

Network of Community Ministries, Inc.

Financial Statements

December 31, 2008

Network of Community Ministries, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Network of Community Ministries, Inc.

We have audited the accompanying statement of financial position of Network of Community Ministries, Inc. (a nonprofit organization) as of December 31, 2008. This financial statement is the responsibility of the Organization's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

Because we were not engaged to audit the statements of activities, functional expenses, and cash flows, we did not extend our auditing procedures to enable us to express an opinion on results of operations and cash flows for the year ended December 31, 2008. Accordingly, we express no opinion on them.

In our opinion, the statement of financial condition referred to in the first paragraph presents fairly, in all material respects, the financial position of Network of Community Ministries, Inc. as of December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

Brosowski, Mares, Smothermon & Co., P.C.

Dallas, Texas
March 2, 2009

Network of Community Ministries, Inc.
Statement of Financial Position
For the Year Ended December 31, 2008

Assets	
Current assets:	
Cash and cash equivalents	\$ 406,784
Accounts receivable, less allowance of \$1,625	46,247
Inventory	69,499
Prepaid expenses	<u>7,148</u>
Total current assets	529,678
Furniture and equipment	7,798
Total assets	<u><u>\$ 537,476</u></u>

Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 13,136
Accrued liabilities	<u>4,608</u>
Total current liabilities/total liabilities	<u>17,744</u>
Net assets:	
Unrestricted net assets	360,193
Temporarily restricted net assets	<u>159,539</u>
Total net assets	519,732
Total liabilities and net assets	<u><u>\$ 537,476</u></u>

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

Network of Community Ministries, Inc.
Statement of Activities
For the Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains, and other support			
Contributions:			
Emergency services	\$ -	\$ 204,733	\$ 204,733
Network adolescent & children's clinic	-	16,342	16,342
Seniors' net	-	55,314	55,314
Trinity wellness	-	17,671	17,671
In-kind food donations	980,001	-	980,001
In-kind services	44,400	-	44,400
Others	386,240	-	386,240
Grants	2,800	-	2,800
Fund raising events	57,645	-	57,645
Interest	8,583	-	8,583
	<u>1,479,669</u>	<u>294,060</u>	<u>1,773,729</u>
Total revenues, gains, and other support			
Expenses			
Program services:			
Emergency services	1,253,521	112,626	1,366,147
Seniors' net	12,789	55,314	68,103
Wellness Clinic	(140)	17,671	17,531
Children's Clinic	47,234	16,342	63,576
Supporting services:			
Management and general	168,473	-	168,473
Fundraising	87,125	-	87,125
	<u>1,569,002</u>	<u>201,953</u>	<u>1,770,955</u>
Total expenses			
Change in net assets	(89,333)	92,107	2,774
Net assets at beginning of year	<u>449,526</u>	<u>67,432</u>	<u>516,958</u>
Net assets at end of year	<u>\$ 360,193</u>	<u>\$ 159,539</u>	<u>\$ 519,732</u>

Unaudited - see accompanying accountants' report

Network of Community Ministries, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2008

Operating activities	
Change in net assets	\$ 2,774
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,224
(Increase) decrease in operating assets:	
Grants receivable	29,058
Inventory	10,614
Prepaid expenses	(4,472)
Increase (decrease) in operating liabilities:	
Accounts payable	6,567
Accrued liabilities	<u>3,481</u>
Net cash provided by operating activities	<u>49,246</u>
Investing activities	
Purchases of equipment	<u>(3,313)</u>
Net cash used in investing activities	<u>(3,313)</u>
Net increase in cash and cash equivalents	45,933
Cash and cash equivalents as of beginning of year	360,851
Cash and cash equivalents as of end of year	<u><u>\$ 406,784</u></u>

Unaudited - see accompanying accountants' report

Network of Community Ministries, Inc.
Notes to Financial Statements
December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities -

The Network of Community Ministries, Inc. (the Organization) was founded in 1985. It is supported by businesses, individuals, and a coalition of religious, civic and social organizations. The Organization operates without reliance upon government funding and is not a United Way agency. The Organization's mission is caring, coaching, and empowering its neighbors in need for an improved quality of life.

This goal is accomplished by offering charitable assistance to persons in need, primarily in the Richardson Independent School District (RISD) area in North Texas and by alerting and educating the community on issues that affect those in need. The Organization provides food, medical and financial assistance, temporary shelter and other needs of its clients.

The Organization focuses its services on certain groups through four activities: General Emergency Services, Adolescent and Children's Clinic, Trinity Wellness Clinic, and Seniors' Net.

The Adolescent and Children's Clinic serves the health care needs of children of low-income working parents. The clinic serves families who cannot afford a private doctor, are not on Medicaid, and cannot take time off from work to spend the day at Parkland Hospital. The clinic is staffed by volunteer doctors and nurses, and there is no charge to the clients for these services.

The Trinity Wellness Clinic promotes health and active wellness by providing essential services at no charge for persons in need that are 55 years of age or older. The clinic closed in 2008. Clients are served at both the Organization's clinic and the Richardson Senior Center.

Seniors' Net provides multiple services for those ages 60 and over including financial counseling, friendly visitors, family support, home maintenance and other services. Citizens in the community volunteer to provide this service. The activity is led by a paid director.

Clients must meet eligibility and residence requirements, and must have identification.

The daily operations are governed by a board of directors which is comprised of pastors, members of the business community, educators, and professional people. There is a small paid staff and more than 500 volunteers.

Basis of Presentation -

The Organization 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.

Network of Community Ministries, Inc.
Notes to Financial Statements
December 31, 2008

Promises to Give -

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The allowance for unconditional promises to give for the year ended December 31, 2008 was \$1,625.

Donated Materials -

Contributions of donated noncash assets are recorded at their fair value in the period received. The Organization receives a substantial amount of donated materials consisting mostly of food.

Contributed Services -

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During the year ended December 31, 2008, the value of contributed services meeting the requirements for recognition in the financial statements was \$44,400. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in support services, program services and fund raising activities, but these services do not meet the criteria for recognition as contributed services. The Organization receives more than 47,000 volunteer hours per year.

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 -

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Inventory -

The Organization's inventory, which consists of food items, is valued at the lower of cost (first in, first out) or market.

Network of Community Ministries, Inc.
Notes to Financial Statements
December 31, 2008

Property and Equipment -

It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over 7 years.

Contributions -

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Income Taxes -

The Organization is a nonprofit organization operating under Section 501(c)(3) of the Internal Revenue Code, and is generally exempt from federal income taxes and, accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

NOTE 2 - FURNITURE AND EQUIPMENT

The following is a summary of furniture and equipment as of December 31, 2008:

Furniture and equipment	\$ 29,315
Less accumulated depreciation	(<u>21,517</u>)
Total	\$ <u>7,798</u>

Depreciation expense was \$1,224 for the year ending December 31, 2008.

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Emergency services	\$ <u>159,539</u>
Total temporarily restricted net assets	\$ <u>159,539</u>

Network of Community Ministries, Inc.
Notes to Financial Statements
December 31, 2008

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS (continued)

The Organization received monies from TXU which are only to be used for paying clients' energy bills. Certain other donations and grants are received for the separate programs and are restricted to use in those programs only. The Organization had no permanently restricted net assets at December 31, 2008. Temporarily restricted assets includes restricted cash for emergency services of \$46,292 of grant and contribution funds that were available at December 31, 2008 for utility assistance.

NOTE 4 - OPERATING LEASE COMMITMENT

The Organization leases its office and storage facilities under an operating lease expiring in 2009. Rent expense related to this lease was \$64,800 during 2008. The following is a schedule of estimated future minimum lease payments required on the lease:

<u>Year Ended</u> <u>December 31</u>	<u>Amount</u>
2009	\$48,600

NOTE 5 - FUNCTIONAL EXPENSES

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

NOTE 6 - ECONOMIC DEPENDENCY

The Organization is supported primarily through donor contributions and grants as well as fundraising activities.

The Company is dependent on future support and revenue in order to meet its obligations as they become due and continue its current level of operations. While no formal long-term arrangements exist, this support is expected to be received from external sources.