

RESCUE OUTREACH MISSION OF SANFORD, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rescue Outreach Mission of Sanford, Inc.
Sanford, Florida

We have audited the accompanying statement of financial position of the Rescue Outreach Mission of Sanford, Inc. (the "Mission"), a nonprofit organization, as of December 31, 2010 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Mission'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 about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mission's internal control over financial reporting. Accordingly, we express no such opinion. 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 the Mission as of December 31, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Greene Dycus & Co.

Professional Association
Certified Public Accountants
Sanford, Florida
May 25, 2011

RESCUE OUTREACH MISSION OF SANFORD, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

Current Assets

Cash and cash equivalents - unrestricted	\$ 220,633
Grants and accounts receivable	21,808
Other assets	<u>2,166</u>
Total current assets	<u>244,607</u>

Property and Equipment

Land	128,259
Building and improvements	1,133,769
Equipment	<u>135,488</u>
	1,397,516
Less accumulated depreciation	<u>(356,559)</u>
Net property and equipment	<u>1,040,957</u>
Total assets	<u><u>\$ 1,285,564</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	<u>\$ 3,232</u>
Total liabilities	<u>3,232</u>

Net Assets

Unrestricted	<u>1,282,332</u>
Total liabilities and net assets	<u><u>\$ 1,285,564</u></u>

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

**RESCUE OUTREACH MISSION OF SANFORD, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Support and Revenue			
United Way	\$ 150,846	\$ -	\$ 150,846
Public support and other income	224,340		224,340
Special events, net of costs of \$26,593	50,777	-	50,777
Other grants	126,622	-	126,622
Shelter fees	25,956	-	25,956
Other revenue	473	-	473
Net assets released from restrictions	10,000	(10,000)	-
	<u>589,014</u>	<u>(10,000)</u>	<u>579,014</u>
Total support and revenue			
Expenses			
Program services:			
Shelter	290,994	-	290,994
Meals	138,866	-	138,866
Pathways	53,922	-	53,922
Support services:			
Management and General	108,664	-	108,664
Fundraising	33,017	-	33,017
	<u>625,463</u>	<u>-</u>	<u>625,463</u>
Total expenses			
Change in net assets	(36,449)	(10,000)	(46,449)
Net assets beginning of year	<u>1,318,781</u>	<u>10,000</u>	<u>1,328,781</u>
Net assets end of year	<u>\$ 1,282,332</u>	<u>\$ -</u>	<u>\$ 1,282,332</u>

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

RESCUE OUTREACH MISSION OF SANFORD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Program Services			Support Services		Total
	Shelter	Meals	Pathways	Management & General	Fund-raising	
Personnel costs	\$ 148,133	\$ 69,091	\$ 28,730	\$ 52,486	\$ 19,341	\$ 317,781
Food costs	-	24,251	-	-	-	24,251
Insurance	10,764	4,485	-	1,794	897	17,940
Repairs and maintenance	19,492	6,498	3,249	3,249	-	32,488
Subcontract costs	13,416	-	-	3,125	3,495	20,036
Utilities	24,799	11,272	2,254	6,763	-	45,088
Depreciation	32,262	10,754	5,377	5,377	-	53,770
Professional fees	-	-	-	20,971	6,991	27,962
Equipment lease	2,091	1,046	-	7,318	-	10,455
Travel	1,637	682	-	273	136	2,728
Other office expense	16,651	8,325	3,331	3,331	1,665	33,303
Other program costs	16,825	-	9,996	2,992	-	29,813
Telephone	4,924	2,462	985	985	492	9,848
Total expenses	\$ 290,994	\$ 138,866	\$ 53,922	\$ 108,664	\$ 33,017	\$ 625,463

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

**RESCUE OUTREACH MISSION OF SANFORD, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (46,449)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	53,770
Changes in operating assets and liabilities:	
Grants and accounts receivable	(7,438)
Other assets	1,002
Accounts payable	(1,573)
Accrued payroll	-
Net cash used by operating activities	<u>(688)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(4,861)</u>
Net cash used in investing activities	<u>(4,861)</u>

Net decrease in cash and cash equivalents	(5,549)
Cash at beginning of year	<u>226,182</u>
Cash at end of year	<u><u>\$ 220,633</u></u>

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

RESCUE OUTREACH MISSION OF SANFORD, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 1 – NATURE OF ACTIVITIES

Rescue Outreach Mission of Sanford, Inc. (the “Mission”) is incorporated under the laws of the State of Florida as a not-for-profit organization to provide food, temporary shelter, transitional housing and guidance to homeless and needy individuals. The Mission is supported primarily through donor contributions, grants and the United Way.

The Mission’s program “Opportunities and Hope” provides temporary shelter and transitional housing for a fee based upon ability to pay. The Mission provided shelter for 376 people during 2010. The Mission provided a total of 27,375 bed nights. The Mission’s program “Loaves and Fishes” provides 3 meals a day for shelter residents and 2 meals for local citizens. During 2010 approximately 65,000 meals were served. In addition approximately 400 bags of food were provided to needy recipients.

Pathways to Home, a new program at the Mission, is designed to help families recover from homelessness and attain self-sufficiency and sustainability. The Pathways to Home program guides each family in becoming productive neighbors in the community. In 2010, the Mission helped five families move into homes and become self-sufficient. Clients, who successfully enter and complete the program, are provided one full year of extended case management after moving into a Pathways to Home house.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Mission prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

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 Mission is required to report information regarding its financial position & activities according to three (3) classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Mission has no permanently restricted net assets.

RESCUE OUTREACH MISSION OF SANFORD, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributions and Support

Contributions and support received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other 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 as net assets released from restrictions.

Equipment and Buildings

Property and equipment additions are recorded at cost, or market value if donated. Gifts of long-lived assets are reported as property and equipment on the Statement of Financial Position and as unrestricted revenue on the Statement of Activities and Changes in Net Assets. The Mission capitalizes property and equipment valued over \$500. Depreciation of equipment is computed using an accelerated method acceptable for income tax purposes; therefore, some assets may be depreciated faster than their economic useful lives. The building is depreciated over 39 years using the straight-line method.

Contributed property and equipment with donor restrictions on how long the assets must be used are recorded as restricted contributions. All other contributions of property and equipment are recorded as unrestricted contributions when the assets are placed in service.

Income Taxes

The Mission is a nonprofit organization recognized as tax exempt by the Internal Revenue Service under Section 501(c) (3).

Cash and Cash Equivalents

Cash equivalents include time deposits, savings accounts, and all highly liquid debt instruments with original maturities of three months or less.

RESCUE OUTREACH MISSION OF SANFORD, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Impairment

The Mission periodically reviews its long-lived assets to be held and used in operations for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets.

Estimates

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

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Grants and Accounts Receivable

Grants receivable consist of balances due for contractual services provided under contracts typically entered into with Federal, State and Local governments, but not paid as of the end of the accounting period. Accounts receivable consist of balances due for services rendered, to typically non-governmental entities and individuals, but not paid as of the end of the accounting period. Based upon an analysis of both history and past due receivables, it is management's opinion that no allowance for uncollectible accounts is necessary.

Subsequent Events

The Organization has evaluated subsequent events through May 25, 2011, the date which the financial statements were available to be issued.

RESCUE OUTREACH MISSION OF SANFORD, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 3 – DONATIONS OF SUPPLIES, SERVICES AND FACILITIES

The Organization has not recorded donated services for the year ended December 31, 2010. The estimated value of donated services is over approximately \$200,000. The Organization tracks volunteer hours based on a time reporting system and utilizes a best estimate of the market hourly rate, considering the type of services performed. Services provided by volunteers include volunteer board duties, fund raising, tutoring and mentoring services and shelter assistance such as cooking and housekeeping. These duties are performed by students, business and church volunteers and retirees. These functions are an integral part of the Organization's operations, and are necessary to meet program goals. In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, these services are excluded from the financial statements, as the positions are not funded under current grant agreements, and unrestricted contributions are insufficient to pay for such services.

The Organization also received property and equipment with an approximate value of \$500. These donations have been recorded by the Organization as revenue and property and equipment. In addition the Organization receives a significant amount of donations of food, clothing, electronics and household items that are disbursed to the community.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

At times, temporarily restricted net assets include funds advanced but not spent, related to 2010 program services.

NOTE 5 – CONCENTRATION RISK

Revenue to support the Organization's programs is received primarily from U.S. and local government grants and awards, and accounts for more than 50% of total revenues. Thus, the Organization is subject to changes in government policy and funding allocations. In the event these entities discontinue funding these programs, the Organization would have a difficult time achieving current program goals.

Support is received primarily from foundations, businesses, churches, grants and individuals located in the Central Florida area. As a result, continued contributions may be affected by the economy of this region.

At December 31, 2010, cash on deposit with one commercial bank in Florida was approximately \$230,000. The cash on deposit is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

RESCUE OUTREACH MISSION OF SANFORD, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 6 – OTHER ITEMS

The Organization received HUD/CDBG funds in the prior year for the express purpose to renovate and improve portions of their facilities. The “restrictive use covenant” of the agreement requires that the facilities being improved must be used for affordable housing purposes for a period through June 30, 2022.