

Real Life Center, Inc.

Audited Financial Statements

December 31, 2009

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Real Life Center, Inc.
Tyrone, Georgia

We have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of the Real Life Center, Inc. as of December 31, 2009, and the related statement of revenues, expenses and changes in net assets – modified cash basis 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. 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.

As described in note B, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Real Life Center, Inc. as of December 31, 2009, and its support, revenue, and expenses for the year then ended, on the basis of accounting described in note B.

Higgins & Smith, LLC

Newnan, Georgia
February 22, 2010

Real Life Center, Inc.
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2009

ASSETS

CURRENT ASSETS		
Cash in bank	\$	149,971
Petty cash		250
TOTAL CURRENT ASSETS		<u>150,221</u>
PROPERTY AND EQUIPMENT		
Equipment		26,184
Trucks		8,828
Leasehold improvements		14,846
Less accumulated depreciation		<u>(38,658)</u>
TOTAL PROPERTY AND EQUIPMENT		<u>11,200</u>
	\$	<u>161,421</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll liabilities	\$	420
Sales tax and other liabilities		492
TOTAL CURRENT LIABILITIES		<u>912</u>
NET ASSETS		
Unrestricted net assets		<u>160,509</u>
	\$	<u>161,421</u>

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

Real Life Center, Inc.
Statement of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis
For the Year Ended December 31, 2009

Revenues	
Contributions	\$ 241,228
Noncash contributions	241,971
Grants	67,489
Store revenues	107,552
Interest income	582
Other	2,716
	<u>661,538</u>
Expenses	
Program	381,726
Administrative	181,159
Fundraising	16,184
Thrift store expenses	71,016
	<u>650,085</u>
Changes in unrestricted net assets	11,453
Unrestricted net assets, beginning of year	149,056
Unrestricted net assets, end of year	<u>\$ 160,509</u>

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

Real Life Center, Inc.
Notes to Financial Statements
For the year ended December 31, 2009

NOTE A – ORGANIZATION AND PURPOSE

The Real Life Center, Inc. (“The Center”) (a not-for-profit corporation) was incorporated on May 4, 1998. The Center was originally incorporated as Braelinn Community Services, Inc. It is an integrated auxiliary of Dogwood Church (formerly Braelinn Baptist Church). The Center is designed to provide help for people by giving them a means to cope with the financial, emotional, and spiritual hardships of life. The Center serves as a resource for those in need by connecting them to resources within the Center as well as other sources in the community.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company’s policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Financial statement presentation

Real Life Center has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS 117, the Center is required to report information regarding financial position and activity according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Currently, there are no permanently or temporarily restricted net assets. In addition, Real Life Center is not required to present a statement of cash flows.

Cash and cash equivalents

The Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contributions

The Center has also adopted 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. 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.

Noncash donations for the food pantry, daily bread, clothes closet and furniture barn are recorded at their estimated fair value. Gifts of items as a part of program expenses are recorded at their estimated fair value. During 2009, approximately \$240,000 of noncash contributions were received and subsequently given out as of part of the Center’s programs.

Real Life Center, Inc.
Notes to Financial Statements
For the year ended December 31, 2009

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property and Equipment

Property and equipment are recorded at acquisition cost, including costs necessary to get the asset ready for its intended use. Donated property is recorded at fair market value at the date of the gift. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets, from 3 to 15 years.

Income Taxes

Real Life Center, Inc. has received exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Center is an integrated auxiliary of Dogwood Church (formerly Braelinn Baptist Church) and exempt from filing an annual information return (Form 990) with the Internal Revenue Service.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Advertising

The Center expenses advertising costs as they are incurred. The total advertising expense for the year ended December 31, 2009 was approximately \$7,800.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Office and warehouse equipment	\$26,184
Trucks	8,828
Leasehold improvements	<u>14,846</u>
	49,858
Less accumulated depreciation	<u>(38,658)</u>
Property and equipment, net	<u>\$11,200</u>

Depreciation expense for the year ended December 31, 2009 was \$6,845.

Real Life Center, Inc.
Notes to Financial Statements
For the year ended December 31, 2009

NOTE D – TRANSACTIONS WITH DOGWOOD CHURCH

The Center is an integrated auxiliary with Dogwood Church. An integrated auxiliary is defined by the IRS as an organization that is affiliated with a church and is considered a public charity.

During 2009, the Center had numerous transactions with Dogwood Church. The Center received approximately \$143,000 in contributions from the church. Of these contributions, approximately \$58,000 were expenses incurred by the Center paid for directly by Dogwood Church. At December 31, 2009, the Center had payroll liabilities of \$420 due to Dogwood Church.

NOTE E – RESTRICTED CONTRIBUTIONS

During 2009, the Center received four restricted grants.

In April, the Center received \$5,000 from the Community Foundation for Greater Atlanta, Inc. This grant was to support mortgage assistance and financial counseling programs. The grant's restrictions were met during 2009.

In February, the Center received \$7,500 the Coweta-Fayette Trust. This grant was to support emergency assistance programs. The grant's restrictions were met during 2009.

Also in 2009, the Center received two restricted grants from United Way of Metropolitan Atlanta. The Center received a \$10,000 Critical Needs Grant and \$9,000 Community Impact Grant. The Critical Needs Grant was to support rent and utility assistance programs. The Community Impact Grant was to support low income families. The grants' restrictions were met during 2009.

NOTE F – LEASES

During 2009, the Center leased two locations, the Real Life Center and the Real Life Store. Total rent expense for the two locations was \$72,886. Future minimum leases payments under the leases are as follows:

2009	\$51,800
2010	<u>27,500</u>
	<u>\$79,300</u>

Real Life Center, Inc.
Notes to Financial Statements
For the year ended December 31, 2009

NOTE G – CONCENTRATIONS

The Center receives the majority of its revenue from Dogwood Church and individuals in Fayette County, Georgia. Any change in the economic conditions of this area could adversely impact operations of the Center.

NOTE H – FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses and change in net assets. The following schedule provides additional information regarding these classifications.

	Programs	Administrative	Fundraising	Thrift Store	Total
Payroll expenses	\$ 35,228	\$ 97,553	\$ 16,184	\$ 23,012	\$ 171,977
Depreciation	-	3,285	-	3,560	6,845
Licenses and permits	-	30	-	130	160
Contract labor	-	-	-	190	190
Bank fees	-	-	-	2,033	2,033
Professional fees	-	4,416	-	-	4,416
Training	-	222	-	-	222
Recognition	-	1,813	-	55	1,868
Auto & Truck	-	965	-	-	965
Cleaning and maintenance	-	3,915	-	957	4,872
Advertising	-	7,245	-	514	7,759
Rent	-	42,886	-	30,000	72,886
Supplies	-	7,101	-	2,290	9,391
Utilities	-	9,967	-	8,090	18,057
Miscellaneous	-	1,761	-	185	1,946
Financial aid	106,755	-	-	-	106,755
Gift cards - noncash	3,858	-	-	-	3,858
Food pantry - noncash	124,876	-	-	-	124,876
Clothes closet - noncash	76,009	-	-	-	76,009
Daily bread - noncash	27,180	-	-	-	27,180
Furniture barn - noncash	7,820	-	-	-	7,820
	<u>\$ 381,726</u>	<u>\$ 181,159</u>	<u>\$ 16,184</u>	<u>\$ 71,016</u>	<u>\$ 650,085</u>