

FRIENDS MEETING OF WASHINGTON

FINANCIAL STATEMENTS AND
ACCOUNTANTS' REPORT

JUNE 30, 2008 (REVIEWED)
AND JUNE 30, 2007 (AUDITED)

STRACK | STANFIELD, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRIENDS MEETING OF WASHINGTON

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ACCOUNTANTS' REVIEW REPORT

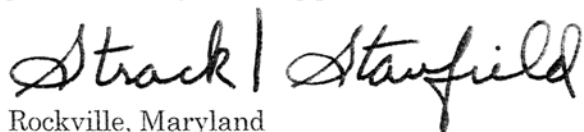
To the Board of Trustees
FRIENDS MEETING OF WASHINGTON

We have reviewed the accompanying statement of financial position of FRIENDS MEETING OF WASHINGTON as of June 30, 2008, and the related statements of activities and changes in net assets for the year then ended in accordance with Statement of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of FRIENDS MEETING OF WASHINGTON.

A review consists principally of inquiries of management personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with U.S. generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

The financial statements for the year ended June 30, 2007, were audited by us and we expressed an unqualified opinion on them in our report dated September 17, 2007, but we have not performed any auditing procedures since that date.



Rockville, Maryland
August 10, 2008

FRIENDS MEETING OF WASHINGTON
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 (REVIEWED) AND JUNE 30, 2007 (AUDITED)
(SEE ACCOUNTANTS' REVIEW REPORT)

ASSETS

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 177,635	\$ 174,742
Accounts receivable	1,410	134
Prepaid expenses	4,174	2,395
Investments (NOTE 3)	1,737,789	1,923,886
Antique collection	12,800	12,800
Land, buildings and equipment, net of depreciation (NOTE 4)	<u>481,461</u>	<u>526,586</u>
TOTAL ASSETS	<u>\$ 2,415,269</u>	<u>\$ 2,640,543</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 30,494	\$ 19,421
Deposits	520	420
Agency funds	<u>1,194</u>	<u>1,294</u>
Total Liabilities	<u>32,208</u>	<u>21,135</u>
NET ASSETS		
Unrestricted		
Meeting designated (NOTE 6)	534,438	559,886
Net investment in plant	494,261	539,386
Endowment earnings	921,596	1,082,798
Undesignated	<u>83,381</u>	<u>87,035</u>
Total unrestricted	<u>2,033,676</u>	<u>2,269,105</u>
Temporarily restricted (NOTE 7)	47,463	48,381
Permanently restricted	<u>301,922</u>	<u>301,922</u>
Total Net Assets	<u>2,383,061</u>	<u>2,619,408</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,415,269</u>	<u>\$ 2,640,543</u>

The accompanying notes are an integral part
of these financial statements

FRIENDS MEETING OF WASHINGTON
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2008 (REVIEWED)
WITH COMPARABLE TOTALS AS OF JUNE 30, 2007 (AUDITED)
(SEE ACCOUNTANTS' REVIEW REPORT)

	2008			2007 TOTAL
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	
REVENUES AND SUPPORT				
Contributions	\$ 230,182	\$ 47,249	\$ -	\$ 277,431
Bequests and memorials	3,380	-	-	3,380
Use of facilities	44,783	-	-	44,783
Literature and projects sales	1,037	914	-	1,951
Interest and dividend income	105,034	-	-	105,034
Net realized and unrealized gains on investments	(225,588)	-	-	(225,588)
Other	750	-	-	750
TOTAL REVENUE AND SUPPORT	159,578	48,163	-	207,741
NET ASSETS RELEASED FROM RESTRICTIONS	49,081	(49,081)	-	-
TOTAL REVENUE, SUPPORT AND RECLASSIFICATIONS	\$ 208,659	\$ (918)	\$ -	\$ 207,741
				\$ 523,463

The accompanying notes are an integral part
of these financial statements

FRIENDS MEETING OF WASHINGTON
 STATEMENT OF ACTIVITIES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2008 (REVIEWED)
 WITH COMPARABLE TOTALS AS OF JUNE 30, 2007 (AUDITED)
 (SEE ACCOUNTANTS' REVIEW REPORT)

	2008			2007	
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
EXPENSES					
Personnel and consultants	\$ 157,987	-	\$ -	\$ 157,987	\$ 174,478
Program costs	73,953	-	-	73,953	70,157
Site costs	72,686	-	-	72,686	74,956
Office expenses	34,853	-	-	34,853	22,232
Apportionment	56,250	-	-	56,250	48,750
Depreciation	44,672	-	-	44,672	40,439
Other expenses	<u>3,687</u>	<u>-</u>	<u>-</u>	<u>3,687</u>	<u>3,611</u>
Total Expenses	<u>444,088</u>	<u>-</u>	<u>-</u>	<u>444,088</u>	<u>434,623</u>
CHANGE IN NET ASSETS	(235,429)	(918)	-	(236,347)	88,840
BEGINNING OF YEAR	<u>2,269,105</u>	<u>48,381</u>	<u>301,922</u>	<u>2,619,408</u>	<u>2,530,568</u>
END OF YEAR	<u>\$ 2,033,676</u>	<u>\$ 47,463</u>	<u>\$ 301,922</u>	<u>\$ 2,383,061</u>	<u>\$ 2,619,408</u>

The accompanying notes are an integral part
of these financial statements

FRIENDS MEETING OF WASHINGTON
STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED
JUNE 30, 2008 (REVIEWED) AND JUNE 30, 2007 (AUDITED)
(SEE ACCOUNTANTS' REVIEW REPORT)

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (236,347)	\$ 88,840
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized losses (gains) from investments	226,097	(106,637)
Depreciation	44,672	40,439
Loss on disposition of fixed assets	453	-
(Increase) decrease in accounts receivable	(1,276)	2,310
(Increase) in prepaid expenses	(1,779)	(1,692)
Decrease (increase) in deposits	100	(100)
Increase (decrease) in accounts payable and accrued expenses	11,073	(18,640)
(Decrease) in deferred revenue	-	(1,825)
(Decrease) increase in agency funds	<u>(100)</u>	<u>100</u>
Net Cash Provided By Operating Activities	<u>42,893</u>	<u>2,795</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchased	(40,000)	-
Fixed asset acquisitions	<u>-</u>	<u>(1,871)</u>
Net Cash (Used For) Investing Activities	<u>(40,000)</u>	<u>(1,871)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,893	924
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>174,742</u>	<u>173,818</u>
End of year	<u>\$ 177,635</u>	<u>\$ 174,742</u>

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 (REVIEWED) AND JUNE 30, 2007 (AUDITED)

1. ORGANIZATION AND PURPOSE

The Friends Meeting of Washington is a non-profit corporation organized in Washington, D.C. on June 20, 1930. The Meeting was established to provide a place of worship for all people.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Meeting have been prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are 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, the Meeting 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. SFAS No. 117 also requires the Meeting to report expenses as a decrease in unrestricted net assets whether they are incurred to satisfy a donor's restrictions or not.

Use of Estimates

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

Cash and Cash Equivalents

The term cash as used in the accompanying financial statements includes currency on hand, demand deposits, and highly liquid investments purchased with Financial Institutions with a maturity of three months or less. Balances in bank accounts occasionally exceed \$100,000, which is the maximum amount covered by federal depository insurance. The Meeting, however, does not consider this to be a significant concentration of credit risk.

Antique Collection

An antique collection in the amount of \$12,800 was recorded June 30, 1981 at the approximate fair market value. The collection is not subject to depreciation.

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008 (REVIEWED) AND JUNE 30, 2007 (AUDITED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are recorded at market value. Unrealized gains and losses are included in the Statements of Activities.

Land, Buildings and Equipment

Land, buildings and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Additions of \$2,500 or more are generally capitalized.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Contributed Services

The Meeting receives a substantial amount of services donated by its members in carrying out the Meeting's activities. 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."

Income Taxes

The Meeting is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) on any net income derived from activities related to its exempt purpose and is not a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision for federal income taxes has been made.

Comparative Information

The statement of activities includes 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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Meeting's financial statement for the year ended June 30, 2007, from which the summarized information was derived.

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008 (REVIEWED) AND JUNE 30, 2007 (AUDITED)

3. INVESTMENTS

Investments are carried at fair market value and are comprised of funds in managed amounts through the Friends Fiduciary Corporation, a nonprofit corporation. Participation in the funds is represented by units which are valued quarterly, at which time new participations and withdrawals are recorded. Cash paid out or received prior to these dates is adjusted by the appropriate interest charge or credit.

4. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consists of the following:

	<u>2008</u>	<u>2007</u>
Land	\$ 231,888	\$ 231,888
Buildings and improvements	832,431	850,472
Furniture and equipment	<u>19,357</u>	<u>57,598</u>
	1,083,676	1,139,958
Less: Accumulated depreciation	<u>(602,215)</u>	<u>(613,372)</u>
	<u>\$ 481,461</u>	<u>\$ 526,586</u>

Depreciation expense was \$44,672 and \$40,439 for the years ended June 30, 2008 and 2007, respectively.

5. RETIREMENT PLAN

The Meeting has a contributory retirement plan for substantially all employees and contributes 5% of the eligible employees' salary. An eligible employee is a full or part time permanent employee who also makes a 5% contribution. The Meeting's cost was \$4,875 and \$3,464 for years ended June 30, 2008 and 2007, respectively.

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2008 (REVIEWED) AND JUNE 30, 2007 (AUDITED)

6. DESIGNATED UNRESTRICTED NET ASSETS

The Meeting designated a portion of unrestricted net assets for various purposes which are summarized as follows:

	2008	2007
Property Reserve	\$ 117,678	\$ 99,632
Trustees' Reserve	416,760	460,254
	\$ 534,438	\$ 559,886

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2008	2007
History Project	\$ 1,475	\$ 1,475
Personal Aid	9,142	8,706
Fund for Sufferings	3,545	3,545
Garden Improvements	1,982	1,982
Senior Center	6,432	6,487
Shoebox Fund	3,201	7,338
Financial Aid	20,528	17,728
Miscellaneous	1,158	1,120
	\$ 47,463	\$ 48,381

8. FUNCTIONAL ALLOCATION OF EXPENSES

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

	2008	2007
Program Expenses	\$ 340,534	\$ 313,018
General and administrative expenses	96,717	92,545
Fundraising expenses	6,837	29,060
Total expenses	\$ 444,088	\$ 434,623