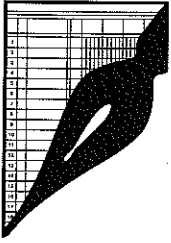


**T.O.T.A.L. Ministries of Spartanburg County, Inc.**

Financial Statements – Cash Basis  
Year Ended December 31, 2006

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# Norman, Johnson & Co., PA

Certified Public Accountants

## Independent Auditors' Report

To the Board of Directors  
T.O.T.A.L. Ministries of Spartanburg County, Inc.  
Spartanburg, South Carolina

We have audited the accompanying statement of assets, liabilities and net assets – cash basis of **T.O.T.A.L. Ministries of Spartanburg County, Inc.** (a non-profit corporation) as of December 31, 2006 and the related statements of revenues, expenses and changes in net assets – cash basis and functional expenses – cash basis for the year then ended. These financial statements are the responsibility of the management of T.O.T.A.L. Ministries of Spartanburg County, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

As described in Note 2, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of T.O.T.A.L. Ministries of Spartanburg County, Inc. as of December 31, 2006 and its revenues, expenses and changes in net assets for the year then ended, on the basis of accounting described in Note 2.

*Norman, Johnson & Co., PA*

June 14, 2007  
Spartanburg, South Carolina

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Member: American Institute of Certified Public Accountants

South Carolina Association of Certified Public Accountants • North Carolina Association of Certified Public Accountants

## T.O.T.A.L. Ministries of Spartanburg County, Inc.

Statement of Assets, Liabilities and Net Assets - Cash Basis  
December 31, 2006

## ASSETS

Current assets	
Cash and cash equivalents	\$ 76,963
Total current assets	<u>76,963</u>
Property and Equipment	
Land	5,000
Building and improvements	154,060
Furniture and fixtures	2,859
Equipment	3,873
Vehicles	<u>13,000</u>
	178,792
Less accumulated depreciation	<u>(49,318)</u>
Net property and equipment	<u>129,474</u>
Other Assets	
Spartanburg County Foundation account	<u>53,757</u>
 Total assets	 <u>\$ 260,194</u>

## LIABILITIES AND NET ASSETS

Current liabilities	
Payroll taxes payable	\$ 1,518
Total current liabilities	<u>1,518</u>
Net assets	
Unrestricted	256,634
Temporarily restricted	<u>2,042</u>
Total net assets	<u>258,676</u>
 Total liabilities and net assets	 <u>\$ 260,194</u>

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

## T.O.T.A.L. Ministries of Spartanburg County, Inc.

Statement of Revenues, Expenses and Changes in Net Assets - Cash Basis  
Year Ended December 31, 2006

Changes in Unrestricted Net Assets	
Revenues	
Contributions	\$ 254,460
Special events	3,636
Grants	
Duke Energy Foundation	36,090
Piedmont Natural Gas Company, Inc.	7,100
Compassion Project	3,805
Interest and dividends	267
Investment gain on Foundation account	5,959
Miscellaneous income	26
Total unrestricted revenues	<u>311,343</u>
Expenses	
Program services	242,297
Supporting services	
Management and general	31,408
Fund raising	16,355
Total expenses	<u>290,060</u>
Increase in unrestricted net assets	<u>21,283</u>
Changes in Temporarily Restricted Net Assets	
Contributions	<u>2,042</u>
Increase in temporarily restricted net assets	<u>2,042</u>
Increase in net assets	23,325
Net assets, beginning	<u>235,351</u>
Net assets, ending	<u>\$ 258,676</u>

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

## T.O.T.A.L. Ministries of Spartanburg County, Inc.

Statement of Functional Expenses - Cash Basis  
Year Ended December 31, 2006

	Program Services	Supporting Services		Total
		Management & General	Fund Raising	
Personnel costs				
Salaries	\$ 26,682	\$ 11,005	\$ 9,005	\$ 46,692
Payroll taxes	2,058	849	694	3,601
Employee benefits	2,058	686	686	3,430
Occupancy costs				
Utilities	2,479	813	430	3,722
Repairs and maintenance	3,672	914	18	4,604
Telephone	2,034	678	678	3,390
Office expenses				
Supplies	188	697	401	1,286
Postage	554	274	1,803	2,631
Subscriptions	100	178	250	528
Printing and advertising	389	395	1,400	2,184
Computer	380	374	127	881
Truck expenses				
Gasoline	211	192	77	480
Professional		4,000	50	4,050
Insurance	966	3,606		4,572
Continuing education	377	5,695	360	6,432
Meals and entertainment	57	140	34	231
Bank charges	100	17	45	162
Miscellaneous operating	2,079	711	112	2,902
Medical assistance	23,364			23,364
Utilities assistance	83,730			83,730
Transportation assistance	4,297			4,297
Rent assistance	73,744			73,744
Food purchases	3,309			3,309
Miscellaneous assistance	3,674			3,674
Total expenses before depreciation	236,502	31,224	16,170	283,896
Depreciation	5,795	184	185	6,164
Total expenses	\$ 242,297	\$ 31,408	\$ 16,355	\$ 290,060

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

**T.O.T.A.L. Ministries of Spartanburg County, Inc.**

## Notes to Financial Statements

**Note 1 - Purpose and Nature of Activities**

T.O.T.A.L. Ministries of Spartanburg County, Inc. is a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and determined not to be a private foundation within the meaning of Section 509(a) of the Code. The purpose of the Organization is to provide assistance to the poor and downtrodden of Spartanburg County in the form of food, clothing, fuel, prescription medication, transportation and housing assistance, and financial counseling. The Organization receives financial support from individuals, churches and other organizations primarily in Spartanburg County, South Carolina.

**Note 2 - Summary of Significant Accounting Policies****a. Basis of Accounting**

The Organization prepares its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis differs from generally accepted accounting principles primarily because certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Modifications to the cash basis consist of capitalization of fixed assets and recording depreciation and noncash donations of skilled labor and materials on building improvements.

**b. Property and Equipment**

Property and equipment are stated at cost or estimate of fair value when donated less accumulated depreciation computed on the straight-line method. The assets are depreciated over their estimated useful lives, which range from 5 to 39 years. Gains and losses from property and equipment dispositions are recognized when the assets are sold or abandoned.

**c. Contribution**

The Organization records contributions and grants when received.

**d. Contributed Services and Materials**

Individuals volunteer their time to help with the Organization's application and counseling processes as well as other activities of the Organization. These volunteer hours have not been recorded in the accompanying statement of revenues, expenses and changes in net assets – cash basis. In addition food, clothing and other donated items have not been recorded.

**e. Income Taxes**

The Organization is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in the statement of revenues, expenses and changes in net assets – cash basis.

**f. Advertising**

The Organization uses advertising to promote its fund raising activities. The production costs of advertising are expensed when paid. During 2006, no advertising costs were incurred.

## T.O.T.A.L. Ministries of Spartanburg County, Inc.

## Notes to Financial Statements

**Note 2 - (continued)**

## g. Functional Expenses

The costs of providing the various programs, fund raising and other activities have been shown on a functional basis in the statement of revenues, expenses and changes in net assets – cash basis. Functional expenses are allocated to programs and supporting services based on specific identification. Expenses that relate to programs and supporting services are allocated to the various functions based on estimates of time and building space.

## h. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and disclosures of depreciation expense at the date of the financial statements. Actual results could differ from those estimates.

**Note 3 - Stocks Held for Sale**

The Organization maintains an investment account at Smith Barney to which donors may contribute stock. Any contributions of stock are promptly sold and converted to money funds which are transferred as needed and utilized by the Organization for its operations. At December 31, 2006, the Organization did not hold any readily marketable stock.

**Note 4 - Foundation Agreement**

T.O.T.A.L. Ministries of Spartanburg County, Inc. (the sponsor) has an interest in a fund with the Spartanburg County Foundation. The fund agreement calls for the principal and net income of the fund to be devoted to the provision of assistance to the sponsor in delivering services to the poor and needy. The fund, however, is to be held, managed, administered, applied and disbursed as a component fund under the Spartanburg County Foundation known as the Dannie Horne T.O.T.A.L. Ministries Fund. The Fund is to be maintained with a minimum balance of \$2,000.

The Fund's reported activity for the year ended December 31, 2006 is detailed as follows

Balance, December 31, 2005	\$	32,798
Transfers from operating		25,000
Investment income		6,495
Transfers to operating		(10,000)
Fee expense		(536)
Balance December 31, 2006	\$	<u>53,757</u>

Funds are invested in the stock portfolio maintained by the Foundation.

**T.O.T.A.L. Ministries of Spartanburg County, Inc.**

## Notes to Financial Statements

**Note 6 - Temporarily Restricted Cash and Net Assets**

The Organization considers amounts received for a specific purpose during the year and fully expended by year end as unrestricted for purposes of reporting in the financial statements. Amounts received with donor or grantor imposed restrictions which are not met in the same year as they are received are reported as temporarily restricted net assets.

Temporarily restricted cash is available for the following purposes at December 31, 2006

Christian material	\$ <u>2,042</u>
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**Note 7 - Financial Assistance**

The Organization received a grant in 2005 as a sub-recipient from Clemson University under the South Carolina Rural Communities Compassion Project program primarily for the purpose of training and travel for the executive director and board. During the year ended December 31, 2006, the Organization expended \$3,805 which had been recorded as deferred revenue at December 31, 2005.

**Note 8 - Special Events**

The Organization participated in one special event during the year ended December 31, 2006 which was managed by the Uptown Sertoma Club. Rummage for a Reason generated \$8,352 in revenue with \$4,716 in direct expenses for net revenue of \$3,636.

**Note 9 - Retirement Plan**

The Organization makes an annual contribution of five percent of compensation to the retirement account of the employee. The contribution made in January 2006 for the 2005 payroll year totaled \$2,301.