



Whisman Giordano & Associates LLC

INDEPENDENT AUDITORS' REPORT

Board of Directors
Brookside Community, Inc.

We have audited the accompanying statements of financial position of Brookside Community, Inc. (a nonprofit organization) as of April 30, 2012 and 2011, and the related statements of activities, functional expense, and cash flows for the year then ended. These financial statements are the responsibility of the management of Brookside Community, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

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 Brookside Community, Inc. as of April 30, 2012 and 2011, 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.

January 25, 2013

BROOKSIDE COMMUNITY, INC.

STATEMENTS OF FINANCIAL POSITION

APRIL 30, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 225,790	\$ 189,839
Accounts receivable, net of allowance of \$73,000 in 2012 and \$76,000 in 2011	<u>12,374</u>	<u>11,674</u>
Total current assets	238,164	201,513
PROPERTY AND EQUIPMENT	<u>82,876</u>	<u>93,665</u>
TOTAL ASSETS	<u>\$ 321,040</u>	<u>\$ 295,178</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 1,679	\$ 1,414
Payroll tax liabilities	232	240
Security deposits on hall rentals	4,080	3,585
Deferred revenue	<u>17,516</u>	<u>13,854</u>
Total liabilities (current)	23,507	19,093
NET ASSETS		
Unrestricted	<u>297,533</u>	<u>276,085</u>
Total net assets	<u>297,533</u>	<u>276,085</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 321,040</u>	<u>\$ 295,178</u>

See accompanying notes to financial statements.

BROOKSIDE COMMUNITY, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED APRIL 30, 2012 AND 2011

	2012		2011		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT					
Dues	\$ 73,645	-	\$ 73,645	\$ 73,645	\$ 73,645
Grants and contracts	24,603	-	24,603	44,610	44,610
Community events	2,746	-	2,746	2,315	2,315
Interest	1,237	-	1,237	2,055	2,055
Sale of land	4,225	-	4,225	-	-
Miscellaneous	2,257	-	2,257	305	305
Released from restricted	-	-	-	-	-
Total revenues and other support	108,713	-	108,713	122,930	122,930
EXPENSES					
Program expense	65,693	-	65,693	104,007	104,007
Management and general	21,572	-	21,572	19,301	19,301
Total expenses	87,265	-	87,265	123,308	123,308
CHANGE IN NET ASSETS	21,448	-	21,448	(378)	(378)
NET ASSETS - BEGINNING OF YEAR	276,085	-	276,085	276,463	276,463
NET ASSETS - END OF YEAR	\$ 297,533	\$ -	\$ 297,533	\$ 276,085	\$ 276,085

See accompanying notes to financial statements.

BROOKSIDE COMMUNITY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED APRIL 30, 2012 AND 2011

	2012		2011			
	Program	Management and General	Total	Program	Management and General	Total
Salaries	\$ 23,491	\$ 8,088	\$ 31,579	\$ 16,955	\$ 7,958	\$ 24,913
Payroll taxes	<u>1,895</u>	<u>644</u>	<u>2,539</u>	<u>1,384</u>	<u>616</u>	<u>2,000</u>
Total salaries and related expenses	25,386	8,732	34,118	18,339	8,574	26,913
Bad debt (recoveries)	(3,000)	-	(3,000)	6,000	-	6,000
Community expenses	1,441	-	1,441	1,141	-	1,141
Depreciation	10,175	564	10,739	11,218	277	11,495
Fuel	2,111	-	2,111	2,046	-	2,046
Hall cleaning and supplies	2,150	-	2,150	1,517	-	1,517
Insurance	8,761	-	8,761	7,494	-	7,494
Miscellaneous	1,249	-	1,249	277	-	277
Office supplies	-	4,569	4,569	-	6,862	6,862
Printing and publications	3,056	-	3,056	2,915	-	2,915
Professional fees	-	7,707	7,707	-	3,588	3,588
Repairs and maintenance	2,685	-	2,685	9,972	-	9,972
Security	2,458	-	2,458	2,652	-	2,652
Snow removal	-	-	-	29,440	-	29,440
Telephone	1,919	-	1,919	2,443	-	2,443
Trash removal	2,748	-	2,748	2,181	-	2,181
Utilities	<u>4,554</u>	<u>-</u>	<u>4,554</u>	<u>6,372</u>	<u>-</u>	<u>6,372</u>
TOTAL EXPENSES	<u>\$ 65,693</u>	<u>\$ 21,572</u>	<u>\$ 87,265</u>	<u>\$ 104,007</u>	<u>\$ 19,301</u>	<u>\$ 123,308</u>

See accompanying notes to financial statements.

BROOKSIDE COMMUNITY, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED APRIL 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 21,448	\$ (378)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	10,739	11,495
<i>(Increase) decrease in assets</i>		
Accounts receivable	(700)	1,991
<i>Increase (decrease) in liabilities</i>		
Accounts payable	315	1,414
Payroll liabilities	(8)	(145)
Security deposit	495	3,585
Deferred revenue	<u>3,662</u>	<u>283</u>
Net cash provided by operating activities	35,951	18,245
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>-</u>	<u>(12,857)</u>
Net cash (used for) investing activities	<u>-</u>	<u>(12,857)</u>
NET INCREASE IN CASH	35,951	5,388
CASH - BEGINNING OF YEAR	<u>189,839</u>	<u>184,451</u>
CASH - END OF YEAR	<u>\$ 225,790</u>	<u>\$ 189,839</u>

See accompanying notes to financial statements.

BROOKSIDE COMMUNITY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Brookside Community, Inc. is a public nonprofit organization dedicated to improving the community of Brookside. The purpose of the entity is to provide maintenance to the communities 43 acres of open parkland. In addition, the entity manages the community hall, located on Marrows Road in Newark, Delaware. The Brookside community is made up of 1,339 residential homes.

Basis of Accounting

The entity's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenue is recognized when earned and expenses are recorded when a liability is incurred.

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 amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. Accordingly, measurements that are most affected by management's estimates of future events include the realization of accounts receivable, the value of in-kind contributions, depreciation and the timing of the recognition of deferred revenue. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period determined.

Financial Instruments

Financial instruments which potentially subject the entity to concentrations of credit risk consist principally of investments. The entity places its investments with credit worthy financial institutions. By policy, these investments are kept within limits designed to prevent risk caused by concentrations.

The entity maintains its cash balances in several financial institutions located in Delaware. Institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. Although, cash balances may exceed FDIC insured limits from time to time, management believes the risk of loss to be nominal.

BROOKSIDE COMMUNITY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include all highly liquid debt instruments with remaining maturities of three months or less.

Marketable Securities

From time to time, the entity carries investments in marketable securities with readily determinable values at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Property and Equipment and Depreciation

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred; costs of renewals and betterments are capitalized. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in the statement of activities.

Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets. The ranges of the estimated useful lives are as follows:

Buildings and equipment	40 years
Equipment	5 years
Furniture	7 years

Revenue Recognition

The entity reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

BROOKSIDE COMMUNITY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The entity reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the entity reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

Brookside Community, Inc. is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore no provision for income taxes has been made in the financial statements.

Although the entity is not subject to federal and state income taxes, the entity was required to adopt ASC 740 "*Accounting for Income Taxes*", which applies to all entities including those that are tax exempt under 501(c)(3). ASC 740 clarifies the accounting and reporting for income taxes where interpretation of the tax law may be uncertain. ASC 740 prescribes a comprehensive model for the financial statements recognition, measurement, presentation and disclosure of income tax uncertainties with respect to positions taken or expected to be taken in income tax returns.

Management has reviewed its current and past federal income tax positions and has determined, based on clear and unambiguous tax law and regulations, that the tax positions taken are certain and that there is no likelihood that a material tax assessment would be made if the respective government agency examined tax returns subject to audit. Accordingly, no provision for the effects of uncertain tax positions has been recorded.

BROOKSIDE COMMUNITY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Currently, the April 30, 2009, 2010 and 2011 tax years are open and subject to examination by the Internal Revenue Service. However, the entity is not currently under audit nor has the entity been contacted by this jurisdiction. Any interest and penalties related to income taxes would be in income tax expenses. There are no interest and penalties as of April 30, 2012 and 2011.

NOTE B - PROPERTY AND EQUIPMENT AND DEPRECIATION

A summary of property and equipment is as follows:

	<u>2012</u>	<u>2011</u>
Building	\$ 118,536	\$ 118,536
Ground maintenance equipment	80,218	80,218
Water system	10,069	10,069
Footbridge	16,875	16,875
Furniture	12,318	12,318
Recreational equipment	<u>2,916</u>	<u>2,916</u>
	240,932	240,932
Less: accumulated depreciation	<u>158,056</u>	<u>147,267</u>
	<u>\$ 82,876</u>	<u>\$ 93,665</u>

NOTE C - CONCENTRATION – MAJOR SOURCE OF REVENUE

The entity received a majority of its support from community dues. A substantial decrease in such dues may have a negative impact on the entity's ability to carry out its mission.

NOTE D - SUBSEQUENT EVENTS

Management has reviewed and evaluated all transactions and events through January 25, 2013 in order to determine if anything has occurred subsequent to April 30, 2012 which require adjustment to or disclosure in the accompanying financial statements and has concluded that there are no items which require such adjustments or disclosures.