

**RESTORATION PLACE MINISTRIES, INC.**

**AUDIT**

**2013**

**PREPARED BY:**

**ROBERT W. BAY  
BAY & ASSOCIATES  
MAY 7, 2014**

RESTORATION PLACE MINISTRIES, INC.

Table of Contents

Years Ended December 31, 2012 & 2013

Independent Auditor's Report

Financial Statements

Statement of Financial Position

Exhibit A

Statement of Activities and Change in Net Assets

Exhibit B

Statement of Functional Expenses

Exhibit C

Statement of Cash Flow

Exhibit D

Budget Vs. Actual

Exhibit E

Notes to Financial Statements

*Bay & Associates*  
*Accounting Services*

*14 Carriage Hill Court*  
*Greensboro, NC 27410*

*Cellular 336-209-5244*  
*Email: bayhub@aol.com*

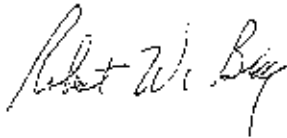
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Restoration Place Ministries, Inc.  
Greensboro, North Carolina

We have audited the accompanying statements of financial position of Restoration Place Ministries, Inc. (the "Organization") as of December 31, 2013 and 2012 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year ended December 31, 2013. These financial statements are the responsibility of Restoration Place Ministries, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures to 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 Restoration Place Ministries, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the year ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.



Robert W. Bay  
Bay & Associates

May 7, 2014

**RESTORATION PLACE MINISTRIES, INC.**  
**Balance Sheet**  
**as of December 31, 2013**

<u>ASSETS</u>		
	<u>2012</u>	<u>2013</u>
<b>Current Assets</b>		
Cash - Premier Bank	\$98,938.97	\$62,019.27
Petty Cash	\$100.00	200.00
Accounts Receivable	(130.00)	(172.55)
Undeposited Funds	2,997.70	2,890.60
Prepaid Expenses	<u>6,663.09</u>	<u>4,799.84</u>
Total Current Assets	\$108,569.76	\$69,737.16
<b>Other Assets</b>		
Security Deposits	<u>1,264.69</u>	<u>1,264.69</u>
Total Other Assets	<u>1,264.69</u>	<u>1,264.69</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$109,834.45</u></u>	 <u><u>\$71,001.85</u></u>
 <u>LIABILITIES &amp; EQUITY</u>		
<b>Current Liabilities</b>		
Accounts Payable	\$6,434.78	\$7,775.32
Other Current Liabilities		
Deferred Fashion Shoe Revenue	17,590.00	14,000.00
Payroll Liability	223.18	0.00
Fund for Training	-	174.05
Deferred Grant Funding	-	10,000.00
Scholarship Fund	<u>279.50</u>	<u>119.50</u>
Total Other Current Liabilities	<u>18,092.68</u>	<u>24,293.55</u>
 <b>TOTAL LIABILITIES</b>	 <u><u>\$24,527.46</u></u>	 <u><u>\$32,068.87</u></u>
<b>Equity</b>		
Opening Balance Equity	\$9,988.85	\$9,988.85
Unrestricted Net Assets	49,862.17	74,552.58
Net Income (Loss)	<u>25,455.97</u>	<u>(45,608.45)</u>
Total Equity	<u><u>\$85,306.99</u></u>	<u><u>\$38,932.98</u></u>
 <b>TOTAL LIABILITIES &amp; EQUITY</b>	 <u><u>\$109,834.45</u></u>	 <u><u>\$ 71,001.85</u></u>

**RESTORATION PLACE MINISTRIES, INC.**  
**Profit and Loss**  
**January 2012 through December 2013**

	<u>2012</u>	<u>2013</u>	<u>TOTAL</u>
<b>Income</b>			
Earned Income (Counseling Fees)	\$ 155,567.35	\$ 205,950.91	\$ 361,518.26
Grants	63,800.00	1,700.00	65,500.00
Corporate Contributions	1,300.00	33,076.85	34,376.85
Individual Contributions	39,704.50	31,419.95	71,124.45
Autobell Carwash Ticket Sales	11,265.00	11,775.00	23,040.00
Table 18 Fundraiser	-	13,035.00	13,035.00
Fashion Show Income	68,608.52	126,804.00	195,212.52
Restricted Income	-	3,967.95	3,967.95
Interest	-	-	0.00
Miscellaneous Income	1,359.71	2,249.02	3,608.73
Bad Debt	<u>(1,025.00)</u>	<u>(443.50)</u>	<u>(1,468.50)</u>
<b>Total Income</b>	<b>340,580.08</b>	<b>429,335.18</b>	<b>769,915.26</b>
<b>Expenses</b>			
<b>Operations / Administrative</b>			
Accounting Fees	2,825.00	2,800.00	5,625.00
Bank Service Fee	-	75.00	75.00
Computer Software	212.19	1,512.62	1,724.81
Computer Hardware	1,197.12	76.73	1,273.85
Consultants/Grant Writing	5,574.68	5,291.17	10,865.85
Electricity/Utilities	-	-	-
Legal Fees	-	26.00	26.00
Liability Insurance	2,261.74	1,684.34	3,946.08
Licenses	100.00	105.00	205.00
Mileage Reimbursement	-	374.59	374.59
Office Equipment & Furniture	3,611.56	7,242.88	10,854.44
Office Supplies	2,160.48	2,724.68	4,885.16
Postage, Mailing Service	899.11	1,209.38	2,108.49
P.O. Box Rental	76.00	88.00	166.00
Telephone / Computer Lines	1,962.78	1,960.96	3,923.74
Rent	16,229.64	20,436.80	36,666.44
Copying	1,370.22	1,512.19	2,882.41
Online Donation Fee	221.51	200.99	422.50
Online Payment Fee	12.17	685.32	697.49
Workers Comp Insurance	801.18	1,605.04	2,406.22
Operations / Administrative - Other	-	-	-
<b>Total Operations / Administrative</b>	<b>39,517.38</b>	<b>49,611.69</b>	
<b>Marketing/Promotion of Services</b>			
Website	-	5.00	5.00
Domain Name/Web Hosting	300.00	284.60	584.60
Advertising	4,659.96	4,067.12	8,727.08
Graphic Design Services	-	900.00	
Printing (stationary)	1,322.86	1,101.52	2,424.38

Other	249.78	363.06	612.84
Trade Shows, Open House, Etc.	209.44	455.28	664.72
Fashion Show Fundraiser		-	-
Total Marketing/Promotion of Services	6,742.04		7,176.58
Fundraising/Events			
Auto Bell Fundraiser	5,654.88	5,887.50	
Fashion Show Fundraiser	17,802.78	29,798.86	
Table 16 Fundraiser	-	4,231.81	
Total Fundraising/Events	23,457.66		39,918.17
Employee Retirement Contributions	700.00	-	700.00
Health Insurance	2,205.92	-	2,205.92
Medicare	3,171.49	4,982.75	8,154.24
F.I.C.A.	13,560.86	21,306.50	34,866.36
Executive Director Payroll	53,011.85	58,761.57	111,773.42
Development Director	14,996.19	37,463.28	52,459.45
Administrative Assistant Payroll	22,057.84	30,615.51	52,673.35
Counselor Payroll	89,865.02	196,561.84	286,426.86
Clinical Supervisor Payroll	15,107.57	21,833.32	36,940.89
Clinical Administrator	27,689.13	-	27,689.13
Payroll Fees	899.35	207.63	1,106.98
Total Payroll Expenses	243,265.22		371,731.38
Staff Development			
Resource (Books/Subs) Material	315.21	521.61	836.82
Travel Expenses	-	-	-
Program/Other Supplies	144.45	81.52	225.97
Memberships & Dues	219.00	289.00	508.00
Staff Dev/CEU Training	450.46	4,333.86	4,784.32
Counselor Licensure Expenses	-	400.00	400.00
Total Staff Development	1,129.12		5,625.99
Miscellaneous Expense	646.15		792.54
Strategic Planning	366.54		57.28
			-
<b>Total Expenses</b>	<u>291,666.45</u>	<u>474,943.63</u>	<u>766,610.08</u>
<b>Net Income</b>	<u>48,913.63</u>	<u>(46,608.45)</u>	<u>3,305.18</u>

## Exhibit A

**RESTORATION PLACE MINISTRIES, INC.**  
**Statement of Financial Position**  
**Years Ended December 31, 2012 & 2013**

	<b>ASSETS</b>	<b><u>2012</u></b>	<b><u>2013</u></b>
<b>Current Assets:</b>			
Cash and Cash Equivalents		\$ 99,039	\$ 62,219
Accounts Receivable		(130)	(172)
Undeposited Funds		2,998	2,890
Prepaid Expenses		<u>6,663</u>	<u>4,800</u>
Total Current Assets		<u>108,570</u>	<u>69,737</u>
<b>Other Assets</b>			
Security Deposits		<u>1,265</u>	<u>1,265</u>
<b>TOTAL ASSETS</b>		<b><u>\$109,835</u></b>	<b><u>\$ 71,002</u></b>
<b>LIABILITIES &amp; NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts Payable		\$6,435	\$7,775
Deferred Fashion Show Revenue		17,590	14,000
Other Current Liabilities		<u>503</u>	10293
Total Current Liabilities		<u>24,528</u>	<u>32,068</u>
<b>Equity</b>			
Opening Balance Equity		9,989	9,989
Unrestricted		49,862	70,585
Temporarily Restricted		-	3,968
Net Income		<u>25,456</u>	<u>(45,608)</u>
		<u>85,307</u>	<u>38,934</u>
<b>TOTAL NET ASSETS (Exhibit B)</b>		<b><u>\$109,835</u></b>	<b><u>\$ 71,002</u></b>

**RESTORATION PLACE MINISTRIES, INC.**  
**Statement of Activities and Changes in Net Assets**  
**For Years Ended December 31, 2012 & 2013**

	2013		2012	
	Unrestricted	Temporarily Restricted	TOTAL	TOTAL
Revenues:				
Counseling Fees	\$205,951	\$ -	\$205,951	\$155,567
Contributions	64,497	-	64,497	41,005
Fund-raising	151,414	-	151,414	79,874
	<u>421,862</u>	<u>-</u>	<u>421,862</u>	<u>276,446</u>
Total Revenues				
Expenses:				
Programs	49,612	-	49,612	39,517
Administrative	411,083	-	411,083	203,245
Total Expenses	<u>460,695</u>	<u>-</u>	<u>460,695</u>	<u>242,762</u>
Change in Net Assets	(38,833)	-	(38,833)	33,684
Net assets at the beginning of the year	<u>109,835</u>	<u>-</u>	<u>109,835</u>	<u>76,151</u>
Net assets - end of year (To Exhibit A)	<u>\$ 71,002</u>	<u>\$ -</u>	<u>\$ 71,002</u>	<u>\$ 109,835</u>

**RESTORATION PLACE MINISTRIES, INC.**  
**Statement of Functional Expenses**  
**Years Ended December 31, 2012 & 2013**

	<u>Program</u> <u>Services</u>	<u>Fund-</u> <u>Raising</u>	<u>Administrative</u>	<u>Total</u>	<u>2012</u>
Salaries and Wages	\$258,927	\$ -	\$ 86,309	\$345,236	\$183,607
Employee Benefits	-	-	-	-	700
Payroll Taxes	19,716	-	6,572	26,288	16,732
Health Insurance	-	-	-	-	2,206
<b>Total Salaries and Related Expenses</b>	<u>278,643</u>	<u>-</u>	<u>92,881</u>	<u>371,524</u>	<u>203,245</u>
Rent	16,328	-	5,109	20,437	16,230
Postage	907	-	302	1,209	899
Post Office Box Rental	66	-	22	88	78
Legal Fees	20	-	6	26	-
Insurance	1,264	-	421	1,685	2,262
Travel	-	-	-	-	-
Staff Development	3,251	-	1,083	4,334	450
Office Supplies	10,470	-	3,490	13,960	8,465
Licenses and Fees	79	-	26	105	100
Dues	217	-	72	289	219
Resource Books	392	-	130	522	315
Computer Software, Website	3,541	-	1,180	4,721	3,906
Bank Fees and Finance Charges	-	-	-	-	-
Auto Bell Fundraiser	4,416	1,472	-	5,888	5,655
Fashion Show Fundraiser	22,349	7,450	-	29,799	-
Table 16 Fundraiser	3,174	1,058	-	4,232	-
Miscellaneous	1,407	-	469	1,876	938
<b>Total Functional Expenses</b>	<u>\$345,524</u>	<u>\$9,980</u>	<u>\$105,191</u>	<u>\$460,695</u>	<u>\$242,762</u>

**RESTORATION PLACE MINISTRIES, INC.**  
**Statement of Cash Flow**  
**Years Ended December 31, 2012 & 2013**

	<u>2012</u>	<u>2013</u>
Cash flow from operating activities:		
Change in net assets	\$ 33,684	\$(38,833)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase), decrease in:		
Accounts Receivable	-	-
Security Deposits	-	-
Net cash provided by operating activities	<u>\$33,684</u>	<u>\$(38,833)</u>
Net increase in cash and cash equivalents	\$33,684	\$(38,833)
Cash and cash equivalents, beginning of year	<u>74,886</u>	<u>108,570</u>
Cash and cash equivalents, end of year	<u>\$108,570</u>	<u>\$69,737</u>

**RESTORATION PLACE MINISTRIES, INC.**  
**Budget Vs. Actual**  
**Year Ended December 31, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance (Over) Under</u>
Salaries	\$313,470	\$345,236	\$ (31,766)
Payroll Taxes	23,970	26,288	(2,318)
Federal & State Taxes	-	-	-
Employee Retirement Contributions	-	-	-
Health Insurance	-	-	-
Miscellaneous	1,000	793	207
Total Salaries and Related Expenses	<u>338,440</u>	<u>372,317</u>	<u>(33,877)</u>
Accountant Fee	3,000	2,800	200
Bank Fees	-	75	(75)
Computer Hardware; Software	4,775	1,589	3,186
Consultants/Grant Writing	4,200	5,291	(1,091)
Contractor (PT Counselor)	-	-	-
Legal Fees	500	26	474
Liability Insurance	2,072	1,684	388
Licenses	100	105	(5)
Office Furniture/Equipment	3,500	7,243	(3,743)
Office Supplies	2,500	2,725	(225)
Postage	1,200	1,209	(9)
PO Box	80	88	(8)
Rent	22,578	20,437	2,141
Advertising	4,000	4,067	(67)
Printing	3,000	1,102	1,898
Website/Web Housing	150	5	145
Workers Comp. Insurance	1,200	1,605	(405)
Auto Belt Fundraiser	5,000	5,888	(888)
Fashion Show Fundraiser	26,411	29,799	(3,388)
Resource Materials	500	522	500
Program/Other Supplies	150	82	68
Travel Expenses	-	-	-
Membership Dues	250	289	(39)
Continuing Education	500	4,334	(3,834)
Other	2,700	793	1,907
Total Expenses	<u>426,806</u>	<u>464,075</u>	<u>(36,747)</u>

**RESTORATION PLACE MINISTRIES, INC.**  
**Notes to Financial Statements**  
**December 31 2012 & 2013**

1. Significant Accounting Policies and Practices

- (a) Nature of Operations – Restoration Place Ministries, Inc. (the "Organization") is a North Carolina nonprofit corporation chartered in 2005. Its purpose is to provide Christ-centered counseling, teaching and training for women in Greensboro, North Carolina and the surrounding areas.
- (b) Basis of Presentation – The Organization has adopted Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-For-Profit Organizations*. SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories, according to externally (donor) imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The financial statements of the Organization have been prepared on the cash basis.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- (b1) Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations and are available for the support of the Organization's operating activities.
- (b2) Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. As of December 31, 2012, there were no restrictions.
- (b3) Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization currently does not have any net assets classified as permanently restricted net assets.

The Organization follows SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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 statement of activities and changes in net assets as net assets released from restrictions.

- (c) Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization includes all cash on hand and amounts in banks, and investments which are not subject to withdrawal restrictions or penalties, and all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.
- (d) Accounts Receivable – The Organization records contributions and accounts receivable at total unpaid balances, which approximates estimated fair value as of December 31, 2013 less any allowance for doubtful accounts. The Organization determines past due status of individual receivables based on the contractual terms of the original grant agreement, pledge commitment or invoice, and normally does not charge interest on overdue accounts. The Organization estimates its allowance for doubtful accounts based on a combination of factors, in-

cluding the Organization's historical loss experience and any anticipated effects related to current economic conditions, as well as management's knowledge of the current composition of receivables. Receivables that management believes to be ultimately not collectible are written off upon such determination. The Organization considers accounts receivable to be fully collectible at December 31, 2013.

- (e) Functional Classification of Expenses - The Organization allocates its expenses on a functional basis between programs, fund-raising and administrative expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.
- (f) 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.
- (g) Tax Status - The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. Contributions to the Organization are tax deductible by the donor.

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2011.

- (h) Donated Services and Materials - A substantial number of volunteers have donated a significant amount of time to the Organization's operations and program services. Contributed services that create or enhance non-financial assets or require specialized skills and that are provided by individuals possessing those skills will be recognized as support. No amounts have been reflected to the accompanying financial statements for contributed services since the requirements for recognition were not met. Donated materials are reflected as in-kind contributions in the accompanying financial statements at their estimated fair market value at date of receipt.
- (i) Recently Issued Accounting Pronouncements - The Financial Accounting Standards Board ("FASB") has issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* - an interpretation of FASB Statement No. 109 ("FIN 48"). The Organization has elected to defer the application of FIN 48 as provided by FASB Staff Position (FSP) FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. FSP FIN 48-3 defers the effective date of FIN 48 for certain nonpublic enterprises, including nonpublic not-for-profit entities, to fiscal years beginning after December 15, 2008. The Organization has not determined the effect, if any, that the adoption of this pronouncement will have on its financial statements.

In August 2008, the FASB issued Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organization: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FSP FAS 117-1). FSP FAS 117-1 provides guidance on the net asset classification of donor-restricted funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FSP FAS 117-1 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA. The State of North Carolina enacted UPMIFA effective March 19, 2009, the provisions of which apply to endowment funds existing on or established after that date. The Organization has adopted FSP FAS 117-1 for the year ended December 31, 2009.

Interpretation of Relevant Law - At December 31, 2008, the Organization follows the Uniform

Management of Institutional Funds Act of 1972 (UMIFA) and its own governing documents. UMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UMIFA. The Organization's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

The Board of Directors of the Organization has interpreted the State of North Carolina's enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization will classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets will be classified as temporarily restricted net assets, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization will consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of the organization and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effects of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the organization
- g. The investment policies of the organization

As of the North Carolina adoption date of March 19, 2009, the Organization has determined that there will be no significant effects on its financial statements related to UPMIFA.

## 2. Concentration of Credit Risks

The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. At December 31, 2011, the FDIC's coverage limit is \$250,000, which will be reduced to \$100,000 on January 1, 2014. Deposit accounts, at times, may exceed federally insured limits.

## 3. Operating Leases

The Organization leases space in Greensboro, North Carolina. Monthly payments, including utilities, are \$1,921.35 for three spaces until June 1, 2014 when the monthly rate goes to \$1,959.78. On June 1, 2015 the monthly rent becomes \$1,998.98, the third year of the three Year lease.

## 4. Name Change

In January of 2014 the Organization's name was changed to Restoration Place Counseling, to more accurately reflect the services provided.