

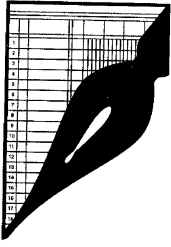
**T.O.T.A.L. Ministries of Spartanburg County, Inc.**

**Financial Statements – Cash Basis  
Year Ended December 31, 2005**



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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, 2005 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, 2005 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*

January 27, 2006  
Spartanburg, South Carolina

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

Statement of Assets, Liabilities and Net Assets - Cash Basis  
December 31, 2005

## ASSETS

Current assets		
Cash and cash equivalents		\$ 72,209
Total current assets		<u>72,209</u>
Property and Equipment		
Land		5,000
Building and improvements		154,060
Furniture and fixtures		2,859
Equipment		3,874
Vehicles		13,000
		<u>178,793</u>
Less accumulated depreciation		(43,154)
Net property and equipment		<u>135,639</u>
Other Assets		
Spartanburg County Foundation account		<u>32,798</u>
Total assets		<u>\$ 240,646</u>

## LIABILITIES AND NET ASSETS

Current liabilities		
Payroll taxes payable		\$ 1,490
Deferred revenue		3,805
Total current liabilities		<u>5,295</u>
Net assets		
Unrestricted		<u>235,351</u>
Total net assets		<u>235,351</u>
Total liabilities and net assets		<u>\$ 240,646</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, 2005

Changes in Unrestricted Net Assets	
Revenues	
Contributions	\$ 256,920
Special events	3,338
Grants	
Duke Energy Foundation	22,593
Piedmont Natural Gas Company, Inc.	2,218
Compassion Project	6,195
Interest and dividends	404
Investment gain on Foundation account	2,745
Miscellaneous income	40
Total unrestricted revenues	<u>294,453</u>
Expenses	
Program services	241,411
Supporting services	
Management and general	24,650
Fund raising	16,120
Total expenses	<u>282,181</u>
Increase in unrestricted net assets	12,272
Net assets, beginning	<u>223,079</u>
Net assets, ending	<u><u>\$ 235,351</u></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, 2005

	Program Services	Supporting Services		Total
		Management & General	Fund Raising	
Personnel costs				
Salaries	\$ 27,140 ✓	\$ 9,046 ✓	\$ 9,047 ✓	\$ 45,233
Payroll taxes	2,076 ✓	692 ✓	692 ✓	3,460
Employee benefits	1,905 ✓	635 ✓	635 ✓	3,175
Occupancy costs				
Utilities	2,716 ✓	852 ✓	487 ✓	4,055
Repairs and maintenance	3,582 ✓	1,172 ✓	397 ✓	5,151
Telephone	1,832 ✓	634 ✓	599 ✓	3,065
Office expenses				
Supplies	1,243 ✓	908 ✓	774 ✓	2,925
Postage	486 ✓	174 ✓	1,114 ✓	1,774
Subscriptions		399 ✓	134 ✓	533
Printing and advertising	123 ✓	314 ✓	1,338 ✓	1,775
Computer	827 ✓	473 ✓	177 ✓	1,477
Truck expenses				
Gasoline	479 ✓	107 ✓		612
Repairs and maintenance	318 ✓		26 ✓	318
Professional	500 ✓	2,750 ✓	50 ✓	3,300
Insurance	2,032 ✓	4,100 ✓	132 ✓	6,264
Continuing education	4,393 ✓	1,326 ✓	35 ✓	5,754
Meals and entertainment	38 ✓	331 ✓	174 ✓	543
Travel	1,670 ✓			1,670
Bank charges	103 ✓	19 ✓		122
Miscellaneous operating	1,096 ✓	469 ✓	59 ✓	1,624
Medical assistance	23,178 ✓			23,178
Utilities assistance	88,092 ✓			88,092
Transportation assistance	2,105 ✓			2,105
Rent assistance	62,490 ✓			62,490
Food purchases	757 ✓			757
Miscellaneous assistance	4,415 ✓			4,415
Total expenses before depreciation	233,596	24,401	15,870	273,867
Depreciation	7,815 ✓	249 ✓	250 ✓	8,314
Total expenses	\$ 241,411	\$ 24,650	\$ 16,120	\$ 282,181

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 2005, 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, 2005, 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, 2005 is detailed as follows

Balance, December 31, 2004	\$ 30,053
Investment income	<u>2,745</u>
Balance December 31, 2005	<u>\$ 32,798</u>

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

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.

At December 31, 2005, the Organization did not hold any temporarily restricted net assets.

**Note 7 - Financial Assistance**

The Organization has received a grant as a subrecipient from Clemson University under the South Carolina Rural Communities Compassion Project program primarily for the purpose of training and travel for the executive director. During the year ended December 31, 2005, the Organization received \$10,000 and has recognized as grant revenue \$6,195 which equals eligible expenditures under the project. Deferred revenue of \$3,805 represents amounts remaining to be spent during 2005-2006.

**Note 8 - Special Events**

The Organization participated in two special events during the year ended December 31, 2005 which were managed by the Uptown Sertoma Club. Rummage for a Reason generated \$752 of revenue while Auction for a Cause generated \$14,445 in revenue with \$11,859 in direct expenses for a net revenue of \$2,586.