

oOo

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.

Combined Financial Statements

August 31, 2009 and 2008

oOo

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditors' Report	1
Combined Statements of Financial Position	2
Combined Statements of Activities	3
Combined Statement of Functional Expenses (2009)	4
Combined Statement of Functional Expenses (2008)	5
Combined Statements of Cash Flows	6
Notes to Combined Financial Statements	7-15
Combining Schedule of Financial Position (2009)	16
Combining Schedule of Financial Position (2008)	17
Combining Schedule of Activities (2009)	18
Combining Schedule of Activities (2008)	19



The Board of Directors
The Raleigh Rescue Mission, Inc.
The Raleigh Rescue Mission Foundation, Inc.
Raleigh, North Carolina

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying combined statements of financial position of The Raleigh Rescue Mission, Inc. and The Raleigh Rescue Mission Foundation, Inc. (not-for-profit organizations) as of August 31, 2009 and 2008, and the related combined statements of activities, functional expenses and cash flows for the years then ended. These combined financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Raleigh Rescue Mission, Inc. and The Raleigh Rescue Mission Foundation, Inc., as of August 31, 2009 and 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.

Our audits were made for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The combining schedules of financial position as of August 31, 2009 and 2008 and the combining schedules of activities for the years ended August 31, 2009 and 2008 are presented for purposes of additional analysis and are not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

Raleigh, North Carolina
October 15, 2009

Raleigh
4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619

919 782 9265
919 783 8937 FAX

Pittsboro
148 East Street
Post Office Box 1399
Pittsboro, North Carolina 27312

919 542 6000
919 542 5764 FAX

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Combined Statements of Financial Position
August 31, 2009 and 2008

ASSETS	2009	2008
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 849,484	\$ 629,590
Accounts Receivable	28,030	25,993
Accrued Interest Receivable	1,991	2,334
Current Portion--Pledges Receivable	16,108	42,886
Prepaid Expenses	46,538	39,627
Total Current Assets	942,151	740,430
PROPERTY AND EQUIPMENT:		
Land	1,521,259	1,521,259
Buildings	3,853,407	3,840,576
Equipment, Furniture and Fixtures	160,836	152,540
Vehicles	139,525	117,139
Total	5,675,027	5,631,514
Less Accumulated Depreciation	1,398,297	1,273,431
Net Property and Equipment	4,276,730	4,358,083
OTHER ASSETS:		
Investments	1,311,326	1,448,247
Donated Land	1,103,775	4,400
Cash Restricted for Long Term Investment	147,050	139,995
Cash Surrender Value of Life Insurance	26,523	23,320
Long Term Portion of Pledges Receivable	24,663	44,667
Total Other Assets	2,613,337	1,660,629
Total Assets	\$ 7,832,218	\$ 6,759,142
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$ 208,111	\$ 140,890
Deferred Revenue	20,625	29,850
Total Current Liabilities	228,736	170,740
LONG-TERM LIABILITIES:		
Cash Surrender Value of Life Insurance Due Beneficiary	1,745	
Total Liabilities	230,481	170,740
NET ASSETS:		
Unrestricted	5,829,886	4,854,744
Temporarily Restricted	215,584	177,391
Permanently Restricted	1,556,267	1,556,267
Total Net Assets	7,601,737	6,588,402
Total Liabilities and Net Assets	\$ 7,832,218	\$ 6,759,142

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

COMBINED STATEMENTS OF ACTIVITIES

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Combined Statements of Activities
For The Years Ended August 31, 2009 and 2008

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
CHANGES IN NET ASSETS: SUPPORT AND REVENUE:				
Public Support:				
Cash Contributions	\$ 2,269,715	\$ 6,709	\$	\$ 2,276,424
Bequests	306,669			306,669
Noncash Contributions	1,114,198			1,114,198
Special Events	109,731			109,731
Grant Income	450,000	386,039		836,039
Total Public Support	<u>4,250,313</u>	<u>392,748</u>		<u>4,643,061</u>
Program Service Revenue:				
Industrial Program	18,175			18,175
Room and Board				
Total Program Service Revenue	<u>18,175</u>			<u>18,175</u>
Other Revenue:				
Increase in Cash Surrender Value of Life Insurance	1,458			1,458
Investment Income	(95,252)	(34,906)		(130,158)
Gain on Sale of Asset	250			250
Other Income	13,542			13,542
Net Assets Released From Restrictions:				
Satisfaction of Restrictions	319,649	(319,649)		
Total Other Revenue	<u>239,647</u>	<u>(354,555)</u>		<u>(114,908)</u>
Total Support and Revenue	<u>4,508,135</u>	<u>38,193</u>		<u>4,546,328</u>
EXPENSES:				
Program Service:				
Men, Women, and Children Ministries	<u>2,712,494</u>			<u>2,712,494</u>
Supporting Services:				
Management and General	323,495			323,495
Fundraising	497,004			497,004
Total Supporting Services	<u>820,499</u>			<u>820,499</u>
Total Expenses	<u>3,532,993</u>			<u>3,532,993</u>
CHANGES IN NET ASSETS	975,142	38,193		1,013,335
NET ASSETS--Beginning of Year--As Restated	<u>4,854,744</u>	<u>177,391</u>	<u>1,556,267</u>	<u>6,588,402</u>
NET ASSETS--End of Year	<u>\$ 5,829,886</u>	<u>\$ 215,584</u>	<u>\$ 1,556,267</u>	<u>\$ 7,601,737</u>

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

2008			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 2,141,245	\$ 12,119	\$ 15,458	\$ 2,168,822
31,769			31,769
9,254			9,254
99,343			99,343
400,000	162,309		562,309
<u>2,681,611</u>	<u>174,428</u>	<u>15,458</u>	<u>2,871,497</u>
6,717			6,717
1,040			1,040
<u>7,757</u>			<u>7,757</u>
1,363			1,363
15,376	(17,345)		(1,969)
9,651			9,651
245,268	(245,268)		
<u>271,658</u>	<u>(262,613)</u>		<u>9,045</u>
<u>2,961,026</u>	<u>(88,185)</u>	<u>15,458</u>	<u>2,888,299</u>
<u>2,457,487</u>			<u>2,457,487</u>
376,511			376,511
401,020			401,020
<u>777,531</u>			<u>777,531</u>
<u>3,235,018</u>			<u>3,235,018</u>
(273,992)	(88,185)	15,458	(346,719)
<u>5,128,736</u>	<u>265,576</u>	<u>1,540,809</u>	<u>6,935,121</u>
<u>\$ 4,854,744</u>	<u>\$ 177,391</u>	<u>\$ 1,556,267</u>	<u>\$ 6,588,402</u>

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Combined Statement of Functional Expenses
For The Year Ended August 31, 2009

	Program Service	Supporting Services			Total Expenses
	Men, Women, and Children Ministries	Management and General	Fundraising	Supporting Services Total	
Salaries	\$ 1,469,852	\$ 126,982	\$ 152,496	\$ 279,478	\$ 1,749,330
Payroll Taxes and Health Insurance	270,342	48,596	61,141	109,737	380,079
Retirement Expense	39,650	19,801	9,683	29,484	69,134
Total Salaries and Related Expenses	1,779,844	195,379	223,320	418,699	2,198,543
Publications and Events	177,540	19	175,964	175,983	353,523
Contract Services	350,820	2,558	67,043	69,601	420,421
Insurance	54,856	25,835		25,835	80,691
Repairs and Maintenance	58,175	8,268	1,081	9,349	67,524
Utilities	74,451	2,008		2,008	76,459
Contribution--Other	4,450	21,470	1,350	22,820	27,270
Supplies--Resident and Medical	31,700		475	475	32,175
Office Expense	21,060	32,143	3,302	35,445	56,505
Travel and Vehicle Expense	14,633	4,385	2,311	6,696	21,329
Food Expense	27,353				27,353
Rent	4,376	9,626	2,634	12,260	16,636
Telephone	12,685	515	1,100	1,615	14,300
Professional Services		9,250		9,250	9,250
Total Expenses Before Depreciation	2,611,943	311,456	478,580	790,036	3,401,979
Depreciation	100,551	12,039	18,424	30,463	131,014
Total Expenses	\$ 2,712,494	\$ 323,495	\$ 497,004	\$ 820,499	\$ 3,532,993

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

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Combined Statement of Functional Expenses
For The Year Ended August 31, 2008

	Program Service	Supporting Services			Total Expenses
	Men, Women, and Children Ministries	Management and General	Fundraising	Supporting Services Total	
Salaries	\$ 1,302,380	\$ 131,432	\$ 126,874	\$ 258,306	\$ 1,560,686
Payroll Taxes and Health Insurance	279,464	48,813	45,650	94,463	373,927
Retirement Expense	37,359	19,013	9,506	28,519	65,878
Total Salaries and Related Expenses	1,619,203	199,258	182,030	381,288	2,000,491
Publications and Events	145,305	5,177	179,209	184,386	329,691
Contract Services	232,914	11,971	8,401	20,372	253,286
Insurance	66,947	20,840		20,840	87,787
Repairs and Maintenance	65,206	16,808	1,118	17,926	83,132
Utilities	75,662	1,980		1,980	77,642
Contribution--Other	19,000	50,865	750	51,615	70,615
Supplies--Resident and Medical	61,246				61,246
Office Expense	22,365	29,167	4,974	34,141	56,506
Travel and Vehicle Expense	21,459	4,851	5,230	10,081	31,540
Food Expense	17,776				17,776
Rent	4,910	8,750	2,240	10,990	15,900
Telephone	10,868	804	1,428	2,232	13,100
Professional Services		8,800		8,800	8,800
Total Expenses Before Depreciation	2,362,861	359,271	385,380	744,651	3,107,512
Depreciation	94,626	17,240	15,640	32,880	127,506
Total Expenses	\$ 2,457,487	\$ 376,511	\$ 401,020	\$ 777,531	\$ 3,235,018

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

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Combined Statements of Cash Flows
For The Years Ended August 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	\$ 1,013,335	\$ (346,719)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	131,014	127,506
In-Kind Donation of Property and Equipment	(1,101,000)	
Increase in Cash Surrender Value of Life Insurance	(1,458)	(1,364)
Unrealized Loss on Investments	173,236	105,972
Realized Gain on Investments	(13,453)	(26,393)
Realized Gain on Sale of Asset	(250)	
Changes In:		
Accounts Receivable	(2,037)	24,007
Accrued Interest Receivable	343	(480)
Pledges Receivable	46,782	70,183
Prepaid Expenses	(6,911)	1,077
Accounts Payable and Accrued Expenses	67,221	(753)
Deferred Revenue	(9,225)	11,800
Net Cash Provided (Used) by Operating Activities	297,597	(35,164)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(48,036)	(141,807)
Purchase of Investments	(640,972)	(694,108)
Proceeds From Sales of Investments	618,110	209,149
Proceeds From Sales of Asset	250	
Net Cash Used by Investing Activities	(70,648)	(626,766)
NET INCREASE (DECREASE) IN CASH	226,949	(661,930)
CASH AND CASH EQUIVALENTS--Beginning of Year	769,585	1,431,515
CASH AND CASH EQUIVALENTS--End of Year	\$ 996,534	\$ 769,585
SUMMARY OF CASH:		
Cash and Cash Equivalents	\$ 849,484	\$ 629,590
Cash Restricted for Long Term Investment	147,050	139,995
	\$ 996,534	\$ 769,585

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

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Notes To Combined Financial Statements
August 31, 2009 and 2008

1. Summary of Significant Accounting Policies

A. Organizations:

The Raleigh Rescue Mission, Inc. ("The Mission") was formed on September 9, 1960, to establish a medium through which the efforts of professional and lay people may be coordinated and integrated to give aid and assistance to those less fortunate by furnishing them with food, shelter, companionship, clothing, counseling and other services; to give comfort and strength to the weak and friendless through the Gospel of Our Lord by both work and deed; and to affiliate with other state and national organizations of similar purposes. The Mission is headquartered in Raleigh, North Carolina. The Mission receives its funding primarily through private donations.

The Raleigh Rescue Mission Foundation, Inc. ("The Foundation") was established September 1, 1994, to promote The Raleigh Rescue Mission, Inc. and to provide financial support.

B. Combined Financial Statements:

The Organizations follow Statement of Position (SOP) No. 94-3, *Reporting of Related Entities by Not-for-Profit Organizations*. The financial information of the Mission and the Foundation is presented as combined due to significant shared economics, similarity of purpose, and shared boards of directors. All significant inter-organization accounts and transactions have been eliminated in the combined financial statements.

C. Basis of Presentation:

The Organizations follow Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally imposed restrictions. Accordingly, net assets of the Organizations and changes therein may be classified and reported as follows:

Unrestricted Net Assets--Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets--Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organizations and/or the passage of time.

Permanently Restricted Net Assets--Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organizations.

D. Restricted and Unrestricted Revenue:

Contributions of cash and other assets, as well as grants, are accounted for in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Notes To Combined Financial Statements
August 31, 2009 and 2008

1. Summary of Significant Accounting Policies (Continued)

The Organizations recognize as revenues, contributions received and made, including unconditional, legally enforceable promises to give, in the period in which the Organizations are notified that a donor has made a promise to give. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the organizations report the support as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

E. Program Service:

Men, Women, and Children Ministries—The Mission helps the less fortunate by furnishing them with food, shelter, clothing, companionship, counseling, and other services.

F. Accounting Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Donated Materials and Services:

Clothing, household and other items donated to the Mission for sale or use in rehabilitation programs are not recorded as revenue until sold. Donated property and equipment put into service are valued at estimated fair market value if significant.

Donations of items not valued by the donors usually do not have a clearly measurable and objective basis for determining value. Such donations are not recorded as contributions, nor included in the year-end inventory.

No amounts have been reflected in the financial statements for volunteer hours since these services do not meet the requirements for recognition in the financial statements.

H. Tax-Exempt Status:

The Mission and the Foundation are exempt from federal and state income taxes under Section 501(a) of the Internal Revenue Code and are classified under Section 501(c)(3) as public charities. The Mission and the Foundation have also been classified as entities that are not private foundations within the meaning of Section 509(a) and qualify for deductible contributions provided in Section 170(b)(1)(A)(vi).

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Notes To Combined Financial Statements
August 31, 2009 and 2008

1. Summary of Significant Accounting Policies (Continued)

I. Functional Allocation of Expenses:

The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Functional Expenses. The costs are allocated on a departmental basis based on estimates made by the Organizations' management.

J. Cash and Cash Equivalents:

The Organizations consider all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

K. Accounts Receivable:

Accounts receivable principally consists of amounts held by a third party on behalf of the Organizations. The third party remits payments to the Organization upon request. Management reviews the collectibility of the accounts receivable on a periodic basis and no allowance for doubtful accounts is considered necessary.

L. Investments:

The Organizations follow Statement of Financial Accounting Standards No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment in the closely held corporate stock is valued at the original donated cost. Gains and losses are determined using the specific identification method.

M. Property and Equipment:

Property and equipment are recorded at cost or estimated fair market value at date of donation. A capitalization threshold of \$500 is utilized. Depreciation is computed on a straight-line basis over estimated useful lives as follows:

Buildings	7 - 40 Years
Equipment, Furniture and Fixtures	3 - 10 Years
Vehicles	3 - 5 Years

N. Deferred Revenue:

Deferred revenue consists of amounts collected in advance for events that are held after year end.

2. Cash Value of Life Insurance

The Mission was the owner of two insurance policies. One policy is on the life of a former officer of the Mission. The beneficiary of the former officer's policy is the former officer's spouse. This policy lapsed during the year ended August 31, 2008, but was reinstated during the year ended August 31, 2009. The Mission is currently the beneficiary and owner on the other insurance policy.

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Notes To Combined Financial Statements
August 31, 2009 and 2008

3. Pledges Receivable

The Organizations carry their pledges receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Organizations evaluate their receivables and establish an allowance for doubtful accounts, based on history of past write-offs and current credit conditions.

Pledges receivable at August 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Pledges Receivable	\$ 47,943	\$ 101,503
Less Allowance for Uncollectible Pledges	2,385	5,075
Less Discount on Pledges	<u>4,787</u>	<u>8,875</u>
	40,771	87,553
Less Current Portion	<u>16,108</u>	<u>42,886</u>
Pledges Due After One Year	\$ <u>24,663</u>	\$ <u>44,667</u>

Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 6%.

Receivable in less than one year	\$ 16,943
Receivable in one to five years	<u>31,000</u>
	47,943
Less Allowance for Uncollectible Pledges	2,385
Less Discount on Pledges	<u>4,787</u>
Net Pledges Receivable	\$ <u>40,771</u>

4. Investments

The Organizations held the following investments at August 31, 2009 and 2008:

	<u>Historical Cost</u>	<u>Market Value</u>
<u>August 31, 2009:</u>		
Marketable Equity Securities	\$ 440,560	\$ 413,148
Marketable Debt Securities	176,330	183,661
Equity Mutual Funds	<u>891,248</u>	<u>714,517</u>
Total	\$ <u>1,508,138</u>	\$ <u>1,311,326</u>
<u>August 31, 2008:</u>		
Marketable Equity Securities	\$ 852,734	\$ 827,253
Marketable Debt Securities	418,600	418,705
Equity Mutual Funds	<u>200,489</u>	<u>202,289</u>
Total	\$ <u>1,471,823</u>	\$ <u>1,448,247</u>

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Notes To Combined Financial Statements
August 31, 2009 and 2008

4. Investments (Continued)

Investment income consists of the following:

	<u>2009</u>	<u>2008</u>
Interest and Dividends	\$ 39,510	\$ 88,300
Realized Gain on Investments	13,453	26,393
Unrealized Loss on Investments	(173,236)	(105,972)
Investment Expenses	<u>(9,885)</u>	<u>(10,690)</u>
Total	<u>\$ (130,158)</u>	<u>\$ (1,969)</u>

The following table provides information by level for assets that are measured at fair value, as defined by SFAS No. 157, on a recurring basis:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>June 30, 2009</u>				
Investments	<u>\$ 1,311,326</u>	<u>\$ 1,311,326</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>June 30, 2008</u>				
Investments	<u>\$ 1,448,247</u>	<u>\$ 1,448,247</u>	<u>\$ 0</u>	<u>\$ 0</u>

5. Concentration of Credit Risk

Uninsured cash balances in excess of the \$250,000 per financial institution insured by the Federal Deposit Insurance Corporation totaled \$287,768 at August 31, 2009. Uninsured cash balances in excess of the \$100,000 per financial institution insured by the Federal Deposit Insurance Corporation totaled \$504,706 at August 31, 2008.

6. Lease Commitments

The Mission leases property used as a playground, office equipment and a vehicle under non-cancelable operating lease agreements that expire at various times through September 2010. The Mission also rented various pieces of equipment and parking spaces for staff on a month-to-month basis during 2009 and 2008. Lease expense totaled \$16,636 and \$12,843 for the years ended August 31, 2009 and 2008, respectively.

Future minimum lease payments under non-cancelable leases at August 31, 2009 are as follows:

2010	\$ 3,248
2011	2,748
2012	2,748
2013	<u>229</u>
	<u>\$ 8,973</u>

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Notes To Combined Financial Statements
August 31, 2009 and 2008

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are as follows:

	<u>2009</u>	<u>2008</u>
Various Grants	\$ 215,584	\$ 142,485
Endowments		34,906
	<u>\$ 215,584</u>	<u>\$ 177,391</u>

8. Permanently Restricted Net Assets

Permanently restricted net assets are as follows:

	<u>2009</u>	<u>2008</u>
Endowment Fund	<u>\$ 1,556,267</u>	<u>\$ 1,556,267</u>

9. Endowment Fund

The Foundation's endowment fund provides long-term support to the Mission through annual contributions. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of North Carolina enacted the North Carolina (NC) Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective March 2009, the provisions of which apply to endowment funds existing on or established after that date. Absent donor stipulations to the contrary, the provisions of this state law do not impose either a permanent or temporary restriction on the income or capital appreciation derived from the original gifts.

For the year ended August 31, 2009, the Foundation has classified as permanently restricted net assets the original value of gifts donated to the permanent endowment. Gains and losses will be classified as unrestricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence described in UPMIFA.

Changes in endowment assets for the year ended August 31, 2009 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets at September 1, 2008	\$	\$ 34,906	\$ 1,556,267	\$ 1,591,173
Investment Return:				
Investment Income		24,909		24,909
Net Depreciation (Realized and Unrealized)	(95,900)	(59,815)		(155,715)
Total Investment Return	<u>(95,900)</u>	<u>(34,906)</u>		<u>(130,806)</u>
Amounts appropriated for Expenditure	<u>(24,909)</u>			<u>(24,909)</u>
	(24,909)			(24,909)
Endowment Net Assets at August 31, 2009	<u>\$ (120,809)</u>	<u>\$</u>	<u>\$ 1,556,267</u>	<u>\$ 1,435,458</u>

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Notes To Combined Financial Statements
August 31, 2009 and 2008

9. Endowment Fund (Continued)

Changes in endowment assets for the year ended August 31, 2008 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets at September 1, 2007	\$	\$ 89,654	\$ 1,540,809	\$ 1,630,463
Investment Return:				
Investment Income		37,403		37,403
Net Depreciation (Realized and Unrealized)		(54,748)		(54,748)
Total Investment Return		(17,345)		(17,345)
Contributions			15,458	15,458
Amounts appropriated for Expenditure		(37,403)		(37,403)
		(37,403)	15,458	(21,945)
Endowment Net Assets at August 31, 2008	\$	\$ 34,906	\$ 1,556,267	\$ 1,591,173

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets were \$120,809 as of August 31, 2009. These deficiencies resulted from unfavorable market fluctuations. There were no such deficiencies as of August 31, 2008.

Investment Return Objectives and Strategies

The Foundation's investment policies include several investment objectives relative to its long-term investments, including permanent endowment funds. These objectives include (1) preservation of capital, (2) prudent investment of capital, (3) production of reasonable earnings and (4) low-risk growth in principal of invested capital. To achieve these objectives, the Foundation has employed the investment strategy of diversifying with two different investment advisors. The investment composition at any given time is dependent upon a number of factors, including the amount available for investment and current market conditions.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year the net earnings from investments. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, the Foundation expects the current spending policy to sustain its endowment and investment return objectives.

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Notes To Combined Financial Statements
August 31, 2009 and 2008

10. Supplemental Disclosure of Noncash Investing Activities

The Mission received noncash donations with the following estimated fair market values:

	<u>2009</u>	<u>2008</u>
Land	\$ 1,098,500	\$
Food	8,073	1,844
Forklift	2,500	
Office Supplies	<u>5,125</u>	<u>7,410</u>
Total	<u>\$ 1,114,198</u>	<u>\$ 9,254</u>

11. Retirement Plan

The Mission has a defined contribution plan that covers all full-time employees who have attained age 21 and completed one year of service. The plan provides for the annual contribution to be equal to 5% of the employee's compensation. Retirement expense totaled \$69,134 and \$65,878 for the years ended August 31, 2009 and 2008, respectively.

12. Board Designated Funds

In October 2001, the Board of Directors set a policy to try and maintain cash and cash equivalents equal to at least three months of operating expenses. Three months of operating expenses were estimated to be \$850,000 and \$777,000 at August 31, 2009 and 2008, respectively.

13. Contingent Liability

The Mission received \$300,000 from the Federal Home Loan Bank of Atlanta in 2006 as part of an affordable housing program agreement. The Mission must meet certain requirements of the program for fifteen years. If these requirements are not met, the Mission could be required to repay a portion or all of these funds. At the present time, the Mission has fulfilled the terms of the agreement.

14. Restatement due to Recent Pronouncement

In August 2008, the Financial Accounting Standards Board issued FASB Staff Position No. FAS 117-1, Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhancement Disclosures for All Endowment Funds (FSP FAS 117-1). FSP FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FSP FAS 117-1 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA. As a result of the new pronouncement and change in North Carolina state law the net assets of the Raleigh Rescue Mission Foundation were restated as of September 1, 2008. Temporarily restricted net assets were increased by \$89,694 and permanently restricted net assets were decreased by \$89,654.

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Notes To Combined Financial Statements
August 31, 2009 and 2008

15. Subsequent Events

Subsequent events have been evaluated through October 15, 2009, which is the date the financial statements were available to be issued.

16. Reclassifications

Certain reclassifications have been made to the 2008 combined financial statements to conform with the 2009 presentation. Such reclassifications had no effect on the changes in net assets or cash flows as previously reported.

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Combining Schedule of Financial Position
August 31, 2009

	ASSETS			
	Mission	Foundation	Inter- Organization Eliminations	Combined
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 849,484	\$	\$	\$ 849,484
Accounts Receivable	28,030			28,030
Accrued Interest Receivable		1,991		1,991
Current Portion--Pledges Receivable	16,108			16,108
Prepaid Expenses	46,538			46,538
Inter-Organization Receivable	24,909		(24,909)	
Total Current Assets	<u>965,069</u>	<u>1,991</u>	<u>(24,909)</u>	<u>942,151</u>
PROPERTY AND EQUIPMENT:				
Land	1,521,259			1,521,259
Buildings	3,853,407			3,853,407
Equipment, Furniture and Fixtures	160,836			160,836
Vehicles	139,525			139,525
Total	<u>5,675,027</u>			<u>5,675,027</u>
Less Accumulated Depreciation	<u>1,398,297</u>			<u>1,398,297</u>
Net Property and Equipment	<u>4,276,730</u>			<u>4,276,730</u>
OTHER ASSETS:				
Investments		1,311,326		1,311,326
Donated Land	1,103,775			1,103,775
Cash Restricted for Long Term Investment		147,050		147,050
Cash Surrender Value of Life Insurance	26,523			26,523
Long Term Portion of Pledges Receivable	24,663			24,663
Total Other Assets	<u>1,154,961</u>	<u>1,458,376</u>		<u>2,613,337</u>
Total Assets	<u>\$ 6,396,760</u>	<u>\$ 1,460,367</u>	<u>\$ (24,909)</u>	<u>\$ 7,832,218</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Expenses	\$ 208,111	\$	\$	\$ 208,111
Deferred Revenue	20,625			20,625
Inter-Organization Payable		24,909	(24,909)	
Total Current Liabilities	<u>228,736</u>	<u>24,909</u>	<u>(24,909)</u>	<u>228,736</u>
LONG-TERM LIABILITIES:				
Cash Surrender Value of Life Insurance Due Beneficiary	<u>1,745</u>			<u>1,745</u>
Total Liabilities	<u>230,481</u>		<u>(24,909)</u>	<u>230,481</u>
NET ASSETS:				
Unrestricted	5,950,695	(120,809)		5,829,886
Temporarily Restricted	215,584			215,584
Permanently Restricted		1,556,267		1,556,267
Total Net Assets	<u>6,166,279</u>	<u>1,435,458</u>		<u>7,601,737</u>
Total Liabilities and Net Assets	<u>\$ 6,396,760</u>	<u>\$ 1,460,367</u>	<u>\$ (24,909)</u>	<u>\$ 7,832,218</u>

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Combining Schedule of Financial Position
August 31, 2008

	ASSETS			
	Mission	Foundation	Inter-Organization Eliminations	Combined
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 629,590	\$	\$	\$ 629,590
Accounts Receivable	25,993			25,993
Accrued Interest Receivable		2,334		2,334
Current Portion--Pledges Receivable	42,886			42,886
Prepaid Expenses	39,627			39,627
Inter-Organization Receivable		597	(597)	
Total Current Assets	<u>738,096</u>	<u>2,931</u>	<u>(597)</u>	<u>740,430</u>
PROPERTY AND EQUIPMENT:				
Land	1,521,259			1,521,259
Buildings	3,840,576			3,840,576
Equipment, Furniture and Fixtures	152,540			152,540
Vehicles	117,139			117,139
Total	<u>5,631,514</u>			<u>5,631,514</u>
Less Accumulated Depreciation	<u>1,273,431</u>			<u>1,273,431</u>
Net Property and Equipment	<u>4,358,083</u>			<u>4,358,083</u>
OTHER ASSETS:				
Investments		1,448,247		1,448,247
Donated Land	4,400			4,400
Cash Restricted for Long Term Investment		139,995		139,995
Cash Surrender Value of Life Insurance	23,320			23,320
Long Term Portion of Pledges Receivable	44,667			44,667
Total Other Assets	<u>72,387</u>	<u>1,588,242</u>		<u>1,660,629</u>
Total Assets	<u>\$ 5,168,566</u>	<u>\$ 1,591,173</u>	<u>\$ (597)</u>	<u>\$ 6,759,142</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Expenses	\$ 140,890	\$	\$	\$ 140,890
Deferred Revenue	29,850			29,850
Inter-Organization Payable	597		(597)	
Total Current Liabilities	<u>171,337</u>		<u>(597)</u>	<u>170,740</u>
LONG-TERM LIABILITIES:				
Cash Surrender Value of Life Insurance Due Beneficiary				
Total Liabilities	<u>171,337</u>		<u>(597)</u>	<u>170,740</u>
NET ASSETS:				
Unrestricted	4,854,744			4,854,744
Temporarily Restricted	142,485	34,906		177,391
Permanently Restricted		1,556,267		1,556,267
Total Net Assets	<u>4,997,229</u>	<u>1,591,173</u>		<u>6,588,402</u>
Total Liabilities and Net Assets	<u>\$ 5,168,566</u>	<u>\$ 1,591,173</u>	<u>\$ (597)</u>	<u>\$ 6,759,142</u>

COMBINING SCHEDULE OF ACTIVITES
2009

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Combining Schedule of Activities
For The Year Ended August 31, 2009

	Mission			Unrestricted
	Unrestricted	Temporarily Restricted	Total	
CHANGES IN NET ASSETS:				
SUPPORT AND REVENUE:				
Public Support:				
Cash Contributions	\$ 2,294,624	\$ 6,709	\$ 2,301,333	\$
Bequests	306,669		306,669	
Noncash Contributions	1,114,198		1,114,198	
Special Events	109,731		109,731	
Grant Income	450,000	386,039	836,039	
Total Public Support	<u>4,275,222</u>	<u>392,748</u>	<u>4,667,970</u>	
Program Service Revenue:				
Industrial Program	18,175		18,175	
Room and Board				
Total Program Service Revenue	<u>18,175</u>		<u>18,175</u>	
Other Revenue:				
Increase in Cash Surrender Value of Life Insurance	1,458		1,458	
Investment Income	648		648	(95,900)
Gain on Sale of Asset	250		250	
Other Income	13,542		13,542	
Net Assets Released From Restrictions:				
Satisfaction of Restrictions	319,649	(319,649)		
Total Other Revenue	<u>335,547</u>	<u>(319,649)</u>	<u>15,898</u>	<u>(95,900)</u>
Total Support and Revenue	<u>4,628,944</u>	<u>73,099</u>	<u>4,702,043</u>	<u>(95,900)</u>
EXPENSES:				
Program Service:				
Men, Women, and Children Ministries	<u>2,712,494</u>		<u>2,712,494</u>	
Supporting Services:				
Management and General	323,495		323,495	24,909
Fundraising	497,004		497,004	
Total Supporting Services	<u>820,499</u>		<u>820,499</u>	<u>24,909</u>
Total Expenses	<u>3,532,993</u>		<u>3,532,993</u>	<u>24,909</u>
CHANGES IN NET ASSETS	1,095,951	73,099	1,169,050	(120,809)
NET ASSETS--Beginning of Year	<u>4,854,744</u>	<u>142,485</u>	<u>4,997,229</u>	
NET ASSETS--End of Year	<u>\$ 5,950,695</u>	<u>\$ 215,584</u>	<u>\$ 6,166,279</u>	<u>\$ (120,809)</u>

Foundation			Inter-Organization Eliminations	Combined			
Temporarily Restricted	Permanently Restricted	Total		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$	\$	\$	\$ (24,909)	\$ 2,269,715	\$ 6,709	\$	\$ 2,276,424
				306,669			306,669
				1,114,198			1,114,198
				109,731			109,731
				450,000	386,039		836,039
			(24,909)	4,250,313	392,748		4,643,061
				18,175			18,175
				18,175			18,175
(34,906)		(130,806)		1,458	(34,906)		1,458
				(95,252)			(130,158)
				250			250
				13,542			13,542
				319,649	(319,649)		
(34,906)		(130,806)		239,647	(354,555)		(114,908)
(34,906)		(130,806)	(24,909)	4,508,135	38,193		4,546,328
				2,712,494			2,712,494
		24,909	(24,909)	323,495			323,495
				497,004			497,004
		24,909	(24,909)	820,499			820,499
		24,909	(24,909)	3,532,993			3,532,993
(34,906)		(155,715)		975,142	38,193		1,013,335
34,906	1,556,267	1,591,173		4,854,744	177,391	1,556,267	6,588,402
\$	\$ 1,556,267	\$ 1,435,458	\$	\$ 5,829,886	\$ 215,584	\$ 1,556,267	\$ 7,601,737

COMBINING SCHEDULE OF ACTIVITIES
2008

THE RALEIGH RESCUE MISSION, INC.
and
THE RALEIGH RESCUE MISSION FOUNDATION, INC.
Combining Schedule of Activities
For The Year Ended August 31, 2008

	Mission			Unrestricted
	Unrestricted	Temporarily Restricted	Total	
CHANGES IN NET ASSETS:				
SUPPORT AND REVENUE:				
Public Support:				
Cash Contributions	\$ 2,194,106	\$ 12,119	\$ 2,206,225	\$
Bequests	31,769		31,769	
Noncash Contributions	9,254		9,254	
Special Events	99,343		99,343	
Grant Income	400,000	162,309	562,309	
Total Public Support	<u>2,734,472</u>	<u>174,428</u>	<u>2,908,900</u>	
Program Service Revenue:				
Industrial Program	6,717		6,717	
Room and Board	1,040		1,040	
Total Program Service Revenue	<u>7,757</u>		<u>7,757</u>	
Other Revenue:				
Increase in Cash Surrender Value of Life Insurance	1,363		1,363	
Investment Income	15,376		15,376	
Other Income	9,651		9,651	
Net Assets Released From Restrictions:				
Satisfaction of Restrictions	207,865	(207,865)		37,403
Total Other Revenue	<u>234,255</u>	<u>(207,865)</u>	<u>26,390</u>	<u>37,403</u>
Total Support and Revenue	<u>2,976,484</u>	<u>(33,437)</u>	<u>2,943,047</u>	<u>37,403</u>
EXPENSES:				
Program Service:				
Men, Women, and Children Ministries	2,457,487		2,457,487	
Supporting Services:				
Management and General	376,511		376,511	37,403
Fundraising	416,478		416,478	
Total Supporting Services	<u>792,989</u>		<u>792,989</u>	<u>37,403</u>
Total Expenses	<u>3,250,476</u>		<u>3,250,476</u>	<u>37,403</u>
CHANGES IN NET ASSETS	(273,992)	(33,437)	(307,429)	
NET ASSETS--Beginning of Year--As Restated	<u>5,128,736</u>	<u>175,922</u>	<u>5,304,658</u>	
NET ASSETS--End of Year	<u>\$ 4,854,744</u>	<u>\$ 142,485</u>	<u>\$ 4,997,229</u>	<u>\$</u>

Foundation			Inter-Organization Eliminations	Combined			
Temporarily Restricted	Permanently Restricted	Total		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$	\$ 15,458	\$ 15,458	\$ (52,861)	\$ 2,141,245	\$ 12,119	\$ 15,458	\$ 2,168,822
				31,769			31,769
				9,254			9,254
				99,343			99,343
				400,000	162,309		562,309
	<u>15,458</u>	<u>15,458</u>	<u>(52,861)</u>	<u>2,681,611</u>	<u>174,428</u>	<u>15,458</u>	<u>2,871,497</u>
				6,717			6,717
				1,040			1,040
				<u>7,757</u>			<u>7,757</u>
				1,363			1,363
(17,345)		(17,345)		15,376	(17,345)		(1,969)
				9,651			9,651
<u>(37,403)</u>				245,268	<u>(245,268)</u>		
<u>(54,748)</u>		<u>(17,345)</u>		<u>271,658</u>	<u>(262,613)</u>		<u>9,045</u>
<u>(54,748)</u>	<u>15,458</u>	<u>(1,887)</u>	<u>(52,861)</u>	<u>2,961,026</u>	<u>(88,185)</u>	<u>15,458</u>	<u>2,888,299</u>
				<u>2,457,487</u>			<u>2,457,487</u>
		37,403	(37,403)	376,511			376,511
			(15,458)	401,020			401,020
		<u>37,403</u>	<u>(52,861)</u>	<u>777,531</u>			<u>777,531</u>
			<u>(52,861)</u>	<u>3,235,018</u>			<u>3,235,018</u>
(54,748)	15,458	(1,887)		(273,992)	(88,185)	15,458	(346,719)
<u>89,654</u>	<u>1,540,809</u>	<u>1,630,463</u>		<u>5,128,736</u>	<u>265,576</u>	<u>1,540,809</u>	<u>6,935,121</u>
<u>\$ 34,906</u>	<u>\$ 1,556,267</u>	<u>\$ 1,628,576</u>	<u>\$</u>	<u>\$ 4,854,744</u>	<u>\$ 177,391</u>	<u>\$ 1,556,267</u>	<u>\$ 6,588,402</u>