

SOLID ROCK MISSIONS
AUDITED FINANCIAL STATEMENTS
June 30, 2008

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Solid Rock Missions
Wauseon, Ohio

We have audited the accompanying statement of financial position of Solid Rock Missions as of June 30, 2008, and the related statements of activities, functional expenses and cash flows 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. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements and, in our report dated September 19, 2007, we expressed an unqualified opinion on those financial statements.

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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Solid Rock Missions as of June 30, 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

William Vaughan Company

September 23, 2008

SOLID ROCK MISSIONS
STATEMENTS OF FINANCIAL POSITION
June 30, 2008 and 2007

	ASSETS		2008		2007
			<u> </u>		<u> </u>
Current assets					
Cash and cash equivalents		\$	278,926	\$	341,795
Investments (Note 3)			<u>86,300</u>		<u>84,059</u>
Total current assets		\$	<u>365,226</u>	\$	<u>425,854</u>
 LIABILITIES AND NET ASSETS 					
Current liabilities					
Accounts payable		\$	1,066	\$	1,066
Accrued expenses			<u>1,779</u>		<u>1,648</u>
Total current liabilities			<u>2,845</u>		<u>2,714</u>
Net assets					
Unrestricted			2,349		3,152
Temporarily restricted			<u>360,032</u>		<u>419,988</u>
Total net assets			<u>362,381</u>		<u>423,140</u>
Total liabilities and net assets		\$	<u>365,226</u>	\$	<u>425,854</u>

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

SOLID ROCK MISSIONS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Totals</u>	<u>2007 Totals</u>
Public support and revenue				
Public support:				
Contributions	\$ 395,174	\$ 123,184	\$ 518,358	\$ 523,011
Donated office space, furniture, equipment and storage space (Note 2)	18,000	0	18,000	18,000
Total public support	413,174	123,184	536,358	541,011
Revenue:				
Room and board revenue	327,886	39,000	366,886	472,639
Investment and other income	13,372	0	13,372	12,142
Total public support and revenue	754,432	162,184	916,616	1,025,792
Net assets released from restrictions				
Satisfaction of donor restrictions	222,140	(222,140)	0	0
Total public support, revenue and reclassifications	976,572	(59,956)	916,616	1,025,792
Expenses				
Program services:				
ACPSI donations (Note 4)	621,981	0	621,981	511,469
Work teams	222,918	0	222,918	293,863
Total program service expenses	844,899	0	844,899	805,332
Supporting services:				
General and administrative expenses	118,004	0	118,004	107,691
Development expenses	14,472	0	14,472	16,867
Total supporting service expenses	132,476	0	132,476	124,558
Total expenses	977,375	0	977,375	929,890
Change in net assets	(803)	(59,956)	(60,759)	95,902
Net assets at beginning of year	3,152	419,988	423,140	327,238
Net assets at end of year	\$ 2,349	\$ 360,032	\$ 362,381	\$ 423,140

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

SOLID ROCK MISSIONS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2008
(With Comparative Totals for June 30, 2007)

Program Services

	<u>ACPSI</u>	<u>Work Teams</u>	<u>Program Services Total</u>
Salaries and benefits	\$ 0	\$ 44,944	\$ 44,944
Donations restricted for:			
Capital projects	178,903	0	178,903
CCED School	232,280	0	232,280
CCSI Clinic	54,654	0	54,654
Medical support	22,000	0	22,000
Special Dominican Republic funds	96,066	0	96,066
El Rosario School	36,098	0	36,098
Morales Support	1,980	0	1,980
Room and board	0	175,194	175,194
Annual banquet	0	0	0
Printing and promotions	0	0	0
Professional fees	0	0	0
Shipping and supplies	0	2,780	2,780
Rent expense (Note 2)	0	0	0
Utilities	0	0	0
Miscellaneous	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total functional expenses	<u>\$ 621,981</u>	<u>\$ 222,918</u>	<u>\$ 844,899</u>

Support Services

<u>General and Administrative</u>	<u>Development</u>	<u>Support Services Total</u>	<u>2008 Total</u>	<u>2007 Total</u>
\$ 83,600	\$ 0	\$ 83,600	\$ 128,544	\$ 111,274
0	0	0	178,903	108,434
0	0	0	232,280	243,394
0	0	0	54,654	62,999
0	0	0	22,000	20,005
0	0	0	96,066	31,718
0	0	0	36,098	42,909
0	0	0	1,980	2,010
0	0	0	175,194	260,103
0	0	0	0	1,018
0	14,472	14,472	14,472	15,849
4,850	0	4,850	4,850	4,753
4,601	0	4,601	7,381	3,480
18,000	0	18,000	18,000	18,000
3,306	0	3,306	3,306	2,648
3,647	0	3,647	3,647	1,296
<u>\$ 118,004</u>	<u>\$ 14,472</u>	<u>\$ 132,476</u>	<u>\$ 977,375</u>	<u>\$ 929,890</u>

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

SOLID ROCK MISSIONS
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities		
Change in net assets	\$ (60,759)	\$ 95,902
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Realized gain on sale of investments	(10,553)	(943)
Unrealized (gain) loss on investments	8,312	(8,514)
Increase (decrease) in accounts payable and accrued expenses	131	(569)
Net cash provided by (used in) operating activities	(62,869)	85,876
Cash and cash equivalents at beginning of year	341,795	255,919
Cash and cash equivalents at end of year	\$ 278,926	\$ 341,795

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

SOLID ROCK MISSIONS
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

Note 1 - Significant accounting policies

Solid Rock Missions is a nonprofit organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization provides assistance in constructing and maintaining schools, medical clinics and churches in poor areas of the world. The Organization is supported primarily through donor contributions and room and board revenue.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The accrual basis provides for the recognition of revenues when earned and the recognition of expenses when incurred.

Financial statement presentation

The accompanying 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*. Information regarding the Organization's financial position and activities is reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Management is of the opinion that there were no permanently restricted net assets at June 30, 2008 and 2007.

Recognition of donor restrictions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of 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, temporarily restricted net assets are reclassified to unrestricted net assets.

Unrestricted net assets

The unrestricted net assets are used to account for all resources over which the governing board has discretionary control.

Temporarily restricted net assets

The temporarily restricted net assets are used to account for resources received and expended through various contributions received by the Organization. Temporarily restricted net assets include donations of investments and cash to be used for the construction of a new medical clinic in the Dominican Republic, and donations of cash to be used to support long-term resident missionaries in the Dominican Republic.

Cash and cash equivalents

Cash and cash equivalents include highly liquid, short-term investments with maturity dates of three months or less. Cash in excess of federally insured limits totaled \$261,823 at June 30, 2008.

SOLID ROCK MISSIONS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2008 and 2007

Note 1 - Significant accounting policies - Continued

Functional allocation of expenses

In the statement of functional expenses, salaries and related expenses are charged to the various categories of programs and supporting services on the basis of the actual or estimated time devoted to these activities. Other expenses have been allocated on bases determined by management.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported expenses. Actual results could differ from those estimates.

Note 2 - Donated office space, furniture, equipment and storage space

During the years ended June 30, 2008 and 2007, the Organization used office space, furniture, equipment and storage space at no charge. The fair rental value of these facilities has been recorded as rent revenue (public support) and rent expense in the statement of activities. The owner of these facilities previously served as President of the Board of Directors of Solid Rock Missions.

Note 3 - Investments

The aggregate carrying amounts of the Organization's investments are summarized by the major investment types. All of the investment types are carried at their readily determinable fair values and are comprised of the following as of June 30, 2008:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Corporate Bonds	\$ 44,336	\$ 44,336	\$ 0
Equities	50,276	41,964	(8,312)
Total investments	<u>\$ 94,612</u>	<u>\$ 86,300</u>	<u>\$ (8,312)</u>

At June 30, 2007, the investments included the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Corporate Bonds	\$ 40,098	\$ 40,098	\$ 0
Equities	35,477	43,961	8,514
Total investments	<u>\$ 75,575</u>	<u>\$ 84,059</u>	<u>\$ 8,514</u>

Note 4 - Relationship with ACPSI

ACPSI is an organization located in the Dominican Republic that serves as a counterpart to Solid Rock Missions. The majority of the public support received by Solid Rock Missions is forwarded to ACPSI to be used in the manner designated by the original donor. ACPSI also owns a clinic subsidy in the Dominican Republic which is used by missionaries representing Solid Rock Missions. Solid Rock Missions pays ACPSI a monthly support fee for use of these facilities.