

FRIENDS MEETING OF WASHINGTON

FINANCIAL STATEMENTS AND
AUDITORS' REPORT

JUNE 30, 2010 (AUDITED)
AND JUNE 30, 2009 (REVIEWED)

STANFIELD & PHILLIPS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
FRIENDS MEETING OF WASHINGTON

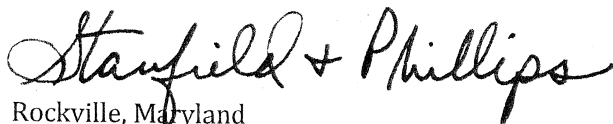
We have audited the accompanying statement of financial position of FRIENDS MEETING OF WASHINGTON as of June 30, 2010, and the related statements of activities and changes in net assets for the year then ended. These financial statements are the responsibility of the management of FRIENDS MEETING OF WASHINGTON. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 FRIENDS MEETING OF WASHINGTON as of June 30, 2010, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

The accompanying schedule of Shoebox Fund Activity on page 10 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.

The 2009 financial statements were reviewed by us, and our report thereon, dated August 13, 2009, stated that we were not aware of any material modifications that should be made to those statements for them to be in conformity with U.S. generally accepted accounting principles. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.



Rockville, Maryland
August 18, 2010

FRIENDS MEETING OF WASHINGTON
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 (AUDITED) AND 2009 (REVIEWED)

ASSETS		
	2010	2009
Cash and cash equivalents	\$ 227,638	\$ 202,751
Accounts receivable	2,920	500
Prepaid expenses	13,804	14,659
Investments (NOTE 3)	1,427,171	1,342,636
Antique collection	12,800	12,800
Land, buildings and equipment, net of depreciation (NOTE 4)	523,888	509,875
 TOTAL ASSETS	 \$ 2,208,221	 \$ 2,083,221
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 27,351	\$ 33,753
Deposits	20	520
Deferred income	1,884	500
Agency funds	-	1,194
 Total liabilities	 29,255	 35,967
NET ASSETS		
Unrestricted		
Meeting designated (NOTE 6)	423,054	393,815
Net investment in plant	536,688	522,675
Endowment earnings	702,242	643,383
Undesignated	97,780	71,066
Total unrestricted	1,759,764	1,630,939
Temporarily restricted (NOTE 7)	117,280	114,393
Permanently restricted	301,922	301,922
 Total net assets	 2,178,966	 2,047,254
 TOTAL LIABILITIES AND NET ASSETS	 \$ 2,208,221	 \$ 2,083,221

The accompanying notes are an integral part
of these financial statements

FRIENDS MEETING OF WASHINGTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010 (AUDITED) WITH COMPARABLE TOTALS FOR 2009 (REVIEWED)

	2010			2009 Total
	Unrestricted	Temporarily restricted	Permanently restricted	
REVENUES AND SUPPORT				
Contributions	\$ 273,069	\$ 65,773	\$ -	\$ 338,842
Bequests and memorials	3,477	-	-	3,477
Use of facilities	43,799	-	-	43,799
Literature and projects sales	1,457	2,428	-	3,886
Interest and dividend income	91,197	-	-	91,197
Net realized and unrealized gains on investments	85,232	-	-	85,232
Other	820	-	-	820
Total revenue and support	<u>499,051</u>	<u>68,201</u>	<u>-</u>	<u>567,252</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>65,314</u>	<u>(65,314)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE, SUPPORT AND RECLASSIFICATIONS	<u>\$ 564,365</u>	<u>\$ 2,887</u>	<u>\$ -</u>	<u>\$ 567,252</u>
				<u>\$ 127,814</u>

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, 2010 (AUDITED) WITH COMPARABLE TOTALS FOR 2009 (REVIEWED)

	2010			2009 Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Expenses				
Personnel and consultants	\$ 151,147	-	-	\$ 151,147
Program costs	87,963	-	-	87,963
Site costs	93,091	-	-	93,091
Office expenses	12,095	-	-	12,095
Apportionment	57,635	-	-	57,635
Depreciation	30,111	-	-	30,111
Other expenses	3,498	-	-	3,498
Total expenses	<u>435,540</u>	<u>-</u>	<u>-</u>	<u>435,540</u>
CHANGE IN NET ASSETS	128,825	2,887	-	131,712
NET ASSETS, beginning of year	<u>1,630,939</u>	<u>114,393</u>	<u>301,922</u>	<u>2,047,254</u>
NET ASSETS, end of year	<u>\$ 1,759,764</u>	<u>\$ 117,280</u>	<u>\$ 301,922</u>	<u>\$ 2,178,966</u>
				<u>\$ 2,047,254</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, 2010 (AUDITED) AND 2009 (REVEIWED)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 131,712	\$ (335,807)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	30,111	35,559
Net unrealized investment (gain) loss	(84,535)	395,137
(Increase) decrease in assets:		
Accounts receivable	(2,420)	910
Prepaid expenses and other current assets	855	(10,485)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(6,402)	3,259
Deposits held	(500)	-
Deferred revenue	1,384	500
Agency funds	(1,194)	-
	<u>69,011</u>	<u>89,073</u>
CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	<u>(44,124)</u>	<u>(63,957)</u>
CASH USED FOR INVESTING ACTIVITIES	<u>(44,124)</u>	<u>(63,957)</u>
NET INCREASE IN CASH	24,887	25,116
CASH AT BEGINNING OF YEAR	<u>202,751</u>	<u>177,635</u>
CASH AT END OF YEAR	<u>\$ 227,638</u>	<u>\$ 202,751</u>

The accompanying notes are an integral part
of these financial statements.

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 (AUDITED) AND JUNE 30, 2009 (REVIEWED)

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 rarely exceed \$250,000, which is the maximum amount covered by federal depository insurance. The Meeting 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.

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.

FRIENDS MEETING OF WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 (AUDITED) AND JUNE 30, 2009 (REVIEWED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2009, from which the summarized information was derived.

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.

FRIENDS MEETING OF WASHINGTON
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010 (AUDITED) AND JUNE 30, 2009 (REVIEWED)

4. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consists of the following:

	2010	2009
Land	\$ 231,888	\$ 231,888
Buildings and improvements	851,362	851,362
Construction in progress	89,166	45,042
Furniture and equipment	19,357	19,357
	1,191,773	1,147,649
Less: Accumulated depreciation	(667,885)	(637,774)
	\$ 523,888	\$ 509,875

Depreciation expense for the years ended June 30, 2010 and 2009 was \$30,111 and \$35,559, respectively.

5. RETIREMENT PLAN

The Meeting has a defined contribution plan that covers all full-time or part time permanent employees. Eligible employees may contribute to the plan immediately, and the Meeting makes a matching contribution of up to 5% of the eligible employees' salary after a one year waiting period. The Meeting's cost was \$2,947 and \$5,147 for years ended June 30, 2010 and 2009, respectively.

6. DESIGNATED UNRESTRICTED NET ASSETS

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

	2010	2009
Property Reserve	\$ 123,438	\$ 102,769
Trustees' Reserve	299,501	291,046
Fair Trade Coffee	115	-
	\$ 423,054	\$ 393,815

FRIENDS MEETING OF WASHINGTON
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2010 (AUDITED) AND JUNE 30, 2009 (REVIEWED)

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
History Project	\$ -	\$ 1,475
Personal Aid	11,802	10,367
Fund for Sufferings	3,545	3,545
Senior Center	6,432	6,432
Shoebox Fund	58,792	64,024
Financial Aid	27,969	26,818
Hlekweni Fund	7,021	35
Miscellaneous	<u>1,719</u>	<u>1,697</u>
	<u>\$ 117,280</u>	<u>\$ 114,393</u>

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.

	<u>2010</u>	<u>2009</u>
Program Expenses	\$ 333,617	\$ 355,295
General and administrative expenses	86,760	105,990
Fundraising expenses	<u>15,163</u>	<u>2,336</u>
Total expenses	<u>\$ 435,540</u>	<u>\$ 463,621</u>

9. SUBSEQUENT EVENTS

In accordance with FASB ASC 855, the Meeting evaluated subsequent events through August 18, 2010, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

FRIENDS MEETING OF WASHINGTON
SCHEDULE OF SHOEBOX FUND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Temporarily Restricted</u>
REVENUES AND SUPPORT	
Restricted contributions	\$ 34,386
RELEASES	
Releases for program expenditures	<u>(39,618)</u>
CHANGE IN NET ASSETS	(5,232)
NET ASSETS, beginning of year	<u>64,024</u>
NET ASSETS, end of year	<u>\$ 58,792</u>