

**Rescue Outreach Mission of Sanford, Inc.  
Financial Statements  
December 31, 2009**

## Table of Contents

|   |   |
|---|---|
| Independent Auditors' Report.....                       | 1 |
| Statement of Financial Position.....                    | 2 |
| Statement of Activities and Changes in Net Assets ..... | 3 |
| Statement of Functional Expenses.....                   | 4 |
| Statement of Cash Flows .....                           | 5 |
| Notes to the Financial Statements .....                 | 6 |

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Greene, Dycus & Co., P.A. Certified Public Accountants

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Member: Florida Institute of Certified Public Accountants

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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, 2009 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, 2009 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  
March 31, 2010

**RESCUE OUTREACH MISSION OF SANFORD, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2009**

**ASSETS**

|  |                     |
|--|---------------------|
| <b>Current Assets</b>                    |                     |
| Cash and cash equivalents - unrestricted | \$ 216,182          |
| Cash and cash equivalents - restricted   | 10,000              |
| Total Cash                               | <u>226,182</u>      |
| Grants and accounts receivable           | 14,370              |
| Other assets                             | 3,168               |
| Total current assets                     | <u>243,720</u>      |
| <br><b>Property and Equipment</b>        |                     |
| Land                                     | 128,259             |
| Building and improvements                | 1,133,769           |
| Equipment                                | 130,627             |
|  | <u>1,392,655</u>    |
| Less accumulated depreciation            | <u>(302,789)</u>    |
| Net property and equipment               | <u>1,089,866</u>    |
| Total assets                             | <u>\$ 1,333,586</u> |

**LIABILITIES AND NET ASSETS**

|                                  |                     |
|----------------------------------|---------------------|
| <b>Liabilities</b>               |                     |
| Accounts payable                 | \$ 4,805            |
| Total liabilities                | <u>4,805</u>        |
| <br><b>Net Assets</b>            |                     |
| Unrestricted                     | 1,318,781           |
| Temporarily restricted           | 10,000              |
| Total net assets                 | <u>1,328,781</u>    |
| Total liabilities and net assets | <u>\$ 1,333,586</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, 2009**

|  | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u>        |
|--|---------------------|-------------------|---------------------|
| <b>Support and Revenue</b>               |                     |                   |                     |
| United Way                               | \$ 124,883          | \$ -              | \$ 124,883          |
| Public support and other income          | 227,699             | 10,000            | 237,699             |
| Special events, net of costs of \$14,388 | 38,102              | -                 | 38,102              |
| Other grants                             | 48,887              | -                 | 48,887              |
| Shelter fees                             | 19,019              | -                 | 19,019              |
| Other revenue                            | 253                 | -                 | 253                 |
| Net assets released from restrictions    | 2,000               | (2,000)           | -                   |
|  | <u>460,843</u>      | <u>8,000</u>      | <u>468,843</u>      |
| <b>Expenses</b>                          |                     |                   |                     |
| Program services:                        |                     |                   |                     |
| Shelter                                  | 338,080             | -                 | 338,080             |
| Meals                                    | 98,311              | -                 | 98,311              |
| Support services:                        |                     |                   |                     |
| Management and General                   | 106,423             | -                 | 106,423             |
| Fundraising                              | 29,972              | -                 | 29,972              |
|  | <u>572,786</u>      | <u>-</u>          | <u>572,786</u>      |
| Change in net assets                     | (111,943)           | 8,000             | (103,943)           |
| Net assets beginning of year             | <u>1,430,724</u>    | <u>2,000</u>      | <u>1,432,724</u>    |
| Net assets end of year                   | <u>\$ 1,318,781</u> | <u>\$ 10,000</u>  | <u>\$ 1,328,781</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, 2009**

|                         | <u>Program Services</u> |                  | <u>Support Services</u>             |                    | <u>Total</u>      |
|-------------------------|-------------------------|------------------|-------------------------------------|--------------------|-------------------|
|                         | <u>Shelter</u>          | <u>Meals</u>     | <u>Management &amp;<br/>General</u> | <u>Fundraising</u> |                   |
| Personnel costs         | \$ 206,266              | \$ 45,769        | \$ 47,497                           | \$ 18,803          | \$ 318,335        |
| Food costs              | -                       | 25,098           | -                                   | -                  | 25,098            |
| Insurance               | 16,423                  | -                | 6,898                               | -                  | 23,321            |
| Repairs and maintenance | 17,518                  | 2,190            | 2,190                               | -                  | 21,898            |
| Subcontract costs       | 6,613                   | -                | 3,125                               | 3,313              | 13,051            |
| Utilities               | 30,414                  | 7,386            | 5,648                               | -                  | 43,448            |
| Depreciation            | 41,886                  | 11,967           | 5,271                               | -                  | 59,124            |
| Professional fees       | -                       | -                | 12,375                              | -                  | 12,375            |
| Equipment lease         | -                       | -                | 6,042                               | -                  | 6,042             |
| Travel                  | 1,645                   | 822              | 1,200                               | 1,032              | 4,699             |
| Other office expense    | 5,520                   | 1,104            | 9,710                               | 4,668              | 21,002            |
| Other program costs     | 9,639                   | 3,975            | -                                   | -                  | 13,614            |
| Telephone               | 2,156                   | -                | 6,467                               | 2,156              | 10,779            |
| <br>                    |                         |                  |                                     |                    |                   |
| Total expenses          | <u>\$ 338,080</u>       | <u>\$ 98,311</u> | <u>\$ 106,423</u>                   | <u>\$ 29,972</u>   | <u>\$ 572,786</u> |

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, 2009**

|   |                          |
|---|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                          |
| Change in net assets  | \$ (103,943)             |
| Adjustments to reconcile change in net assets to net cash used in operating activities: |                          |
| Depreciation  | 59,124                   |
| Changes in operating assets and liabilities:  |                          |
| Grants and accounts receivable  | 10,681                   |
| Other assets  | 2,700                    |
| Accounts payable  | (1,633)                  |
| Accrued payroll   | -                        |
| Net cash provided by operating activities   | <u>(33,071)</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                          |
| Purchase of property and equipment  | <u>(861)</u>             |
| Net cash used in investing activities   | <u>(861)</u>             |
| <br>  |                          |
| Net decrease in cash and cash equivalents   | (33,932)                 |
| <br>  |                          |
| Cash at beginning of year   | <u>260,114</u>           |
| <br>  |                          |
| Cash at end of year   | <u><u>\$ 226,182</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, 2009**

**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 409 people during 2009. The Mission provided a total of 13,812 bed nights. The Mission's program "Loaves and Fishes" provides 3 meals a day for shelter residence and 2 meals for local citizens. During 2009 approximately 70,000 meals were served. In addition approximately 120 bags of food were provided to needy recipients.

**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.

**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.

**RESCUE OUTREACH MISSION OF SANFORD, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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.

**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**

Based upon an analysis of both history and past due receivables, it is management's opinion that no allowance for uncollectible accounts is necessary.

**NOTE 3 – DONATIONS OF SUPPLIES, SERVICES AND FACILITIES**

The Mission receives sizable amounts of donated food and supplies. In addition, numerous individuals donate their services to the Mission. The Mission would likely not pay for such goods or services in the event they were no longer donated. Therefore, the value of these donations has not been recorded on the books of the Mission.

**NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS**

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

**RESCUE OUTREACH MISSION OF SANFORD, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**NOTE 5 – CONCENTRATION RISK**

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, 2009, cash on deposit with one commercial bank in Florida was approximately \$226,000. The cash on deposit is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

**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.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

The Organization utilized, through March 2006, an employee leasing company to provide payroll processing services. This Employee Leasing Company is under investigation by the Department of Treasury's, Internal Revenue Service-Tax Fraud Investigation Unit. The Organization has complied with a Subpoena for information. It is alleged that certain payroll taxes collected by the employee leasing organization have not been remitted to the U.S. Treasury. The ultimate amount of the un-remitted payroll tax is uncertain; as such no amount has been reflected in these financial statements for such a commitment.

In the ordinary course of business, the Organization may have various outstanding commitments and contingencies. One such contingency is that the Organization may be subject to a potential legal claim. While the ultimate effect of such claim cannot be ascertained at this time, management believes, that there will be no material effect on the Organization's financial position to cover any potential claim.