

**Shepherd's Center Of
Webster/Kirkwood, Inc.**

Financial Statements
and Additional Information
and Independent Accountants' Review Report

For the years ended December 31, 2009 and 2008

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors' and Members
Shepherd's Center of Webster/Kirkwood, Inc.
Glendale, Missouri

We have reviewed the accompanying statements of financial position of the Shepherd's Center of Webster/Kirkwood, Inc. as of December 31, 2009 and 2008, and the related statements of activities and of cash flows for the years then ended, in accordance with Statements on 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 the Shepherd's Center of Webster/Kirkwood, Inc.

A review consists principally of inquiries of Shepherd's Center of Webster/Kirkwood, Inc. personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, 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 accounting principles generally accepted in the United States of America.

Mahe & Company PC

Certified Public Accountants
Decembder 9, 2010

SHEPHERD'S CENTER OF WEBSTER/KIRKWOOD, INC.
Statement of Financial Position
December 31, 2009

	<u>Operating</u>	<u>Equipment</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 84,624	\$ -	\$ 84,624
Investments (Note C)	31,203	-	31,203
Office furniture and software - net	-	3,763	3,763
Total assets	<u>\$ 115,827</u>	<u>\$ 3,763</u>	<u>\$ 119,590</u>
Liabilities			
Accounts payable	\$ 8,725	\$ -	\$ 8,725
Net assets:			
Unrestricted	54,597	3,763	58,360
Temporarily restricted (Note D)	28,536	-	28,536
Permanently restricted (Note D)	<u>23,969</u>	<u>-</u>	<u>23,969</u>
Total net assets	<u>107,102</u>	<u>3,763</u>	<u>110,865</u>
Total liabilities and net assets	<u>\$ 115,827</u>	<u>\$ 3,763</u>	<u>\$ 119,590</u>

See Independent Accountants' Review Report
and notes to financial statements.

SHEPHERD'S CENTER OF WEBSTER/KIRKWOOD, INC.
Statement of Financial Position
December 31, 2008

	<u>Operating</u>	<u>Equipment</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 59,450	\$ -	\$ 59,450
Investments (Note C)	28,375	-	28,375
Office furniture and software - net	-	6,102	6,102
Total assets	<u>\$ 87,825</u>	<u>\$ 6,102</u>	<u>\$ 93,927</u>
Liabilities			
Accounts payable	\$ 2,938	\$ -	\$ 2,938
Net assets:			
Unrestricted	53,589	6,102	59,691
Temporarily restricted (Note D)	10,223	-	10,223
Permanently restricted (Note D)	21,075	-	21,075
Total net assets	<u>84,887</u>	<u>6,102</u>	<u>90,989</u>
Total liabilities and net assets	<u>\$ 87,825</u>	<u>\$ 6,102</u>	<u>\$ 93,927</u>

See Independent Accountants' Review Report
and notes to financial statements.

SHEPHERD'S CENTER OF WEBSTER/KIRKWOOD, INC.**Statement of Activities****Year Ended December 31, 2009**

	<u>Operating</u>	<u>Equipment</u>	<u>Total</u>
Changes in unrestricted net assets:			
Public support and revenue			
Contributions:			
Churches	\$ 8,110	\$ -	\$ 8,110
Corporate	650	-	650
Individual	11,266	-	11,266
Fund raisers	45,265	-	45,265
Grants	15,500	-	15,500
Program fees	31,967	-	31,967
Interest and dividends	1,680	-	1,680
Net assets released from restriction:			
Satisfaction of grant restrictions	24,735	-	24,735
Total unrestricted revenues and other support	<u>139,173</u>	<u>-</u>	<u>139,173</u>
Expenses:			
Adventures in learning/travelers	49,892	771	50,663
Handy hands/chores galore	7,605	164	7,769
Transportation	16,188	351	16,539
Resource center	16,828	351	17,179
Management and general	27,961	351	28,312
Fund raising	19,691	351	20,042
Total expenses	<u>138,165</u>	<u>2,339</u>	<u>140,504</u>
Increase (Decrease) in unrestricted net assets	<u>1,008</u>	<u>(2,339)</u>	<u>(1,331)</u>
Change in temporarily restricted assets:			
Donor restricted contributions	43,047	-	43,047
Net assets released from restrictions (Note E)	(24,734)	-	(24,734)
Increase in temporarily restricted net assets	<u>18,313</u>	<u>-</u>	<u>18,313</u>
Change in permanently restricted assets:			
Net unrealized gain on marketable securities	2,828	-	2,828
Interest and dividends	66	-	66
Endowment fund contributions	-	-	-
Increase in permanently restricted net assets	<u>2,894</u>	<u>-</u>	<u>2,894</u>
Change in net assets	22,215	(2,339)	19,876
Net assets at beginning of year	84,887	6,102	90,989
Net assets at end of year	<u>\$ 107,102</u>	<u>\$ 3,763</u>	<u>\$ 110,865</u>

See Independent Accountants' Review Report
and notes to financial statements.

SHEPHERD'S CENTER OF WEBSTER/KIRKWOOD, INC.
Statement of Activities
Year Ended December 31, 2008

	<u>Operating</u>	<u>Equipment</u>	<u>Total</u>
Changes in unrestricted net assets:			
Public support and revenue			
Contributions:			
Churches	\$ 9,300	\$ -	\$ 9,300
Corporate	425	-	425
Individual	8,865	-	8,865
Donated equipment	-	771	771
Fund raisers	41,401	-	41,401
Grants	15,500	-	15,500
Program fees	31,580	-	31,580
Interest and dividends	2,240	-	2,240
Net assets released from restriction:			
Satisfaction of grant restrictions	23,223	-	23,223
Total unrestricted revenues and other support	<u>132,534</u>	<u>771</u>	<u>133,305</u>
Expenses:			
Adventures in learning/travelers	45,346	1,150	46,496
Handy hands/chores galore	6,317	244	6,561
Transportation	13,685	523	14,208
Resource center	14,227	523	14,750
Management and general	20,544	523	21,067
Fund raising	17,382	523	17,905
Total expenses	<u>117,501</u>	<u>3,486</u>	<u>120,987</u>
Increase (Decrease) in unrestricted net assets	<u>15,033</u>	<u>(2,715)</u>	<u>12,318</u>
Change in temporarily restricted assets:			
Donor restricted contributions	11,000	-	11,000
Net assets released from restrictions (Note E)	<u>(23,223)</u>	<u>-</u>	<u>(23,223)</u>
Decrease in temporarily restricted net assets	<u>(12,223)</u>	<u>-</u>	<u>(12,223)</u>
Change in permanently restricted assets:			
Net unrealized loss on marketable securities	(8,976)	-	(8,976)
Endowment fund contributions	500	-	500
Decrease in permanently restricted net assets	<u>(8,476)</u>	<u>-</u>	<u>(8,476)</u>
Change in net assets	(5,666)	(2,715)	(8,381)
Net assets at beginning of year	90,553	8,817	99,370
Net assets at end of year	<u>\$ 84,887</u>	<u>\$ 6,102</u>	<u>\$ 90,989</u>

See Independent Accountants' Review Report
and notes to financial statements.

SHEPHERD'S CENTER OF WEBSTER/KIRKWOOD, INC.

**Statements of Functional Expenses
For the year ended December 31, 2009**

	<u>Total</u>	<u>Program</u>				<u>Management and General</u>	<u>Fund Raising</u>
		<u>Adventures In Learning/Travelers</u>	<u>Handy Hands/ Chores Galore</u>	<u>Transportation</u>	<u>Resource Center</u>		
Salaries, wages, and benefits	\$ 83,860	\$ 27,674	\$ 5,870	\$ 12,579	\$ 12,579	\$ 12,579	\$ 12,579
Instructors	7,200	7,200	-	-	-	-	-
Insurance	1,351	-	-	-	-	1,351	-
Dues and subscriptions	2,288	756	160	343	343	343	343
Professional fees and services	9,559	-	-	-	-	9,559	-
Advertising and promotion	792	198	198	198	198	-	-
Luncheon costs	2,570	2,570	-	-	-	-	-
Office supplies	8,146	2,688	570	1,222	1,222	1,222	1,222
Rent	7,200	2,376	504	1,080	1,080	1,080	1,080
Telephone	1,260	-	-	-	630	630	-
Postage	3,171	1,047	222	476	476	475	475
Entertainment	645	-	-	-	-	645	-
Miscellaneous	10,123	5,383	81	290	300	77	3,992
Depreciation	2,339	771	164	351	351	351	351
Total expenses	\$ 140,504	\$ 50,663	\$ 7,769	\$ 16,539	\$ 17,179	\$ 28,312	\$ 20,042

For the year ended December 31, 2008

	<u>Total</u>	<u>Program</u>				<u>Management and General</u>	<u>Fund Raising</u>
		<u>Adventures In Learning/Travelers</u>	<u>Handy Hands/ Chores Galore</u>	<u>Transportation</u>	<u>Resource Center</u>		
Salaries, wages, and benefits	\$ 74,089	\$ 24,450	\$ 5,187	\$ 11,113	\$ 11,113	\$ 11,113	\$ 11,113
Insurance	1,324	-	-	-	-	1,324	-
Instructors	7,238	7,238	-	-	-	-	-
Dues and subscriptions	2,140	706	150	321	321	321	321
Professional fees and services	4,780	-	-	-	-	4,780	-
Advertising and promotion	46	12	12	12	10	-	-
Luncheon costs	2,270	2,270	-	-	-	-	-
Office supplies	3,899	1,286	273	585	585	585	585
Rent	6,000	1,980	420	900	900	900	900
Telephone	1,010	-	-	-	505	505	-
Postage	2,657	876	186	399	399	398	399
Travel	460	-	-	-	-	460	-
Miscellaneous	11,588	6,528	89	355	394	158	4,064
Depreciation	3,486	1,150	244	523	523	523	523
Total expenses	\$ 120,987	\$ 46,496	\$ 6,561	\$ 14,208	\$ 14,750	\$ 21,067	\$ 17,905

See Independent Accountants' Review Report and notes to financial statements.

SHEPHERD'S CENTER OF WEBSTER/KIRKWOOD, INC.**Statement of Cash Flows****Year Ended December 31, 2009**

	<u>Operating</u>	<u>Equipment</u>	<u>Total</u>
Cash flows from operating activities:			
Cash/Donations received from contributions and grants	\$ 78,574	\$ -	\$ 78,574
Cash received from fund raisers	45,265	-	45,265
Cash received from programs	31,967	-	31,967
Interest and dividends received	1,746	-	1,746
Cash paid to employees	(83,860)	-	(83,860)
Cash paid for programs	(31,810)	-	(31,810)
Cash paid for operational expenses	(16,708)	-	(16,708)
Net cash provided by operating activities	<u>25,174</u>	<u>-</u>	<u>25,174</u>
Cash flows from investing activities:			
Net cash used in investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	25,174	-	25,174
Cash and cash equivalents at beginning of year	59,450	-	59,450
Cash and cash equivalents at end of year	<u>\$ 84,624</u>	<u>\$ -</u>	<u>\$ 84,624</u>
Reconciliation of increase in unrestricted net assets to net cash (used in) provided by operating activities			
Increase (decrease) in net assets	\$ 22,215	\$ (2,339)	\$ 19,876
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:			
Net unrealized gain on marketable securities	(2,828)	-	(2,828)
Contribution of fixed assets	-	-	-
Increase in accounts payable	5,787	-	5,787
Depreciation expense	-	2,339	2,339
Net cash provided by operating activities	<u>\$ 25,174</u>	<u>\$ -</u>	<u>\$ 25,174</u>

See Independent Accountants' Review Report
and notes to financial statements.

SHEPHERD'S CENTER OF WEBSTER/KIRKWOOD, INC.**Statement of Cash Flows****Year Ended December 31, 2008**

	<u>Operating</u>	<u>Equipment</u>	<u>Total</u>
Cash flows from operating activities:			
Cash/Donations received from contributions and grants	\$ 46,362	\$ -	\$ 46,362
Cash received from fund raisers	41,401	-	41,401
Cash received from programs	31,580	-	31,580
Interest and dividends received	2,240	-	2,240
Cash paid to employees	(74,088)	-	(74,088)
Cash paid for programs	(27,712)	-	(27,712)
Cash paid for operational expenses	(13,700)	-	(13,700)
Net cash provided by operating activities	<u>6,083</u>	<u>-</u>	<u>6,083</u>
Cash flows from investing activities:			
Cash transferred from operating account to investment	(10,000)	-	(10,000)
Net cash used in investing activities	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>
Net increase (decrease) in cash and cash equivalents	(3,917)	-	(3,917)
Cash and cash equivalents at beginning of year	63,367	-	63,367
Cash and cash equivalents at end of year	<u>\$ 59,450</u>	<u>\$ -</u>	<u>\$ 59,450</u>
Reconciliation of increase in unrestricted net assets to net cash (used in) provided by operating activities			
Decrease in net assets	\$ (5,666)	\$ (2,715)	\$ (8,381)
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:			
Net unrealized losses on marketable securities	8,976	-	8,976
Contribution of fixed assets	-	(771)	(771)
Increase in accounts payable	2,773	-	2,773
Depreciation expense		3,486	3,486
Net cash provided by operating activities	<u>\$ 6,083</u>	<u>\$ -</u>	<u>\$ 6,083</u>

See Independent Accountants' Review Report
and notes to financial statements.

SHEPHERD'S CENTER OF WEBSTER/KIRKWOOD, INC.

Notes to Financial Statements

Years Ended December 31, 2009 and 2008

(See Independent Accountants' Review Report)

NOTE A – BACKGROUND INFORMATION

The Shepherd's Center of Webster/Kirkwood, Inc. (the Center) is a not-for-profit organization serving the intellectual, physical, spiritual, and emotional needs of older adults. The Center, an interfaith based community, is dedicated to offering needed activities and services, which are planned, administered, and delivered by and for senior adults. The Center is located in the Christian Life Center building of the Webster Hills United Methodist Church.

The Center is a member of the Shepherd's Center of America, a national association of nearly 100 centers across the United States and Canada which was founded by Dr. Elbert Cole in 1975, and headquartered in Kansas City, Missouri.

The following program and supporting services of the Center are included in the accompanying financial statements:

Adventures in Learning – A series of classes that include a focus in health, wellness and well-being. These sessions include Tai Chi, dance, exercise, stay strong and healthy, eat well be well, 'the things I forgot to remember', book reviews, discussion groups and more. Our classes offer a welcoming and socially interactive day out which helps to alleviate loneliness and isolation.

Travelers – These active seniors enjoy one-day trips in the community. We have collaborated with the Ten Toes Express as a registration site. One of our volunteer leaders plan Metrolink trips. Trips are offered as they are developed by our leaders.

Handy Hands – Volunteers provide minor home repairs to older adults who are unable to do so. The focus of this service is repair, maintenance and safety to homeowners (within our service area).

Chores Galore – Weekend yard clean-up is provided to older adults during the fall and spring. Youth groups and other community groups provide this service with the assistance of their leaders.

Transportation – Volunteer drivers provide transportation on Tuesday, Wednesday and Thursdays to medical, dental and therapy appointments within our service boundaries for age 55 plus ambulatory seniors.

Resource Center – A telephone service offers help to seniors, children of seniors, friends and pastors. Volunteers assist in locating professional agencies and services.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in ASC 958-205, Presentation of Financial Statements for Not-for-Profit Organizations. Under ASC 958-205, the Center is required to report information regarding its financial position and activities according to classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue recognition The Center reports contributions received as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. When a

donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. Contributions of donated non-cash assets are recorded at their fair value in the period received.

The Board of Directors has designated the activities of the Center be categorized and reported in the following funds:

Operating – This category includes all activities of the Center not designated by the Board of Directors as representing Equipment.

Equipment – Activities in this category comprise the acquisition and depreciation of all equipment of the Center.

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. Certain costs have been allocated between program and supporting service classifications on the basis of time records, actual expenses and/or estimates made by the Organization's management.

Tax Exempt Status The Center qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal or state income taxes is presented in the financial statements. The Organization evaluates the tax benefits of a tax position using the 'more likely than not' threshold. As of December 31, 2009, management is not aware of any uncertain tax positions and related tax benefits that would be material to the Organization's financial statements. The Organization files a U.S. Federal Tax return which for years subsequent to 2006 is subject to examination by taxing authorities.

Depreciation and Amortization Office furniture and software is depreciated under straight-line and accelerated methods over estimated useful lives ranging from 3 to 7 years for software, furniture, fixtures and equipment.

Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect 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 revenue and expenses during the reporting periods. Actual results could differ from the estimates and any such differences are recognized in the period they become known.

Cash and cash equivalents For purposes of the statement of cash flows, the Center considers all cash in banks and money market funds, to be cash equivalents.

Investments The Center's investments in mutual funds are stated at fair market value as determined by quoted market prices with unrealized gains and losses included in the statement of activities. Certificates of deposit are valued based on original cost. Realized and unrealized gains and losses in investments, interest and dividends are reported as increases and decreases in unrestricted net assets unless the income is restricted by donor or law.

Subsequent events We have determined that no subsequent events have occurred since December 31, 2009 that would require recognition or disclosure in the financial statements. We have evaluated all subsequent events as of December 9, 2010, which is the date these financial statements were approved for issuance, but have not evaluated any events after that date.

Summarized Financial Information The financial statements include December 31, 2008 summarized comparative information in total but not by net assets designation. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2008 from which the summarized information was derived.

Adoption of accounting principles In 2009, the Center adopted ASC Topic 740 in respect to "Accounting for Uncertainty in Income Taxes" (ASC 740) which among other matters, clarifies the accounting for uncertainty in income taxes in financial statements and prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken. Under ASC 740, reserves are to be recorded, if deemed necessary, for estimated exposures associated with the Centers' tax filing positions, which may be subject to change as a result of periodic audits by taxing authorities. The adoption of ASC 740 did not have a material effect on the Centers' financial position, results of operations or cash flows.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," now included in ASC Topic 820, "Fair Value Measurements and Disclosures" (ASC 820). This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This statement was effective for the Company as of January 1, 2008, however FSP FAS 157-2 (also included in ASC 820) permitted a one-year deferral for nonfinancial assets and liabilities not recognized or disclosed at fair value in the financial statements on a recurring basis. The Center adopted ASC 820 on January 1, 2009. The adoption in 2009 of ASC 820 for nonfinancial assets and nonfinancial liabilities did not have a material impact on the Center's financial position, results of operations or cash flows.

Reclassifications Certain reclassifications have been made to the amounts reported for 2008 in order to conform to the 2009 basis of presentation. These changes did not have an effect on the net earnings for the year ended December 31, 2008.

NOTE C – INVESTMENTS

The Center investments consist of the following:

	2009		
	Cost	Unrealized Gain(Loss)	Fair Value
Certificates of Deposit	\$ 10,000	\$ -	\$ 10,000
Mutual Funds	27,351	(6,148)	21,203
	<u>\$ 37,351</u>	<u>\$ (6,148)</u>	<u>\$ 31,203</u>

	2008		
	Cost	Unrealized Gain(Loss)	Fair Value
Certificates of Deposit	\$ 10,000	\$ -	\$ 10,000
Mutual Funds	27,351	(8,976)	18,375
	<u>\$ 37,351</u>	<u>\$ (8,976)</u>	<u>\$ 28,375</u>

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Center uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Center measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs would be

utilized when there are observable inputs other than quoted market prices for the asset, either directly or indirectly observable, that reflect assumptions market participants would use to price the asset based on market data obtained from independent sources. Level 3 inputs would only be used when Level 1 or Level 2 inputs were not available.

As of December 31, 2009 and 2008 the fair value of the Center's available-for-sale investments is based on Level 1 inputs, quoted prices in active markets of the shares held by the Company at year end.

The investments of the Center are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

NOTE D – RESTRICTED NET ASSETS

Restricted assets are available for the following purposes for periods after December 31:

	2009	2008
Temporarily Restricted		
Provided for staff support	\$ 28,536	\$ 10,223
Permanently Restricted		
Anita L. & William S. Cassilly Fund	21,769	18,875
General Endowment Fund	<u>2,200</u>	<u>2,200</u>
Total Permanently Restricted funds	<u>23,969</u>	<u>21,075</u>
 Total restricted funds for periods after December 31,	 <u>\$ 52,505</u>	 <u>\$ 31,298</u>

NOTE E – RELEASED NET ASSETS

The total amount of assets released from restriction due to the passage of time during the years ended December 31, 2009 and 2008 totaled \$24,734 and \$23,223, respectively.