

**TIYOSPAYE, INC.  
WICHITA, KANSAS**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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**BUSBY FORD & REIMER, LLC**

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CERTIFIED PUBLIC ACCOUNTANTS

**TIYOSPAYE, INC.  
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DECEMBER 31, 2009**

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CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

**Board of Directors  
Tiyospaye, Inc.  
Wichita, Kansas**

We have audited the accompanying statement of financial position of **Tiyospaye, Inc.** (a nonprofit organization) as of **December 31, 2009**, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 **Tiyospaye, Inc.** as of **December 31, 2009**, and the change 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2010, on our consideration of **Tiyospaye, Inc.'s** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the 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 conjunction with this report in assessing the results of our audit.

  
Busby Ford & Reimer, LLC  
May 5, 2010



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# BUSBY FORD & REIMER, LLC

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CERTIFIED PUBLIC ACCOUNTANTS

**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**

**Board of Directors  
Tiyospaye, Inc.  
Wichita, Kansas**

We have audited the financial statements of **Tiyospaye, Inc.** as of and for the year ended **December 31, 2009**, and have issued our report thereon dated May 5, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 **Tiyospaye, 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 **Tiyospaye, Inc.'s** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Tiyospaye, Inc.'s** internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

**Board of Directors  
Tiyospaye, Inc.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Tiyospaye, 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 and use of the Board of Directors, management, others within the organization and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Busby Ford & Reimer, LLC  
May 5, 2010

**TIYOSPAYE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2009**

**Assets**

Cash		\$ 676,977
Promises to Give		10,963
Grants and Accounts Receivable		56,875
Prepaid Expenses		<u>11,607</u>
		<u>756,422</u>
Furniture and Equipment		182,656
Automobile		<u>26,878</u>
		209,534
Accumulated Depreciation		<u>(172,488)</u>
		<u>37,046</u>
Investments		57,943
Security Deposit		<u>2,250</u>
		<u>60,193</u>
Total Assets		<u>\$ 853,661</u>

**Liabilities and Net Assets**

<b>Liabilities</b>		
Accounts Payable		\$ 10,657
Payroll Withholdings		<u>4,910</u>
		<u>15,567</u>
<b>Net Assets</b>		
Unrestricted		704,059
Temporarily Restricted		76,092
Permanently Restricted		<u>57,943</u>
		<u>838,094</u>
Total Liabilities and Net Assets		<u>\$ 853,661</u>

The accompanying notes are an integral part of this statement.

**TIYOSPAYE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support, Revenue and Reclassifications				
Grants	\$ 0	\$ 394,937	\$ 0	\$ 394,937
Client Fees	343,813	0	0	343,813
Contributions	70,449	0	610	71,059
Investment Activity				
Earnings	6,802	0	1,372	8,174
Realized Loss	0	0	(2,145)	(2,145)
Unrealized Gain	0	0	13,400	13,400
Net assets released from restrictions				
Satisfaction of program restrictions	<u>426,216</u>	<u>(426,216)</u>	<u>0</u>	<u>0</u>
	<u>847,280</u>	<u>(31,279)</u>	<u>13,237</u>	<u>829,238</u>
Functional Expenses	<u>819,496</u>	<u>0</u>	<u>0</u>	<u>819,496</u>
Change in Net Assets	27,784	(31,279)	13,237	9,742
Net Assets, Beginning of Year	<u>676,275</u>	<u>107,371</u>	<u>44,706</u>	<u>828,352</u>
Net Assets, End of Year	<u>\$ 704,059</u>	<u>\$ 76,092</u>	<u>\$ 57,943</u>	<u>\$ 838,094</u>

The accompanying notes are an integral part of this statement.

**TIYOSPAYE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Program Services	Management and General	Fund Raising	Total
Salaries and Wages	\$ 427,897	\$ 91,393	\$ 4,452	\$ 523,742
Payroll Taxes	35,920	7,672	374	43,966
Retirement Plan	8,168	1,745	85	9,998
Accounting Fees	0	5,000	0	5,000
Travel	1,090	82	0	1,172
Office Supplies	11,968	593	0	12,561
Program Supplies	20,228	0	0	20,228
Equipment Costs	1,998	58	0	2,056
Professional Fees and Consultants	21,249	2,238	0	23,487
Insurance	67,695	14,906	625	83,226
Vehicle Expenses	2,640	0	0	2,640
Occupancy Cost	53,872	2,140	0	56,012
Telephone and Pager	4,981	1,093	0	6,074
Printing and Publications	2,469	103	1,713	4,285
Staff Training	5,668	197	0	5,865
Interest and Service Charges	0	972	0	972
Miscellaneous	0	1,226	0	1,226
Depreciation	13,589	3,397	0	16,986
	<u>\$ 679,432</u>	<u>\$ 132,815</u>	<u>\$ 7,249</u>	<u>\$ 819,496</u>

**TIYOSPAYE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 9,742
Adjustments to Reconcile Change In Net Assets to Net Cash Provided by Operating Activities	
Depreciation	16,986
(Increase) Decrease in Promises to Give	11,000
Grants and Accounts Receivable	9,147
Prepaid Expenses	5,280
Increase (Decrease) in Accounts Payable	10,657
Accrued Payroll and Liabilities	<u>(17,403)</u>
	<u>45,409</u>
 <b>Cash Flows (Used) By Investing Activities</b>	
Purchases of Property and Equipment	(4,761)
Purchases of Investments	<u>(1,982)</u>
	<u>(6,743)</u>
 <b>Cash Flows (Used) By Financing Activities</b>	
Realized Loss on Investments	2,145
Unrealized Gain on Investments	<u>(13,400)</u>
	<u>(11,255)</u>
 <b>Net Increase (Decrease) in Cash</b>	 27,411
 <b>Cash and Cash Equivalents, Beginning of Year</b>	 <u>649,566</u>
 <b>Cash and Cash Equivalents, End of Year</b>	 <u>\$ 676,977</u>

The accompanying notes are an integral part of this statement.

**TIYOSPAYE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**Note 1 - Significant Accounting Policies:**

Nature of Activity

Tiyospaye, Inc. was organized in October 1991 as a nonprofit corporation for the purpose of providing substance abuse counseling and other health services to individuals in and around Wichita, Kansas. The Organization's mission statement is as follows:

Empowering culturally diverse youth and adults to recover their lives and hope by providing innovative and effective prevention, treatment and counseling for drugs, alcohol abuse and related life challenges.

Basis of Accounting

The financial statements of Tiyospaye, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

Concentration of Credit Risk

Grant and accounts receivable consist of amounts due from governmental entities under various grant programs and fees for services.

**TIYOSPAYE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

Fair Value of Financial Instruments

The Organization's significant financial instruments are cash, receivables, investments and short-term liabilities. For these financial instruments, carrying values approximate fair value.

Expense Allocation

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

**Note 2 - Fixed Assets:**

Acquisitions of property and equipment which are deemed to have a long-term life are capitalized and recorded at cost. Depreciation of fixed assets is calculated on the straight-line method over three to ten years.

Depreciation expense for the year ended December 31, 2009, was \$16,986.

**Note 3 - Compensated Absences:**

The Organization compensates employees for vacation and sick leave based on experience and position. The contingent liability associated with this accrued benefit as of December 31, 2009, is not determinable.

**Note 4 - Contingencies:**

The Organization participates in various grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**Note 5 - Temporarily Restricted Net Assets:**

Temporarily restricted net assets are available for periods after December 31, 2009.

**Note 6 - Permanently Restricted Net Assets:**

Permanently Restricted Net Assets consist of an Endowment with the Wichita Community Foundation. Terms of the endowment require the principal and initial earnings be held in perpetuity. Subsequently the Organization can elect to receive the annual earnings from the endowment which can be used for operational expenses.

**Note 7 - Investments:**

Investments consist of amounts held by the Wichita Community Foundation and are stated at fair value.

**TIYOSPAYE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**Note 8 - Promises to Give:**

Unconditional promises to give are recorded as receivables when received. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows.

Pledges are expected to be realized in the following periods:

In one year or less	\$	8,000
Between one and five years		5,446
		13,446
Less:		
Allowance for uncollectible pledges		2,483
	\$	10,963

**Note 9 - Retirement Plan:**

The Organization maintains a 5304 Savings Incentive Match Plan for Small Employers (Simple) defined contribution retirement plan. The Organization makes matching contributions of up to 3% of participating employees compensation. Contributions totaling \$9,998 for the year ended December 31, 2009, were made by the Organization, in addition to the elective deferrals made by employees.

**Note 10 - Operating Leases:**

As of December 31, 2009, the Organization had entered into two agreements to lease office space and the site for its Ropes Course under operating lease agreements. The office space was leased for \$2,250 per month beginning February 1, 2005, and expired in January 2008. The Organization elected to extend the lease an additional two years as set forth in the lease agreement. The lease was extended for an additional two years beginning February 1, 2010 at \$1,750 per month. The Ropes Course site is leased for \$1,200 annually and expires in July 2014. Future minimum lease payments under the operating leases are as follows:

	Office Space	Ropes Course	Total
Year Ending December 31,			
2010	\$ 19,250	\$ 1,200	\$ 20,450
2011	21,000	1,200	22,200
2012	1,750	1,200	2,950
2013	0	1,200	1,200
2014	0	600	600
	\$ 42,000	\$ 5,400	\$ 47,400

Rent expense was \$33,904 for the year ended December 31, 2009.

**TIYOSPAYE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**Note 11 - Subsequent Events:**

The Organization has evaluated subsequent events through May 5, 2010, the date which the financial statements were available to be issued.