

**SOMEBODY CARES AMERICA, INC.**

Houston, Texas

Financial Statements

December 31, 2010 and 2009

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Financial Statements  
December 31, 2010 and 2009

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*Ratloff & Associates, P.C.*  
*Certified Public Accountants*

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors,  
Somebody Cares America, Inc.

We have reviewed the accompanying statements of financial position of Somebody Cares America, Inc. (a Texas not-for-profit corporation) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Somebody Cares America, Inc.

A review consists principally of inquiries of Ministry personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Ratloff & Associates, P.C.*

May 13, 2011

**SOMEBODY CARES AMERICA, INC.**  
Statement of Financial Position  
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 34,498	\$ 15,052
Accounts receivable - affiliate	25	25
Inventory	<u>5,717</u>	<u>6,953</u>
Total current assets	<u>40,240</u>	<u>22,030</u>
Property and Equipment		
Equipment	26,859	26,859
Vehicles	15,700	15,700
Less: accumulated depreciation	<u>(24,145)</u>	<u>(15,633)</u>
Net property and equipment	<u>18,414</u>	<u>26,926</u>
Total Assets	<u>\$ 58,654</u>	<u>\$ 48,956</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 15,525	\$ 2,013
Notes payable	<u>-</u>	<u>5,000</u>
Total liabilities	<u>15,525</u>	<u>7,013</u>
Net Assets		
Unrestricted	<u>43,129</u>	<u>41,943</u>
Total net assets	<u>43,129</u>	<u>41,943</u>
Total Liabilities and Net Assets	<u>\$ 58,654</u>	<u>\$ 48,956</u>

*See the accompanying notes and accountants' report.*

**SOMEBODY CARES AMERICA, INC.**  
**Statements of Activities**  
**For the Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Change in Unrestricted Net Assets:</b>		
Unrestricted Revenues:		
Contributions	\$ 450,397	\$ 289,851
Non-cash contributions	60,992	57,146
Conference and seminar fees	2,020	5,041
Other revenues	5,600	6,867
Temporarily restricted net assets released	<u>-</u>	<u>7,000</u>
Total unrestricted revenues	<u>519,009</u>	<u>365,905</u>
Program Expenses:		
Crisis and Disaster Relief Services:		
Relief assistance	226,640	164,395
Chapter support and assistance	57,348	59,786
Conferences and seminars	64,965	76,336
Community outreach	56,656	42,107
Missions, benevolence and support to other organizations	13,235	652,327
Support Services:		
Fund raising	50,417	19,072
General and administrative	<u>48,562</u>	<u>115,122</u>
Total operating expenses	<u>517,823</u>	<u>1,129,145</u>
Other expenses		
Loss on sale of asset	<u>-</u>	<u>-</u>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<u>1,186</u>	<u>(763,240)</u>
<b>Change in Temporarily Restricted Net Assets</b>		
Contributions for designated programs	-	-
Temporarily restricted net assets released	<u>-</u>	<u>(7,000)</u>
Net decrease in temporarily restricted net assets	<u>-</u>	<u>(7,000)</u>
<b>Increase (Decrease) in Net Assets</b>	1,186	(770,240)
Net Assets at Beginning of Year	<u>41,943</u>	<u>812,183</u>
Net Assets at End of Year	<u>\$ 43,129</u>	<u>\$ 41,943</u>

*See the accompanying notes and accountants' report.*

**SOMEBODY CARES AMERICA, INC.**  
 Statements of Cash Flows  
 For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Cash Flows from Operating Activities</b>		
Contributions received	\$ 450,397	\$ 349,882
Cash paid for operations and programs	(433,571)	(500,663)
Cash received from other income	<u>7,620</u>	<u>11,908</u>
Net cash provided (utilized) by operating activities	<u>24,446</u>	<u>(138,873)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from note payable	<u>(5,000)</u>	<u>5,000</u>
Net cash utilized by financing activities	<u>(5,000)</u>	<u>5,000</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	19,446	(133,873)
Cash and cash equivalents at beginning of year	<u>15,052</u>	<u>148,925</u>
Cash and cash equivalents at end of year	<u>\$ 34,498</u>	<u>\$ 15,052</u>

**Reconciliation of Increase in Net Assets to  
 Net Cash Provided by Operating Activities**

<b>Increase (Decrease) in Net Assets</b>	<u>\$ 1,186</u>	<u>\$ (770,240)</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	8,512	8,512
Non-cash contributions	-	625,000
Decrease (increase) in inventory	1,236	3,851
Decrease (increase) in accounts receivable - affiliate	-	2,885
Increase (decrease) in accounts payable	<u>13,512</u>	<u>(8,881)</u>
Total adjustments	<u>23,260</u>	<u>631,367</u>
<b>Net Cash Provided (Utilized) by Operating Activities</b>	<u>\$ 24,446</u>	<u>\$ (138,873)</u>

*See the accompanying notes and accountants' report.*

**SOMEBODY CARES AMERICA, INC.**

Notes to Financial Statements

December 31, 2010 and 2009

**1 - Description of Organization**

SOMEBODY CARES AMERICA, INC., (the "Ministry") operates in local communities across the United States and internationally. The Ministry brings hope by meeting the day-to-day needs of individuals in personal crisis by mobilizing an existing network of ministries to respond to global tragedies. The Ministry's primary activities are to gather resources and distribute them to ministries providing crisis relief, network with other churches to mobilize resources, and train and develop other organizations to respond to tragedies.

The Ministry's primary source of revenue is free-will donations from supporters of the Ministry. The Ministry was incorporated under the laws of the State of Texas and is approved as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Ministry's administrative office is located in Houston, Texas.

The Ministry is affiliated with Turning Point Ministry ("Turning Point"), a church incorporated under the laws of the State of Texas and approved as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Turning Point provides substantial managerial and financial control over the operations of the Ministry.

**2 - Summary of Significant Accounting Policies**

Basis of Accounting - The accompanying financial statements are presented on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recorded when incurred.

Programs - The Ministry pursues its objectives through the execution of these major programs:

Relief assistance – providing resources for the relief of victims of individual personal crisis and natural disasters.

Chapter support and development – providing resources and support for the development of new chapters and the ongoing operations of existing Somebody Cares chapters and affiliates throughout the nation and internationally.

Conferences and seminars – conducting seminars and conferences to equip, empower and encourage leaders, ministry workers and lay persons with a strategic plan to reach their city and beyond by imparting God's heart for the lost.

Community outreach – equipping and empowering Somebody Cares chapters and affiliate ministries with resource, training and network referrals to effectively meet the needs of their community through events and ongoing programs.

Missions, benevolence and support to other ministries- spreading God's word through support of mission activities and giving to other ministries.

Fund raising – facilitating giving from donors and supporters of the ministry.

General and administrative – supporting the general operations of the ministry.

**SOMEBODY CARES AMERICA, INC.**

Notes to Financial Statements

December 31, 2010 and 2009

**2 - Summary of Significant Accounting Policies (continued)**

Net Asset Accounting - The accounts of the Ministry are maintained in accordance with the principles of net asset accounting. Under net asset accounting, resources are classified into categories of unrestricted, temporarily restricted, or permanently restricted net assets, according to funding source restrictions as to timing and purpose of resources.

Restricted Contributions - The Ministry reports gifts of cash and other assets as restricted support if they are received with donor restrictions that limit the use of the donated assets. Restricted gifts of cash and other assets whose restrictions are met in the same reporting period are reported as unrestricted support. When a donor 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 unrestricted revenues.

Inventory - Inventory is stated at cost. An inventory reserve of \$8,600 and \$7,000 is recorded at December 31, 2010 and 2009, respectively, for excess stock and slow moving inventory.

Property and Equipment - Property and equipment are recorded at acquisition cost. The Ministry capitalizes assets with a cost greater than \$500. Betterments and renewals are capitalized. Maintenance and repairs are charged to operations when incurred. Depreciation is computed using the straight-line method over estimated useful lives from 3 to 5 years.

Estimates - Management utilizes estimates in order to record certain transactions in accordance with accounting principles generally accepted in the United States of America.

Cash Equivalents - The Ministry defines cash and cash equivalents to be all highly liquid investments with an original maturity of three months or less.

Donated Assets and Services - Donated property is recorded at fair market value on the date of receipt in the appropriate investment, expense or equipment account. In the absence of donor restrictions, donated assets are reported as unrestricted revenue. Contributed services are recognized as unrestricted revenues if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

Income Tax Status - The Ministry is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

**3 - Joint Costs**

During 2010, the Ministry incurred joint costs of \$9,209 relating to publications. Such costs were allocated to program expense (\$7,942), general and administrative (\$346) and fund-raising expense (\$921) based on estimated space allocated to fundraising appeals included in publications.

During 2009, the Ministry incurred joint costs of \$19,119 relating to publications. Such costs were allocated to program expense (\$16,212), general and administrative (\$994) and fund-raising expense (\$1,913) based on estimated space allocated to fundraising appeals included in publications.

**SOMEBODY CARES AMERICA, INC.**

Notes to Financial Statements

December 31, 2010 and 2009

**4 - Affiliate and Related Party Transactions**

Turning Point provides certain managerial and administrative functions without charge to the Ministry. The Ministry occupies facilities paid solely by Turning Point and utilizes furniture and equipment owned by Turning Point. The estimated cost of staff compensation and occupancy expenses incurred by Turning Point for the benefit of the Ministry amounted to \$60,992 and \$57,146 during the years ended December 31, 2010 and 2009, respectively.

**5 - Accounting for Uncertain Tax Positions**

The Ministry is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. Generally accepted accounting principles (GAAP) provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. GAAP requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Management believes there are no such positions as of December 31, 2010 and, accordingly, no liability has been accrued. The tax years ending in 2008, 2009 and 2010 are open to both federal and state examination.

**6 - Subsequent events**

The Ministry has evaluated subsequent events through the report date, which is the date the financial statements were available to be issued.