pool	20,000	20,000
Wilmington University	1,000	-0-
21 st Century Fund	3,396	-0-
	<u>\$ 716,852</u>	<u>\$ 751,256</u>

NOTE 11

PRIOR YEAR FINANCIAL STATEMENTS

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

NOTE 12

LINE OF CREDIT

The Organization has a line of credit available from Sun National Bank in the amount of \$500,000 which is secured by a certificate of deposit in the same amount as described in Note 8. The amount outstanding as of June 30, 2008 was \$303,024. The line of credit is used to purchase homes for renovation. Interest expense is capitalized and added to the cost of the homes.

NOTE 13

HOME REPAIR PROGRAM

During the fiscal year ended June 30, 2006, the Center allocated \$50,000 for a home repair program for communities within the Rose Hill service area. The purpose of the program is to enable existing homeowners to maintain and remain in their homes. Repairs may cover major home systems such as roof repair/replacement, door and window replacements, etc.

ROSE HILL COMMUNITY CENTER, INC.
Notes to Financial Statements (Cont'd)
For the Years Ended June 30, 2008 and 2007

NOTE 13 HOME REPAIR PROGRAM (Cont'd)

The Center does not expect to expend more than \$6,000 per individual household. The board reserves the right to cancel this program at any time, although any project undertaken will be completed. For the fiscal years ended June 30, 2008 and 2007, the Center expended \$-0- and \$1,880 respectively on this program.

ROSE HILL COMMUNITY CENTER, INC.
Statements of Functional Expenses
For the Years Ended June 30,

	<u>2 0 0 8</u>			<u>2 0 0 7</u>	
	Program	Management	Fundraising	(For Comparative Purposes Only)	
	<u>Expenses</u>	<u>and General</u>	<u>Expenses</u>	<u>Total</u>	<u>Total</u>
Salaries	\$258,021	\$109,979	\$ 650	\$368,650	\$414,500
Payroll Taxes	32,114	4,466	50	36,630	36,400
Employee Benefits	15,960	3,550	4	19,514	12,801
Board Expenses		6,809		6,809	10,414
Senior Center Delaware	45,086			45,086	37,546
Prevention Network	5,970			5,970	15,275
Depreciation	82,995	20,749		103,744	105,033
Dues and Subscriptions	113	754		867	1,555
Home Repairs				-0-	1,880
Insurance	31,998	6,779		38,777	47,283
Interest				-0-	4
Investment Fees		7,091		7,091	5,909
Leases	3,563	2,375		5,938	4,877
Other	29,268			29,268	14,221
Pool	14,786			14,786	3,783
Postage	392	588		980	2,123
Printing				-0-	2,603
Professional Fees	16,370	14,059		30,429	24,778
Maintenance	49,785	5,012		54,797	70,050
Summer Camp	12			12	3,161
Supplies	11,739	3,339		15,078	6,270
Telephone	12,316	1,502		13,818	13,329
Travel	7,667	326		7,993	4,844
Utilities	65,902	16,475		82,377	82,780
	<u>\$684,057</u>	<u>\$203,853</u>	<u>\$ 704</u>	<u>\$888,614</u>	<u>\$921,419</u>

See accompanying notes to financial statements.