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12/31/05 Audited
Financial Statements

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Member American Institute of
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Calvary Community Outreach Network
Kansas City, Missouri

I have audited the accompanying statement of financial position of Calvary Community Outreach Network as of December 31, 2005, and the related statement of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted 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 statement 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 Calvary Community Outreach Network as of December 31, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Bruce Culley
Certified Public Accountant

Gladstone, Missouri
May 9, 2007

CALVARY COMMUNITY OUTREACH NETWORK

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2005

ASSETS			
CASH		\$ 70,001	✓
CONTRACTS AND OTHER ACCOUNTS RECEIVABLE		28,774	✓
CONTRIBUTIONS RECEIVABLE		<u>23,000</u>	✓
Total current assets		121,775	
PROPERTY AND EQUIPMENT, net			
Production equipment	\$ 2,198		
Office equipment	<u>1,043</u>		
		3,241	✓
Accumulated depreciation		<u>(348)</u>	✓
Net Property and equipment		<u>2,893</u>	✓
Total assets		<u>\$ 124,668</u>	✓
LIABILITIES AND NET ASSETS			
ACCOUNTS PAYABLE		\$ 27,958	✓
ACCRUED PAYROLL AND RELATED TAXES WITHHELD AND PAYABLE		3,558	✓
REFUNDABLE ADVANCES ON GOVERNMENT CONTRACTS		<u>21,091</u>	✓
Total current liabilities		52,607	
NET ASSETS:			
Unrestricted		33,070	✓
Temporarily restricted		<u>38,991</u>	✓
Total net assets		<u>72,061</u>	
Total liabilities and net assets		<u>\$ 124,668</u>	✓

See notes to financial statements.

CALVARY COMMUNITY OUTREACH NETWORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Contributions and grants:			
Foundations	\$ 7,500	\$ 46,000	\$ 53,500
Corporations	150	-	150
Individuals	5,041	-	5,041
Religious organizations	1,250	-	1,250
Federated fundraising organizations	5,435	-	5,435
Other organizations	300	-	300
Special event ticket sales	6,670	-	6,670
Government contracts	75,346	-	75,346
Earned income	2,859	-	2,859
Net assets released from restrictions-			
Satisfaction of program restrictions	29,259	(29,259)	-
Total revenue, gains and other support	<u>133,810</u>	<u>16,741</u>	<u>150,551</u>
EXPENSES			
Program services:			
HIV/AIDS Awareness and Education	72,944	-	72,944
Youth Initiatives	38,031	-	38,031
Health and Wellness and Other Programs	5,635	-	5,635
Supporting services:			
Administration	3,298	-	3,298
Fundraising	5,750	-	5,750
Total expenses	<u>125,658</u>	<u>-</u>	<u>125,658</u>
Change in net assets	<u>8,152</u>	<u>16,741</u>	<u>24,893</u>
NET ASSETS			
Beginning of year	<u>24,918</u>	<u>22,250</u>	<u>47,168</u>
End of year	<u>\$ 33,070</u>	<u>\$ 38,991</u>	<u>\$ 72,061</u>

See notes to financial statements.

CALVARY COMMUNITY OUTREACH NETWORK

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2005

	Program Services				Supporting Services		
	HIV/AIDS Awareness and Education	Youth Initiatives	Public Health and Wellness and Other	Total	Administration	Fundraising	Total
	\$	\$	\$	\$	\$	\$	\$
Salaries and wages	28,592	15,311	-	43,903	121	-	44,024
Payroll taxes	2,277	1,002	-	3,279	-	-	3,279
Contractors	4,773	1,026	300	6,099	42	-	6,141
Occupancy	5,933	845	300	7,078	697	-	7,775
Postage	857	-	-	857	-	-	857
Printing	5,215	296	100	5,611	244	-	5,855
Telephone and internet	165	106	-	271	23	-	294
Office supplies	744	124	-	868	139	-	1,007
Equipment maintenance and rental	1,175	957	-	2,132	413	-	2,545
Travel	2,045	1,049	-	3,094	-	-	3,094
Program supplies	848	2,459	500	3,807	-	-	3,807
Food and refreshments	3,753	767	-	4,520	-	-	4,520
Honorariums	9,100	700	75	9,875	-	-	9,875
Production costs/air time	-	9,355	-	9,355	-	-	9,355
Advertising	2,592	180	300	3,072	-	-	3,072
Other program expenses	635	3,810	-	4,445	-	-	4,445
Special event expenses	2,233	-	-	2,233	-	5,750	7,983
Bank fees	-	-	-	-	855	-	855
Professional fees	1,740	-	4,060	5,800	618	-	6,418
Depreciation expense	267	44	-	311	37	-	348
Other expenses	-	-	-	-	109	-	109
TOTAL EXPENSES	\$ 72,944	\$ 38,031	\$ 5,635	\$ 116,610	\$ 3,298	\$ 5,750	\$ 125,658

See notes to financial statements.

CALVARY COMMUNITY OUTREACH NETWORK

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 24,893
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	348
Changes in operating assets and liabilities:	
Contributions receivable	(1,050)
Contracts receivable	(25,360)
Accounts payable	34,577
Accrued payroll taxes	3,019
Refundable advances on government contracts	<u>20,437</u>
Net cash provided by operating activities	<u>56,864</u>

CASH FLOWS USED IN INVESTING ACTIVITIES

Purchases of property and equipment	<u>(3,241)</u>
Net cash provided by investing activities	<u>(3,241)</u>

NET INCREASE IN CASH	53,623
CASH, BEGINNING OF YEAR	<u>16,378</u>
CASH, END OF YEAR	<u>\$ 70,001</u>

See notes to financial statements.

CALVARY COMMUNITY OUTREACH NETWORK

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

1. NATURE OF ACTIVITIES AND PROGRAM DESCRIPTIONS

Nature of Operations – Calvary Community Outreach Network (CCON) is a not-for-profit organization dedicated to improving the quality of life by attending to the spiritual, physical, economic and social needs of individuals and families through innovative programming. Following is a description of CCON's program activities:

HIV and AIDS Programming

The *Black Church Week of Prayer for the Healing of AIDS of Greater Kansas City* is an effort to mobilize area African-American churches in the fight against HIV/AIDS. Calvary Community Outreach Network is the convener and fiscal agent for the Black Church Week of Prayer. Partners in the Week of Prayer include clergy and lay leaders from black churches, elected officials, community leaders, and people living with HIV/AIDS. Other partners include policy advocates, school personnel, and representatives from public health and community-based organizations throughout the metropolitan area. Events during the **Week of Prayer** include worship services, speakers, workshops, dramatic presentations, concerts, exhibits, and discussion groups.

HIV Prevention, Action and Compassion Tool Kit is an endeavor to build the capacity of African-American churches to educate their congregations on HIV and AIDS.

The Season of Hope Luncheon is a special event designed to create a venue for corporations and small businesses to become more supportive, aware and involved in the effort to reduce the spread of HIV/AIDS in the African American community through continued participation and sponsorship.

The World AIDS Day Observation targets AIDS service organizations, churches, and other community based organizations. The goal of the World AIDS Day Campaign is to energize and support an effective and sustained response to the AIDS epidemic. The Campaign aims to broaden the partnership of those shaping the response to AIDS.

Youth Development Programming

Talent of the Next Generation (TNG): A performing arts group creates a positive setting for urban youth ages 12 – 18. The project utilizes students involved in the performing arts as the vehicle to establish on-going youth development activities. TNG produces Helping Youth Plan for Excellence (HYPE), a live television taping that presents lively music, insightful interviews and discussions, innovative skits and dance routines.

Health and Wellness Programming

The Healthy Initiative Project is a collaboration of Faith and Community-based organizations to address health disparities in the African American and Hispanic communities targeting an 11 zip code area within the city limits of Kansas City Missouri. This project is responsible for identifying and addressing health needs related to chronic diseases and prevention such as, diabetes, stroke, heart disease, high blood pressure and high cholesterol.

CALVARY COMMUNITY OUTREACH NETWORK

NOTES TO FINANCIAL STATEMENTS - CONTINUED YEAR ENDED DECEMBER 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 Organization is required to report information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents – For the purposes of the Statement of Cash Flows, the Organization considers cash in operating bank accounts as cash equivalents.

Property and Equipment – Property and equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Major improvements over \$1,000 are capitalized, and maintenance and repairs that do not improve or extend the life of the respective assets are charged against net assets in the current period. Depreciation is computed primarily using the straight-line method over the useful lives of the assets, typically 5 years. Depreciation and amortization expense was \$348 in 2005.

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Promises to Give – Unconditional promises to give are recorded as revenues or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no conditional promises to give in 2005.

Donated Assets – Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Donations of property, equipment or inventory are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, CCON reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CCON reclassifies temporarily restricted net assets to unrestricted net assets at that time.

CALVARY COMMUNITY OUTREACH NETWORK

NOTES TO FINANCIAL STATEMENTS - CONTINUED YEAR ENDED DECEMBER 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Donated Services – CCON recognizes donated services that create or enhance non-financial assets or that require specialized skills, if the services are provided by individuals possessing those skills, and the services would typically need to be purchased if not provided by donation.

Although these services did not meet the criteria for recognition in the financial statements, unpaid volunteers have provided over 1500 hours of time in support of program activities in 2005.

Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes – No provision for income taxes has been recorded, as CCON is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Use of 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 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.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Youth Development Programming	<u>\$ 38,991</u>
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Net assets of \$29,259 were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors.

Purpose restrictions satisfied:

Youth Development Programming	<u>\$ 29,259</u>
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4. CONCENTRATION OF CONTRIBUTIONS

CCON received grants from the State of Missouri, which accounted for approximately 56% of the Organization's total revenue and support for the year ended December 31, 2005.

5. RELATED PARTY TRANSACTIONS

CCON's Executive Director is also the pastor of Calvary Temple Baptist Church (the Church). At December 31, 2005, accounts payable included \$23,779 due Calvary Temple Baptist Church.