

K4C MINISTRIES, INC.

Reviewed Financial Statements

December 31, 2009

K4C MINISTRIES, INC.
FINANCIAL STATEMENTS
Year Ended December 31, 2009

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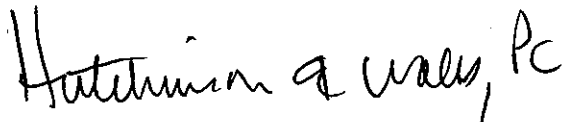
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To the Board of Directors of
K4C Ministries, Inc.

We have reviewed the accompanying statement of financial position of K4C Ministries, Inc (a nonprofit organization) as of December 31, 2009 and the related statements of activities, functional expenses and cash flows for the year 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 K4C Ministries, Inc.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, 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 generally accepted accounting principles.



Hutchinson & Walls, PC

September 7, 2010

K4C MINISTRIES INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2009

ASSETS

Cash and cash equivalents	\$ 21,469
Property and equipment, net of accumulated depreciation of \$20,600	<u>17,061</u>
TOTAL ASSETS	<u><u>\$ 38,530</u></u>

LIABILITIES AND NET ASSETS

Accounts Payable	<u>\$ 1,490</u>
TOTAL CURRENT LIABILITIES	1,490

NET ASSETS

Unrestricted	21,374
Temporarily Restricted for purchase of real property	15,666
TOTAL NET ASSETS	<u><u>37,040</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 38,530</u></u>

See accompanying notes and accountant's report.

K4C MINISTRIES INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2009

UNRESTRICTED NET ASSETS

REVENUES, GAINS, AND OTHER SUPPORT

Contributions of Cash	\$ 73,734
Contributions of Supplies	23,354
Investment Return	10
Sale of Asset	<u>90</u>
Total Unrestricted Revenues and Gains	<u>97,188</u>

EXPENSES

Program Services	121,306
Supporting Services:	
General and managerial	<u>14,713</u>
Total Expenses	<u>136,019</u>

DECREASE IN UNRESTRICTED NET ASSETS (38,831)

TEMPORARILY RESTRICTED NET ASSETS

INCREASE IN TEMPORARILY RESTRICTED ASSETS

Investment Return	319
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NET ASSETS

Beginning of Year	<u>75,552</u>
End of Year	<u><u>\$ 37,040</u></u>

See accompanying notes and accountant's report.

K4C MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2009

	Total Program Services	<u>Supporting Services</u>		Total
		General and <u>Managerial</u>	<u>Fundraising</u>	
Salaries and Wages	\$ 24,538	\$ -	\$ -	\$ 24,538
Office & Administrative Costs	-	9,682	-	9,682
Bad Debt	30,000			30,000
Facility	21,847	-	-	21,847
Insurance	-	5,031	-	5,031
Transportation	2,619	-	-	2,619
Kitchen & Food Service	3,199	-	-	3,199
Life Ministries	101	-	-	101
Teaching Ministries	2,975	-	-	2,975
Outings and special activities	3,522	-	-	3,522
Fundraising and Recruitment	-	-	220	220
Materials Distributed	23,354	-	-	23,354
Depreciation	7,398	-	-	7,398
Miscellaneous	1,533	-	-	1,533
Total Expenses	\$ 121,086	\$ 14,713	\$ 220	\$ 136,019

See accompanying notes and accountant's report.

K4C MINISTRIES INC.
STATEMENT OF CASH FLOW
Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (38,512)
Adjustments to reconcile increase in net assets to net cash provided by operations:	
Depreciation	7,398
Write off of obsolete equipment	1,079
Bad Debt	30,000
(Increase) decrease in current assets:	
Other Assets	1,665
Increase (decrease) in current liabilities:	
Accounts Payable	(5,551)
NET CASH USED BY OPERATING ACTIVITIES	<u>34,591</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	(1,349)
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,349)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>
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NET INCREASE IN CASH	(5,270)
Cash, Beginning of Year	26,739
Cash, End of Year	<u>\$ 21,469</u>

SUPPLEMENTAL DISCLOSURES

Received \$23,354 in donated supplies (non-cash) for school supplies, etc. These supplies were distributed to children in the community.

See accompanying notes and accountant's report.

K4C Ministries Inc.

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2009

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

K4C Ministries Inc. (The Organization) was organized under the laws of the State of Georgia as a not-for-profit corporation on June 8, 2005. The organization's purpose is to further the work of Christ by spreading His Gospel to at-risk children in LaFayette, Georgia through Bible teaching, educational assistance, and Christian example.

Method of accounting. The financial statements of the organization have been prepared utilizing the accrual basis of accounting.

Promises to Give. Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Temporarily and permanently restricted net assets. Temporarily restricted net assets are those whose use is subject to donor-imposed stipulations that may or will be met, either by actions of the Organizations or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Permanently restricted net assets are subject to donor-imposed stipulation that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

At December 31, 2009, there were no permanently restricted net assets, and was \$15,666 temporarily restricted for purchase of a new building

Use of 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 and disclosures. Actual results could differ from those estimates.

K4C Ministries Inc.

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2009

Cash and cash equivalents. For purposes of the statement of cash flows, the Organization considers all highly liquid investments with initial maturities of three months or less to be cash equivalents. There were cash equivalents of \$15,319 at December 31, 2009.

Property and equipment. The Organization capitalizes all expenditures for property and equipment in excess of \$200. Property and equipment are recorded at cost or, if donated, at estimated fair value at the date of donation. Donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is provided over the estimated useful lives of depreciable assets. It is computed using the straight-line method for buildings and the double declining method for all other assets.

Contributions. Contributions received, including unconditional promises to give, are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. Contributions of donated noncash assets are recorded at their fair values in the period received. Unconditional promises to give due in the next year are reported at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Donated services. The Organization receives donated services from unpaid volunteers who perform a variety of tasks to assist the Organization in its program services and its fund-raising campaigns. Donated services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. If the criteria for recognition are satisfied, donated services are recorded at their fair values in the period received.

Fundraising taxes. The total costs of fundraising are included in the statement of activities.

K4C Ministries Inc.

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2009

Income taxes. The Organization is a Section 501 (c) (3) not-for-profit agency exempt from federal and state income taxes pursuant to Section 501 (a) of the Internal Revenue Code.

Advertising. The Organization's policy is to expense advertising costs as the costs are incurred. During the year ended December 31, 2009, the Organization incurred no advertising expense.

NOTE B – RESTRICTIONS ON NET ASSETS

Temporary restrictions on net assets at the end of 2009 are related to funds restricted for the purchase of a real estate.

NOTE C – BAD DEBT

In 2006, the Organization entered into a contract to sell real property for a purchase price which included \$30,000 in construction materials. In 2009, it became apparent that the purchaser no longer intended to provide the \$30,000 in materials. The Board elected not to take legal action and voted to write-off the asset as bad debt.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Vehicles	\$ 4,750
Office equipment and furnishings	<u>32,911</u>
	37,611
Accumulated depreciation	<u>(20,600)</u>
	<u>\$ 17,061</u>

Depreciation for the year ending December 31, 2009 is \$7,398.

NOTE E – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 7, 2010, the date on which the financial statements were available to issue.