

SOLID ROCK MISSIONS
AUDITED FINANCIAL STATEMENTS

June 30, 2009

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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, 2009, 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 2008 financial statements and, in our report dated September 23, 2008, 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, 2009, 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.

September 29, 2009

William Vaughan Company

SOLID ROCK MISSIONS
STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

	ASSETS	<u>2009</u>	<u>2008</u>
Current assets			
Cash and cash equivalents		\$ 206,954	\$ 278,926
Investments (Note 3)		<u>0</u>	<u>86,300</u>
Total current assets		<u>\$ 206,954</u>	<u>\$ 365,226</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable		\$ 1,547	\$ 1,066
Accrued expenses		<u>2,327</u>	<u>1,779</u>
Total current liabilities		<u>3,874</u>	<u>2,845</u>
Net assets			
Unrestricted		(3,657)	2,349
Temporarily restricted		<u>206,737</u>	<u>360,032</u>
Total net assets		<u>203,080</u>	<u>362,381</u>
Total liabilities and net assets		<u>\$ 206,954</u>	<u>\$ 365,226</u>

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

SOLID ROCK MISSIONS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009
(With Comparative Totals for June 30, 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Totals</u>	<u>2008 Totals</u>
Public support and revenue				
Public support:				
Contributions	\$ 444,992	\$ 28,253	\$ 473,245	\$ 518,358
Donated office space, furniture, equipment and storage space (Note 2)	18,000	0	18,000	18,000
Total public support	462,992	28,253	491,245	536,358
Revenue:				
Room and board revenue	338,787	23,265	362,052	366,886
Total public support and revenue	801,779	51,518	853,297	903,244
Net assets released from restrictions				
Satisfaction of donor restrictions	204,813	(204,813)	0	0
Total public support, revenue and reclassifications	1,006,592	(153,295)	853,297	903,244
Expenses				
Program services	723,405	0	723,405	844,899
Supporting services	135,457	0	135,457	132,476
Total expenses	858,862	0	858,862	977,375
Change in net assets from operations	147,730	(153,295)	(5,565)	(74,131)
Interest income	7,391	0	7,391	11,131
Investment gain (loss)	(8,161)	0	(8,161)	2,241
Diller Foundation refund (Note 5)	(152,966)	0	(152,966)	0
Change in net assets	(6,006)	(153,295)	(159,301)	(60,759)
Net assets at beginning of year	2,349	360,032	362,381	423,140
Net assets at end of year	\$ (3,657)	\$ 206,737	\$ 203,080	\$ 362,381

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

SOLID ROCK MISSIONS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2009
(With Comparative Totals for June 30, 2008)

	<u>Program Services</u>		
	<u>ACPSI Donations (Note 4)</u>	<u>Work Teams</u>	<u>Program Services Total</u>
Salaries and benefits	\$ 0	\$ 29,721	\$ 29,721
Donations restricted for:			
Capital projects	102,171	0	102,171
CCED School	227,303	0	227,303
CCSI Clinic	68,871	0	68,871
Medical support	9,069	0	9,069
Special Dominican Republic funds	36,381	0	36,381
El Rosario School	37,621	0	37,621
Morales Support	2,160	0	2,160
Room and board	0	210,108	210,108
Printing and promotions	0	0	0
Professional fees	0	0	0
Shipping and supplies	0	0	0
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>\$ 483,576</u>	<u>\$ 239,829</u>	<u>\$ 723,405</u>

Support Services

<u>General and Administrative</u>	<u>Development</u>	<u>Support Services Total</u>	<u>2009 Total</u>	<u>2008 Total</u>
\$ 90,693	\$ 0	\$ 90,693	\$ 120,414	\$ 128,544
0	0	0	102,171	178,903
0	0	0	227,303	232,280
0	0	0	68,871	54,654
0	0	0	9,069	22,000
0	0	0	36,381	96,066
0	0	0	37,621	36,098
0	0	0	2,160	1,980
0	0	0	210,108	175,194
0	7,653	7,653	7,653	14,472
7,970	0	7,970	7,970	4,850
3,576	0	3,576	3,576	7,381
18,000	0	18,000	18,000	18,000
2,581	0	2,581	2,581	3,306
4,984	0	4,984	4,984	3,647
<u>\$ 127,804</u>	<u>\$ 7,653</u>	<u>\$ 135,457</u>	<u>\$ 858,862</u>	<u>\$ 977,375</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Change in net assets	\$ (159,301)	\$ (60,759)
Reconciliation of change in net assets to net cash used in operating activities:		
Realized (gain) loss on sale of investments	8,161	(10,553)
Unrealized loss on investments	0	8,312
Increase in accounts payable and accrued expenses	<u>1,029</u>	<u>131</u>
Net cash used in operating activities	<u>(150,111)</u>	<u>(62,869)</u>
 Cash flows from investing activities		
Proceeds from sale of investments	<u>78,139</u>	<u>0</u>
Net cash provided by investing activities	<u>78,139</u>	<u>0</u>
 Net decrease in cash	 (71,972)	 (62,869)
 Cash and cash equivalents at beginning of year	 <u>278,926</u>	 <u>341,795</u>
 Cash and cash equivalents at end of year	 <u>\$ 206,954</u>	 <u>\$ 278,926</u>

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

SOLID ROCK MISSIONS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

Note 1 - Significant accounting policies

Solid Rock Missions (The "Organizaton") 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, 2009 and 2008.

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 \$180,901 at June 30, 2009.

SOLID ROCK MISSIONS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2009 and 2008

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, 2009 and 2008, 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. During the year ended June 30, 2009 all investments were sold. At June 30, 2008, the investments included the following:

	<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>

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.

Note 5 - Diller Foundation refund

Solid Rock Missions intended to build a new hospital with the funds donated by the Diller Foundation. Several plans were developed and a study was commissioned. The board of directors and the Dominican board could not agree on the size or scope of the project. Furthermore, a socialized healthcare system was instituted in 2007 by the Dominican government. The healthcare system was a very successful program and provided assistance to many of the individuals Solid Rock Missions was helping. The Diller Foundation asked for their money to be returned so they could distribute it to other programs of similar nature. In June 2009, the money was returned to the Diller Foundation.