

**DEBRE MEHERET ST. MICHAEL'S CHURCH INC.**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**

**Prepared by**

**THE ROBERSON GROUP, PLLC  
1425 K Street, NW  
SUITE 350  
WASHINGTON, DC 20005  
(202) 587-5631**

1425 K Street, NW, Suite 350  
Washington, DC 20005  
Tel: 202-587-5631  
Fax: 202-587-5610  
Em: RobersonGroup@Comcast.Net

To The Board of Directors  
Debre Meheret St. Michael's Church Inc.  
3010 Earl Place, NE  
Washington, DC 20018

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of Debre Meheret St. Micheal's Church Inc. (the "Church"), as of December 31, 2012 and the related statements of activities and cash flows for the year then. These financial statements are the responsibility of the Church's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of Debre Meheret St. Micheal's Church Inc. as of December 31, 2012 and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*The Roberson Group PLLC*

The Roberson Group, PLLC  
Washington, DC  
June 29, 2013

1425 K Street, NW, Suite 350  
Washington, DC 20005  
Tel: 202-587-5631  
Fax: 202-587-5610  
Em: RobersonGroup@Comcast.Net

**DEBRE MEHERET ST. MICHAEL'S CHURCH INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2012**

**ASSETS**

**CURRENT ASSETS:**  
Cash and cash equivalents \$ 523,107  
Account receivable 119,459

Total Current Assets \$642,566

**PROPERTY AND EQUIPMENT:**

Land (Note 3) 240,000  
Building and improvements 1,091,457  
Furniture, fixtures and equipment 112,853  
Parking Lots 127,097  
Vehicles 72,292  
1,643,699  
(656,226)  
Less: accumulated depreciation \$987,474  
Net property and equipment

**Total Assets** \$1,630,040

**LIABILITIES AND FUND BALANCE**

**CURRENT LIABILITIES:**

Account Payable 600  
Other Current Liabilities 2,400  
Total current liabilities 3,000  
  
Total liabilities 3,000

**NET ASSETS:**

Restricted 214,706  
Unrestricted 1,412,334  
Total Net Assets 1,627,040

**Total Liabilities and net assets** \$1,630,040

DEBRE MEHERET ST. MICHAEL'S CHURCH INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2012

CHANGES IN UNRESTRICTED NET ASSETS:

Unrestricted Revenue	\$283,215
Temporarily Restricted Revenue	<u>\$214,360</u>
Total Revenue	\$497,575

Operating expenses:

General and administrative	<u>(304,668)</u>
----------------------------	------------------

Excess of unrestricted fund balance before Other income and (expenses)	<u>192,907</u>
---	----------------

Other income and (expenses):

Interest Income	816
Depreciation	<u>(42,862)</u>

Total other income and (expenses)	<u>(42,046)</u>
-----------------------------------	-----------------

Increase (decrease) in unrestricted net assets

\$ 150,861

NET ASSETS, beginning of the year

\$1,476,179

NET ASSETS, end of the year

\$1,627,040

The accompanying notes are an integral part of these financial statements

**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2012**

**Decrease in Cash and Cash Equivalents**

<b>Cash flow from operating activities:</b>	
Change in net assets	\$ 150,861
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities	
• Changes in assets and liabilities (Increase) decrease in:	
Accounts receivable	1,200
Pledges Receivable	<u>(109,887)</u>
Net Cash provided by operating activities	42,174
<b>Cash flows from (for) investing activities:</b>	
• Depreciation	<u>42,862</u>
Net cash used for investment	42,862
<b>Cash flows from financing activities:</b>	
Net cash used for financing	0
Net increase in cash and cash equivalents	85,036
Cash and cash equivalents, beginning of the year	<u>\$438,071</u>
Cash and cash equivalents, end of the year	<u>\$523,107</u>

The accompanying notes are an integral part of these financial statements

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ORGANIZATION

St. Michael's Church of Northeast D.C. (Church) is incorporated under the laws of the State District of Columbia. The Church is exempt from Federal and State income taxes under the Internal Revenue Code Section 501(c) (3).

The Church's primary activities are church services. The Church's primary source of revenue is free-will donations.

#### BASIS OF ACCOUNTING

The financial statements of the Church have been prepared on the accrual basis of accounting and conform to generally accepted accounting principles as applicable to not for-profit organizations.

#### CASHEQUIVALENTS

For the purposes of the Statement of Cash Flows, the Church considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

#### PROPERTY AND EQUIPMENT

All property and equipment over \$500, with an estimated life exceeding one year is depreciated using the straight-line method over the estimated useful life of the related asset. Donated fixed assets are recorded at the fair market value and are capitalized. Betterments and renewals are capitalized. Maintenance and repairs are charged to operations when incurred. Useful lives of the related assets are as follows:

Buildings and improvements	30 years
Furniture and equipment	5 years
Transportation equipment	5 years

#### CONTRIBUTIONS AND DEFERRED REVENUE

The Church reports gifts of cash and other assets as restricted support if they are received with donor stipulations limiting the use of the donated assets if the restrictions are not met in the period of receipt. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. If a stipulated time restriction ends or a purpose restriction is accomplished during the year the donation is received, the donation is recognized as unrestricted revenue.

The accompanying notes are an integral part of these financial statements

**NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

CONTRIBUTED SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time to the Church's various programs. These contributed services do not meet the criteria for recognition required by generally accepted accounting principles and are not reflected in the accompanying financial statements.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted 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.

The accompanying notes are an integral part of these financial statements