

**RALEIGH HISTORIC DISTRICTS COMMISSION, INC.**  
Raleigh, North Carolina

**Financial Statements**

Years Ended June 30, 2009 and 2008

RALEIGH HISTORIC DISTRICTS COMMISSION, INC.

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## ACCOUNTANTS' REVIEW REPORT

Board of Directors  
Raleigh Historic Districts Commission, Inc.  
Raleigh, North Carolina

We have reviewed the accompanying statements of assets, liabilities and net assets - modified cash basis of Raleigh Historic Districts Commission, Inc., as of June 30, 2009, and the related statement of revenues, expenses, and changes in net assets - modified cash basis, and statement of cash flows - modified cash basis for the year 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 Raleigh Historic Districts Commission, Inc.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination 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 the modified cash basis of accounting as described in Note 2.

The financial statements for the year ended June 30, 2008, were audited by us and we expressed an unqualified opinion on them in our report dated September 11, 2008, but we have not performed any auditing procedures since that date.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

*Cherry, Bekaert & Holland, L.L.P.*

Raleigh, North Carolina  
September 11, 2009

RALEIGH HISTORIC DISTRICTS COMMISSION, INC.  
**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS**  
**MODIFIED CASH BASIS**  
 June 30, 2009 and 2008  
 (See Accountants' Review Report)

<b><u>ASSETS</u></b>		
	<u>2009</u>	<u>2008</u>
Petty cash	\$ 24	\$ 55
Cash - checking	37,416	45,200
Cash - savings	4,093	4,057
Cash - money market	25,618	31,111
Property and equipment (net of accumulated depreciation of \$21,905 and \$20,617)	3,949	5,237
Note receivable	<u>58,594</u>	<u>58,594</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 129,694</u></b>	<b><u>\$ 144,254</u></b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Liabilities</b>		
Pledges payable	\$ 3,334	\$ 6,667
Note payable - City of Raleigh (Note 6)	<u>58,594</u>	<u>58,594</u>
<b>Total Liabilities</b>	<u>61,928</u>	<u>65,261</u>
<b>Net assets</b>		
Unrestricted net assets		
Undesignated	7,285	14,847
Property and equipment	<u>3,949</u>	<u>5,237</u>
Total unrestricted net assets	<u>11,234</u>	<u>20,084</u>
Temporarily restricted	<u>56,532</u>	<u>58,909</u>
<b>Total Net Assets</b>	<u>67,766</u>	<u>78,993</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 129,694</u></b>	<b><u>\$ 144,254</u></b>

The accompanying notes are an integral part of these financial statements.

**RALEIGH HISTORIC DISTRICTS COMMISSION, INC.**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**MODIFIED CASH BASIS**  
 Year Ended June 30, 2009  
 (See Accountants' Review Report)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
<b>Support and revenue</b>			
Grant - City of Raleigh	\$ -	\$ 66,500	\$ 66,500
Sale of books	-	27	27
Interest income	175	10	185
Net assets released from restrictions	68,914	(68,914)	-
<b>Total support and revenue</b>	<u>69,089</u>	<u>(2,377)</u>	<u>66,712</u>
<b>Expenses</b>			
Accounting	8,875	-	8,875
Insurance	500	-	500
Library	200	-	200
Miscellaneous	3,775	-	3,775
Educational	11,425	-	11,425
Office Supplies & Equipment	225	-	225
Postage	175	-	175
Bank Charges	40	-	40
Dues and Subscriptions	1,218	-	1,218
Printing	175	-	175
Photo	12	-	12
Training & Seminars	4,393	-	4,393
Plaques	3,753	-	3,753
Professional Services	41,885	-	41,885
Depreciation	1,288	-	1,288
<b>Total expenses</b>	<u>77,939</u>	<u>-</u>	<u>77,939</u>
<b>DECREASE IN NET ASSETS</b>	(8,850)	(2,377)	(11,227)
Net assets - beginning of year	<u>20,084</u>	<u>58,909</u>	<u>78,993</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 11,234</u>	<u>\$ 56,532</u>	<u>\$ 67,766</u>

The accompanying notes are an integral part of these financial statements.

**RALEIGH HISTORIC DISTRICTS COMMISSION, INC.**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**MODIFIED CASH BASIS**  
 Year Ended June 30, 2008  
 (See Accountants' Review Report)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
<b>Support and revenue</b>			
Grant - City of Raleigh	\$ -	\$ 51,500	\$ 51,500
Sale of books	782	-	782
Interest income	432	-	432
Net assets released from restrictions	99,657	(99,657)	-
<b>Total support and revenue</b>	<u>100,871</u>	<u>(48,157)</u>	<u>52,714</u>
<b>Expenses</b>			
Accounting	7,620	-	7,620
Insurance	501	-	501
Library	38	-	38
Miscellaneous	1,217	-	1,217
Educational	12,459	-	12,459
Office Supplies & Equipment	156	-	156
Postage	174	-	174
Bank Charges	65	-	65
Dues and Subscriptions	1,210	-	1,210
Printing	859	-	859
Training & Seminars	10,846	-	10,846
Professional Services	81,453	-	81,453
Depreciation	1,449	-	1,449
Donations	10,000	-	10,000
<b>Total expenses</b>	<u>128,047</u>	<u>-</u>	<u>128,047</u>
<b>DECREASE IN NET ASSETS</b>	<u>(27,176)</u>	<u>(48,157)</u>	<u>(75,333)</u>
Net assets - beginning of year	<u>47,260</u>	<u>107,066</u>	<u>154,326</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 20,084</u>	<u>\$ 58,909</u>	<u>\$ 78,993</u>

The accompanying notes are an integral part of these financial statements.

RALEIGH HISTORIC DISTRICTS COMMISSION, INC.  
**STATEMENTS OF CASH FLOWS (INDIRECT METHOD)**  
**MODIFIED CASH BASIS**

Years Ended June 30, 2009 and 2008  
(See Accountants' Review Report)

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (11,227)	\$ (75,333)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,288	1,449
Increase/(decrease) in cash due to change in:		
Pledges payable	<u>(3,333)</u>	<u>6,667</u>
<b>Net cash provided (used) by operating activities</b>	<u>(13,272)</u>	<u>(67,217)</u>
 <b>NET INCREASE/(DECREASE) IN CASH</b>	 (13,272)	 (67,217)
 Cash - beginning of year	 <u>80,423</u>	 <u>147,640</u>
 <b>CASH - END OF YEAR</b>	 <u><u>\$ 67,151</u></u>	 <u><u>\$ 80,423</u></u>
 <b>Reconciliation to statements of assets, liabilities and net assets - modified cash basis</b>		
Petty cash	\$ 24	\$ 55
Cash - checking	37,416	45,200
Cash - savings	4,093	4,057
Cash - money market	<u>25,618</u>	<u>31,111</u>
	<u><u>\$ 67,151</u></u>	<u><u>\$ 80,423</u></u>

The accompanying notes are an integral part of these financial statements.

RALEIGH HISTORIC DISTRICTS COMMISSION, INC.  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009 and 2008  
(See Accountants' Review Report)

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**Note 1 – Organization**

Raleigh Historic Districts Commission, Inc. (the Commission) is a not-for-profit corporation organized in North Carolina, on October 3, 1963 to serve as the Raleigh City Council's official historic preservation advisory body to identify, preserve, protect, and educate the public about Raleigh's historic resources. The Commission is dependent upon contributions and grants from local and state governments and private contributors.

**Note 2 – Summary of significant accounting policies**

**Method of accounting** – The Commission's policy is to prepare its financial statements on the modified cash basis of accounting that is an other comprehensive basis of accounting. Consequently, revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. The Commission records depreciation expense on property and equipment costs, but the Commission does not record the value of the office space provided in-kind, or interest revenue and expense for the note receivable and payable in Note 6.

**Basis of presentation** – 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 Commission is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**Restricted and unrestricted revenues and support** – Donor contributions or grants properly classified as contributions received are recorded as unrestricted or temporarily restricted support absent any donor or grant restrictions.

All donor or grant restricted support is reported as an increase in temporarily restricted net assets. 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 statements of revenues, expenses and changes in net assets as net assets released from restrictions.

**Cash** – The Commission maintains several bank accounts and a money market account. Cash and cash equivalents are defined as all investment instruments with an original maturity of three months or less. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, cash balances may exceed FDIC insurance coverage. The cash balances are maintained at a financial institution with a high credit-quality rating. The Commission has not experienced any losses in such accounts and believes it is not exposed to any significant credit loss on cash.

**Income taxes** – The Commission is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and the applicable state tax statutes. Also, it has been determined the Commission is not a private foundation as described in Section 509(a) of the Internal Revenue Code.



RALEIGH HISTORIC DISTRICTS COMMISSION, INC.  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009 and 2008  
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**Note 2 – Summary of significant accounting policies (continued)**

**Accounting for Uncertainty in Income Taxes** - The Commission's policy is to record a liability for any tax position taken that is beneficial to the Commission including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2009 and 2008 and, accordingly, no liability has been accrued.

**Use of estimates** – The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Property and equipment** – Property and equipment with an acquisition cost of \$100 or greater, are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which is three to ten years.

**Note 3 – Temporarily Restricted Net Assets**

Temporarily restricted net assets as of June 30 are restricted as follows:

	<u>2009</u>	<u>2008</u>
Blount Street Historic Corridor (Sprint)	\$ 15,000	\$ 15,000
City of Raleigh Funds	35,689	37,893
South Person & South Blount Streets		
Historic Districts Overlay Study	1,750	1,750
W.H. Dietrick Fund	<u>4,093</u>	<u>4,266</u>
	<u>\$ 56,532</u>	<u>\$ 58,909</u>

**Note 4 – Office space - in kind**

Effective February 3, 1992, the Commission's office space is provided in kind by the City of Raleigh. This space is located at 219 Fayetteville Street, Suite 300, Raleigh, North Carolina 27601.

**Note 5 – Concentrations**

Financial instruments that potentially subject the Commission to concentrations of credit risk consist principally of the temporary cash investments and financing the rehabilitation of the Plummer T. Hall House. The Commission has concentrated its credit risk for cash by maintaining deposits in a bank in the same geographic area. During 2009 and 2008 the Commission received 100% respectively, of total support and revenue from the City of Raleigh.

RALEIGH HISTORIC DISTRICTS COMMISSION, INC.  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009 and 2008  
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**Note 6 – Property and equipment**

Property and equipment consisted of the following June 30:

	<u>2009</u>	<u>2008</u>
Equipment	\$ 13,429	\$ 13,429
Furniture and fixtures	10,480	10,480
Software	1,945	1,945
Less accumulated depreciation	<u>(21,905)</u>	<u>(20,617)</u>
	<u>\$ 3,949</u>	<u>\$ 5,237</u>

**Note 7 – Note receivable and note payable**

A \$58,594 loan was obtained from the City of Raleigh's Capital Area Preservation Fund on October 25, 1995. The proceeds were used for an interest free homeowner's loan to assist in financing the rehabilitation of the Plummer T. Hall House. The loan is secured by a Note and a Deed of Trust payable to the Commission. Repayment of the principal is deferred until either the death of the borrower, change in the ownership of the secured property, or in the event the borrower no longer resides in the secured property.

When the homeowner's loan is repaid to the Commission, the Commission is to repay its loan from the City of Raleigh's Capital Area Preservation Fund.