

SOMEBODY CARES AMERICA, INC.

Houston, Texas

Financial Statements

December 31, 2015 and 2014

SOMEBODY CARES AMERICA, INC.

Financial Statements

December 31, 2015 and 2014

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to the Financial Statements	5 - 7



Ratcliff & Associates, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Somebody Cares America, Inc. (the "Ministry"), a Texas nonprofit organization, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Somebody Cares America, Inc., as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Ratcliff & Associates, P.C.

May 3, 2016

SOMEBODY CARES AMERICA, INC.

Statements of Financial Position

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 56,852	\$ 61,554
Investments	414	414
Inventory	<u>1,598</u>	<u>2,553</u>
Total Current Assets	<u>58,864</u>	<u>64,521</u>
Property and Equipment		
Equipment	33,012	32,012
Vehicles	15,700	15,700
Less: accumulated depreciation	<u>(46,886)</u>	<u>(46,561)</u>
Net Property and Equipment	<u>1,826</u>	<u>1,151</u>
Cash Restricted for Capital Expenditures	<u>5,000</u>	<u>-</u>
Total Assets	<u>\$ 65,690</u>	<u>\$ 65,672</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	<u>\$ 12,403</u>	<u>\$ 8,515</u>
Total Liabilities	<u>12,403</u>	<u>8,515</u>
Net Assets		
Unrestricted	48,287	57,157
Temporarily restricted	<u>5,000</u>	<u>-</u>
Total Net Assets	<u>53,287</u>	<u>57,157</u>
Total Liabilities and Net Assets	<u>\$ 65,690</u>	<u>\$ 65,672</u>

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

SOMEBODY CARES AMERICA, INC.
 Statements of Activities
 For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Change in Unrestricted Net Assets		
Unrestricted Revenues		
Contributions	\$ 344,994	\$ 396,355
Non-cash contributions	51,270	52,099
Consulting income	20,016	10,008
Conference and seminar fees	-	3,986
Other revenues	<u>1,375</u>	<u>889</u>
Total Unrestricted Revenues	<u>417,655</u>	<u>463,337</u>
Program Expenses		
Crisis and Disaster Relief Services		
Relief assistance	107,747	155,966
Chapter support and development	68,522	85,768
Conferences and seminars	54,676	66,314
Community outreach	53,688	45,396
Missions, benevolence and support to other organizations	30,299	56,151
Support Services		
Fundraising	27,611	33,331
General and administrative	<u>83,982</u>	<u>77,607</u>
Total Program Expenses	<u>426,525</u>	<u>520,533</u>
Decrease in Unrestricted Net Assets	(8,870)	(57,196)
Change in Temporarily Restricted Net Assets		
Contributions	<u>5,000</u>	<u>-</u>
Decrease in Net Assets	<u>(3,870)</u>	<u>(57,196)</u>
Net Assets at Beginning of Year	<u>57,157</u>	<u>114,353</u>
Net Assets at End of Year	<u>\$ 53,287</u>	<u>\$ 57,157</u>

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

SOMEBODY CARES AMERICA, INC.
 Statements of Cash Flows
 For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Contributions received	\$ 349,994	\$ 396,862
Cash paid for operations and programs	(370,087)	(475,222)
Cash received from other income	<u>21,391</u>	<u>14,951</u>
Net Cash Provided (Utilized) by Operating Activities	<u>1,298</u>	<u>(63,409)</u>
Cash Flows from Investing Activities		
Purchase of equipment	<u>(1,000)</u>	<u>(1,296)</u>
Net Cash Utilized by Investing Activities	<u>(1,000)</u>	<u>(1,296)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	298	(64,705)
Cash and Cash Equivalents at Beginning of Year	<u>61,554</u>	<u>126,259</u>
Cash and Cash Equivalents at End of Year	<u>\$ 61,852</u>	<u>\$ 61,554</u>

**Reconciliation of Decrease in Net Assets to
 Net Cash Provided (Utilized) by Operating Activities**

Decrease in Unrestricted Net Assets	\$ <u>(3,870)</u>	\$ <u>(57,196)</u>
Adjustments to reconcile decrease in net assets to net cash provided (utilized) by operating activities:		
Depreciation	325	1,415
Decrease in inventory	955	-
Decrease in accounts receivable - affiliate	-	575
Increase (decrease) in accounts payable	<u>3,888</u>	<u>(8,203)</u>
Total Adjustments	<u>5,168</u>	<u>(6,213)</u>
Net Cash Provided (Utilized) by Operating Activities	<u>\$ 1,298</u>	<u>\$ (63,409)</u>

Reconciliation of Cash to Statement of Financial Position

Cash and cash equivalents	\$ 56,852	\$ 61,554
Cash restricted for capital expenditures	<u>5,000</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 61,852</u>	<u>\$ 61,554</u>

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

SOMEBODY CARES AMERICA, INC.

Notes to Financial Statements

December 31, 2015 and 2014

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 Organizations - spreading God’s word through support of mission activities and giving to other ministries.

Fundraising - facilitating giving from donors and supporters of the ministry.

General and Administrative - supporting the general operations of the ministry.

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.

SOMEBODY CARES AMERICA, INC.

Notes to Financial Statements

December 31, 2015 and 2014

2 - Summary of Significant Accounting Policies (continued)

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, on the first in, first out method, net of inventory reserve. An inventory reserve of \$8,880 and \$10,535 is recorded at December 31, 2015 and 2014, 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. The most significant estimates in these financial statements are inventory reserve, depreciation, allocation of joint costs, and noncash contributions.

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 nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an other than private foundation, except on net income derived from unrelated business activities. For the years ended December 31, 2015 and 2014, the Ministry has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. The Ministry believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The tax years ending in 2013, 2014 and 2015 are open to both federal and state examination.

3 - Joint Costs

During 2015, the Ministry incurred joint costs of \$11,182 relating to publications. Such costs were allocated to program expense (\$8,382), general and administrative (\$837) and fundraising expense (\$1,963) based on estimated space allocated to fundraising appeals included in publications.

During 2014, the Ministry incurred joint costs of \$38,670 relating to publications. Such costs were allocated to program expense (\$30,155), general and administrative (\$5,039) and fundraising expense (\$3,476) based on estimated space allocated to fundraising appeals included in publications.

SOMEBODY CARES AMERICA, INC.

Notes to Financial Statements

December 31, 2015 and 2014

4 - Net Assets

	<u>2015</u>	<u>2014</u>
Net assets at December 31 are as follows:		
Unrestricted net assets		
Balance, beginning of year	\$ 57,157	\$ 114,353
Decrease in unrestricted net assets	<u>(8,870)</u>	<u>(57,196)</u>
Balance, end of year	<u>\$ 48,287</u>	<u>\$ 57,157</u>
Temporarily restricted net assets		
Balance, beginning of year	\$ -	\$ -
Increase in temporarily restricted net assets	<u>5,000</u>	<u>-</u>
Balance, end of year	<u>\$ 5,000</u>	<u>\$ -</u>

Temporarily restricted net assets are held for future capital expenditures.

5 - Affiliate and Related Party Transactions

Turning Point provides certain facilities 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 \$51,272 and \$52,099 during the years ended December 31, 2015 and 2014, respectively. Management fees paid by the Ministry to Turning Point were \$28,800 and \$39,400 for the years ended December 31, 2015 and 2014.

6 - Subsequent events

The Ministry has evaluated subsequent events through the date of the independent auditor's report on page one, which is the date the financial statements were available to be issued.