

Duet Partners in Health & Aging, Inc.
Phoenix, Arizona

Report

December 31, 2010

Duet Partners in Health & Aging, Inc.
Phoenix, Arizona

Independent Auditor's Reports and Financial Statements

December 31, 2010

Duet Partners in Health & Aging, Inc.
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KLECKA, WILKINS & KLECKA

• CERTIFIED PUBLIC ACCOUNTANTS •

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Duet Partners in Health & Aging, Inc.
Phoenix, Arizona

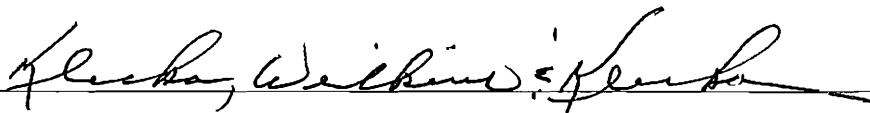
We have audited the accompanying statement of financial position of Duet Partners in Health & Aging, Inc. (an Arizona nonprofit corporation) as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 misstatements. 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 the 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 Duet Partners in Health & Aging, Inc. as of December 31, 2010, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2011, on our consideration of Duet Partners in Health & Aging, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenses on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Phoenix, Arizona
March 22, 2011

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Duet Partners in Health & Aging, Inc.
Statement of Financial Position
December 31, 2010

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 129,296
Due from Beatitudes Campus	1,112
Pledges Receivable	25,156
Investments Available for Sale	909,709
Prepaid Expenses	<u>5,410</u>
Total Current Assets	1,070,683
Property and Equipment, Net	14,806
Other Assets	
Investment in Real Property	<u>3,000</u>
TOTAL ASSETS	<u>\$ 1,088,489</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 5,515
Payroll and Related	26,233
Deferred Revenues	<u>50,000</u>
Total Current/Total Liabilities	<u>81,748</u>
Net Assets	
Unrestricted	840,541
Permanently Restricted	<u>166,200</u>
Total Net Assets	<u>1,006,741</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,088,489</u>

See Accompanying Notes and Auditor's Report

Duet Partners in Health & Aging, Inc.
Statement of Activities
For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues			
Government Funding	\$ 232,538	\$ -	\$ 232,538
Foundations, Grants and Corporations	211,440	-	211,440
Individuals and Memorials	93,486	-	93,486
In-Kind Occupancy	48,600	-	48,600
Fundraising (Net Related Expenses of \$70,093)	187,647	-	187,647
Investment Income	13,453	-	13,453
Church of the Beatitudes/Beatitudes Campus Congregations	10,000	-	10,000
Workshops and Resource Sales	19,567	-	19,567
Endowment Funds - Change in Fund Value	14,015	-	14,015
	<u>89,443</u>	<u>-</u>	<u>89,443</u>
Total Revenues	<u>920,189</u>	<u>-</u>	<u>920,189</u>
Expenses			
Program Services			
Duet	190,209	-	190,209
Homebound Adults	302,227	-	302,227
Caregivers	73,443	-	73,443
Grandparents Raising Grandchildren	114,706	-	114,706
Congregational Health Services	109,401	-	109,401
	<u>789,986</u>	<u>-</u>	<u>789,986</u>
Total Program Services	<u>789,986</u>	<u>-</u>	<u>789,986</u>
Supporting Services			
Management and General	104,492	-	104,492
Fundraising, Less Special Events	45,010	-	45,010
	<u>149,502</u>	<u>-</u>	<u>149,502</u>
Total Supporting Services	<u>149,502</u>	<u>-</u>	<u>149,502</u>
Total Expenses	<u>939,488</u>	<u>-</u>	<u>939,488</u>
Increase (Decrease) in Net Assets	(19,299)	-	(19,299)
Net Assets at December 31, 2009	<u>859,840</u>	<u>166,200</u>	<u>1,026,040</u>
Net Assets at December 31, 2010	<u>\$ 840,541</u>	<u>\$ 166,200</u>	<u>\$ 1,006,741</u>

See Accompanying Notes and Auditor's Report

Duet Partners in Health & Aging, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2010

Description	Program Services					Supporting Services			Total Expenses
	Duet	Homebound Adults	Family Caregivers	Grandparents Raising Grandchildren	Congregational Health Services	Total Program	Management & General	Fundraising	
Salaries and Wages	\$ 91,366	\$ 207,832	\$ 47,989	\$ 63,044	\$ 71,561	\$ 481,792	\$ 56,682	\$ 28,341	\$ 566,815
Payroll Taxes and Benefits	21,248	42,883	11,121	14,586	13,360	103,198	12,141	6,070	121,409
Total Personnel Costs	112,614	250,715	59,110	77,630	84,921	584,990	68,823	34,411	688,224
Occupancy (In-kind)	6,804	19,926	4,374	4,374	5,832	41,310	4,860	2,430	48,600
Supplies, Postage, Miscellaneous	22,949	1,928	896	1,791	530	28,094	3,304	1,652	33,050
Printing and Duplication	10,025	109	-	62	-	10,196	1,198	599	11,993
Orientation to Parish Nursing	-	-	-	-	13,070	13,070	-	-	13,070
Workshops and Special Programs	-	-	-	4,347	-	4,347	-	-	4,347
Central Services-Office	4,906	1,459	-	-	-	6,365	749	374	7,488
Computer Service	1,367	3,936	132	132	175	5,742	676	338	6,756
Telephone	2,606	2,137	469	470	683	6,365	749	374	7,488
Office Rent	2,662	4,590	-	826	1,102	9,180	1,080	540	10,800
Continuing Education	1,569	217	-	-	712	2,498	-	-	2,498
Equipment Repair/Maintenance	2,348	1,955	826	553	803	6,485	763	382	7,630
Mileage and Travel	1,128	4,028	977	1,803	481	8,417	-	-	8,417
Professional Fees	-	-	-	-	-	-	5,650	-	5,650
Permits/Fees/Dues/Subscriptions	2,488	160	134	100	250	3,132	-	-	3,132
Hospitality	611	101	314	174	21	1,221	-	-	1,221
Volunteer Training and Recognition	7,097	6,735	-	25	16	13,873	-	-	13,873
SRP - Project Safe House	-	250	-	-	-	250	-	-	250
AAA Caregiver Forum	-	-	5,727	-	-	5,727	-	-	5,727
Grandparents Raising Grandchildren	-	-	-	22,127	-	22,127	-	-	22,127
Banking and Credit Card Fees	-	-	-	-	-	-	5,894	-	5,894
Insurance	-	-	-	-	-	-	9,573	-	9,573
Fundraising Activities (Events)	-	-	-	-	-	-	-	70,093	70,093
Marketing	6,631	-	-	-	-	6,631	-	3,324	9,955
Total Expenses before Depreciation	185,805	298,246	72,959	114,414	108,596	780,020	103,319	114,517	997,856
Depreciation Expense	4,404	3,981	484	292	805	9,966	1,173	586	11,725
TOTAL EXPENSES	\$ 190,209	\$ 302,227	\$ 73,443	\$ 114,706	\$ 109,401	\$ 789,986	\$ 104,492	\$ 115,103	\$ 1,009,581

See Accompanying Notes and Auditor's Report

Duet Partners in Health & Aging, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2010

Cash Flows Provided by (Used for) Operating Activities:	
Decrease in Net Assets	\$ (19,299)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:	
Depreciation	11,725
Loss on Disposal of Timeshare	1,200
Change in Assets and Liabilities:	
Investments	(5,769)
Receivables	(4,607)
Prepaid Expense	357
Deferred Revenues	50,000
Accounts Payable	896
Payroll and Related Liabilities	<u>6,360</u>
Net Cash Provided by Operating Activities	<u>40,863</u>
 Cash Flows Provided by (Used for) Investing Activities:	
Disposal of Timeshare	1,300
Acquisition of Property and Equipment	<u>(1,995)</u>
Net Cash Used for Investing Activities	<u>(695)</u>
Net Increase in Cash and Cash Equivalents	40,168
Cash and Cash Equivalents at December 31, 2009	<u>89,128</u>
Cash and Cash Equivalents at December 31, 2010	<u><u>\$ 129,296</u></u>
 <u>Supplemental Information:</u>	
Cash Paid for Interest	<u>\$ -</u>
Cash Paid for Income Taxes	<u><u>\$ -</u></u>

See Accompanying Notes and Auditor's Report

Duet Partners in Health & Aging, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2010

NOTE 1 – NATURE OF OPERATIONS:

Duet Partners in Health & Aging, Inc. (“Duet”) (formerly Beatitudes Center DOAR - Developing Older Adult Resources) is a nonprofit interfaith organization founded in 1981 that promotes health and well-being through a broad range of services to homebound adults, caregivers, faith communities and grandparents raising grandchildren. Duet partners with volunteers, congregations, and donors to provide one-on-one services at no charge throughout the greater Phoenix, Arizona area.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred.

Duet has evaluated subsequent events through March 25, 2011, which is prior to the date the financial statements were available to be issued.

Basis of Presentation

Financial statement presentation follows generally accepted accounting principles for nonprofit organizations. Duet is required to report information regarding its financial position and activities to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Cash Equivalents

For purposes of the statement of cash flows, Duet considers unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value and recognized as revenue in the period in which the promise is received.

Investments

Duet accounts for its investments by reporting them on the statement of financial position at their fair value. Investment income and realized and unrealized gains and losses on investments are recognized on the statement of activities as increases or decreases in unrestricted, temporarily restricted, and permanently restricted net assets depending upon the existence and nature of any donor-imposed restrictions.

Furniture and Equipment

Furniture and equipment are capitalized at cost. Duet’s policy is to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. Depreciation is computed on a straight-line basis over the estimated useful lives of three to twelve years.

Functional Expenses

Expenses are charged directly to program or support categories based on direct expenditures incurred. All expenditures not directly chargeable are allocated based on historically calculated percentages.

Income Taxes

Duet qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. Duet is not a private foundation. Duet has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For the year ended December 31, 2010, Duet had no material uncertain tax positions to be accounted for in the financial statements under the rules, and had no interest or penalties assessed by income taxing authorities.

Use of Estimates

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

Contributed Services

Duet receives a substantial amount of volunteer services. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

Advertising

Advertising and marketing costs are expensed as incurred. Total advertising and marketing expense for the year ended December 31, 2010 was \$9,955.

Retirement Plan

Duet allows employees with more than three years of service to participate and contribute to a cash-value annuity retirement plan with the United Church of Christ. Duet did not contribute to the plan during the year ended December 31, 2010.

Duet Partners in Health & Aging, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2010

NOTE 3 – FURNITURE AND EQUIPMENT:

Depreciation expense for the year ended December 31, 2010 totaled \$11,725. Furniture and equipment consisted of the following at December 31, 2010:

Furniture and Equipment	\$ 197,910
(Less) Accumulated Depreciation	<u>(183,104)</u>
Furniture and Equipment, Net	<u>\$ 14,806</u>

NOTE 4 – INVESTMENTS:

Investments at December 31, 2010 are comprised of a liquid cash account and “units of participation”, representing the value of investment funds managed by the United Church Foundation, Inc. (UCF) The funds represent donor and board-designated amounts set aside in prior years for the purpose of providing an operating reserve as well as an income stream for annual operations. All investments are Level 2 assets measured at fair value in accordance with current accounting standards. Level 2 assets are measured based on pricing models whose inputs are observable for substantially the full term of the asset. The investment funds managed by UCF at December 31, 2010 are summarized as follows:

Fund	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equity	\$ 120,381	\$ 120,821	\$ 440
Balanced	691,844	767,745	75,901
Balanced #2	7,214	8,048	834
Cash	6,732	6,732	-
Unallocated	6,363	6,363	-
Total	<u>\$ 832,534</u>	<u>\$ 909,709</u>	<u>\$ 77,175</u>

The investment return in 2010 is summarized as follows:

Investment Income:	
Interest	\$ 14,962
Realized Gains/(Losses)	381
Market Change	<u>89,063</u>
Total Investment Income/(Loss)	<u>\$ 104,406</u>

NOTE 5 – RELATED PARTY TRANSACTIONS:

Duet was founded by the Church of the Beatitudes. Although the majority of the board of directors of Duet, including the board president, is required to be a member of the Church of the Beatitudes, Duet operates autonomously with its own board of directors. The Church of the Beatitudes requires a monthly payment at below market rates from Duet for the use of Church facilities. In-kind occupancy costs represent the difference between the amount paid by Duet and market rates, and were valued at approximately \$48,600 for the year ended December 31, 2010. During the year, the Church contributed cash of \$10,000. Duet rents office space from the Church on a month-to-month basis, at a cost of \$10,800 for the year.

The Beatitudes Campus contributed \$10,000 to Duet in 2010, of which \$1,500 was applied to fundraising underwriting revenue. Duet purchased central services, consisting of internal accounting and human resource services, from the Campus at a cost of \$7,488 for the year ended December 31, 2010.

NOTE 6 – CONCENTRATIONS OF RISK:

Financial instruments that potentially expose Duet to concentrations of credit and market risk consist primarily of cash and investments. At December 31, 2010, the cash held by Duet was deposited in banking institutions fully insured by the Federal Deposit Insurance Corporation. Duet has not experienced any cash losses.

At December 31, 2010, all of Duet’s investment funds, valued at \$909,709, were held by the United Church Foundation, Inc. (UCF) in UCF fund accounts. These funds are not subject to registration, regulation or reporting under federal and state securities laws, nor are they insured by the Federal Deposit Insurance Corporation. The UCF is subject to annual financial statement audits. Duet does not anticipate nonperformance by its banking and financial institutions and believes it is not exposed to any significant risk.

Duet Partners in Health & Aging, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2010

NOTE 7 – SPECIAL FUNDRAISING EVENTS:

Duet conducts annually three main special events. The results of special events during the year ended December 31, 2010 are as follows:

	Benefit Concert	Poinsettia Tea	Tour de Paradise	Other Events	Total
Revenue					
Ticket Sales	\$ 24,340	\$ 21,440	\$ 3,166	\$ -	\$ 48,946
Raffle Tickets	5,035	7,171	-	-	12,206
Sponsorships	19,000	22,000	7,255	-	48,255
Other Donations	43,068	95,045	9,220	1,000	148,333
Total Event Revenue	91,443	145,656	19,641	1,000	257,740
Special Event Expenses	(36,337)	(26,990)	(6,016)	(750)	(70,093)
Net Event Revenue	55,106	118,666	13,625	250	<u>\$ 187,647</u>

Duet Partners in Health & Aging, Inc.
Supplementary Information
Schedule of Expenses
For the Year Ended December 31, 2010

<u>Expenses</u>	<u>Amount</u>
Salaries and Wages	\$ 566,815
Payroll Taxes and Employee Benefits	121,409
Special Projects (Project Safe Home, Project GrandCare, Faith in Action)	43,198
Occupancy (In-kind)	48,600
Postage, Supplies, Office Operations and Miscellaneous	42,076
Printing and Duplication	11,993
Workshops and Special Programs	4,347
Orientation to Parish Nursing	13,070
Telephone	7,488
Computer Maintenance	6,756
Depreciation	11,725
Central Services Office	7,488
Office Rent	10,800
Continuing Education	2,498
Mileage	8,417
Equipment Repair and Maintenance	7,630
Professional Fees	5,650
Insurance	9,573
Marketing	9,955
Total Expenses	\$ 939,488

See Auditor's Report

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Duet Partners in Health & Aging, Inc.
Phoenix, Arizona

We have audited the financial statements of Duet Partners in Health & Aging, Inc. (an Arizona nonprofit corporation) as of and for the year ended December 31, 2010. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Duet Partners in Health & Aging, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

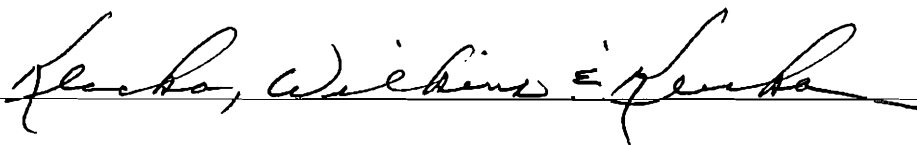
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Duet Partners in Health & Aging, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities.



Phoenix, Arizona
March 22, 2011

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