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Independent Auditor's Report

To the Board of Directors

Resurrection Street Ministry Inc.

Chandler, AZ

We have audited the accompanying balance sheet of Resurrection Street Ministry Inc., a not-for profit organization, as of December 31, 2013, and the related statements of activities, functional expense, and cash flows for the year then ended. The 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.

We conducted our audit in accordance with generally accepted auditing standards 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, other than merchandise and inventory, the financial statements referred to above, present fairly, in all material respects, the financial position of Resurrection Street Ministry Inc., as of December 31, 2013, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

A handwritten signature in blue ink, appearing to read 'Erik Ketelaar', written over a horizontal line.

Erik Ketelaar, CPA

09/10/2014

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RESURRECTION STREET MINISTRY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2013

(Audited)

ASSETS

Cash (NOTE A)	7,329
Capital Assets (NOTE A)	144017
Total Assets	<u>151,346</u>

LIABILITIES

Accounts Payable (NOTE D)	3,900
OneMain Financial (NOTE E)	11,238
Payroll Liabilities	<u>1,645</u>
Total Liabilities	<u>16,783</u>

Equity	<u>134,563</u>
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TOTAL LIABILITIES & EQUITY	<u>151,346</u>
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See accompanying notes and accountant's report

RESURRECTION STREET MINISTRY, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2013

(Audited)

	Contribution
REVENUES, GAINS, AND OTHER SUPPORT	
Contributions	
Contributions	47,857
Food or non-cash items	9,100,120
Sales from Thrift Store	<u>173,783</u>
Total Revenues	<u>9,321,760</u>
EXPENSE	
Program Services	
Thrift Store	148,617
RSM	9,168,133
Supporting Services	
General	—
Fund-raising	<u>1,460</u>
Total Expenses	<u>9,318,210</u>
Change in Net Assets	3,550
NET ASSETS AT BEGINNING OF YEAR	131,012
NET ASSETS AT END OF YEAR	<u>134,562</u>

See accompanying notes and accountant's report

RESURRECTION STREET MINISTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2013
(Audited)

		Program Services		Supporting Services
Compensation and related expenses				
Compensation	44,175	—	—	44,175
Payroll	3,620	—	—	3,620
Insurance				
Vehicle	1,396	248	—	1,644
Liability	989	53	—	1,042
Worker's compensation	490	—	—	490
Interest	—	1,280	—	1,280
Occupancy				
Electricity and Gas	22,811	3,478	—	26,289
Rent	61,253	18,791	—	80,044
Supplies				
Office	6,791	961	1,460	9,212
Outreach	320	3,473	—	3,793
Postage	—	523	—	523
Telephone	—	2,999	—	2,999
Repairs				
Equipment	185	566	—	751
Building	182	2337	—	2,519
Automobile				
Fuel	1,817	5,141	—	6,958
license		697		697
services	2,402	2,052		4454
Bank Service	2,186	—	—	2186
Non cash	—	<u>9,125,534</u>		<u>9,125,534</u>
Total	<u>148,617</u>	<u>9,168,133</u>	<u>1,460</u>	<u>9,318,210</u>
	Thrift Store	RSM	Fund-raising	

See accompanying notes and accountant's report

RESURRECTION STREET MINISTRY, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2013

(Audited)

OPERATING ACTIVITIES

Net Income	3,550
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Payable	3,900
OneMain Finanacial	11,238
Payroll Liabilities	<u>27</u>
Net cash provided by Operating Activities	18,715

INVESTING ACTIVITIES

RSM Assets:Yale Forklift	(3,900)
RSM Assets:Crown WB Forklift	(1,500)
RSM Assets: Izuzu Refridgerated Truck	(13,249)
Thrift Store Assets:Merchandise	<u>11,600</u>
Net cash provided by Investing Activities	(7,049)

FINANCING ACTIVITIES

Opening Bal Equity	<u>(11,600)</u>
Net cash provided by Financing Activities	(11,600)

Net cash increase for period	66
Cash at beginning of period	<u>7,263</u>
Cash at end of period	<u>7,329</u>

See accompanying notes and accountant's report

Resurrection Street Ministry Inc.

Notes to Financial Statements

December 31, 2013

NATURE OF OPERATIONS

Resurrection Street Ministry, Inc. is an Arizona Nonprofit organization operating primarily in the East Valley of Maricopa County. The Organizations main business is providing human service activities to Individuals and families as a Food Bank, for U. S. Veteran Programs, Senior Citizen Programs and low income families. Income to operate these services are through the S.T.U.F.F. Thrift Store (a d/b/a of Resurrection), Individual donations, corporate donations and Grants. Non-cash items and Food donations are received directly from retail and wholesale grocery stores, food banks and food drives.

NOTE A– SUMMARY OF SIGNIFICANT POLICIES

Basis of Accounting

This summary of significant accounting policies of Resurrection Street Ministry Inc. is presented to assist in understanding the Organization's financial statements. The financial statement and notes are representations of the Organization's management, who is responsible for their integrity and objectivity.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions are classified as restricted and unrestricted based on the absence or existence and nature of any donor restrictions.

Contributed services

During the year 2013, the value of contributed services meeting the requirements for recognition in the financial statement was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the residents' facilities. The Organization receives more than 200,000 volunteer hours per year.

Capital Asset

All fixed asset are carried at historical cost. Some of these assets are donated by volunteer or church members. Donations of property and equipment are recorded as unrestricted unless the donor has restricted the donated asset to a specific purpose, which never happens during year 2013. Capital assets includes Resurrection Street Ministry Assets for \$31,305, Tempe Property Assets \$5,000, Food Bank Assets \$19,000, and Thrift Store Assets \$88,712. We are not able to identify and qualify their inventory and merchandise.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

Under Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For Profit Organizations*, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The company only has unrestricted and restricted net assets during the year 2013. The donor designated the purpose of fund. Restricted net asset are only used for specific purposes.

Contributions

Under SFAS NO. 116, *Accounting for Contributions Received and Contributions made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the absence or existence and nature of any donor restrictions.

NOTE B – S.T.U.F.F. CHECKING 6392

Based on the bank statement what we have been given, we find a difference of \$7,061 between bank statement and QuickBooks file of checking account #6392. The difference is due to a time difference, which caused by five transactions that occurred at the end of year 2013 but were not cleared until the beginning of year 2014. All information obtained from bank statement matches bank reconciliation from QuickBooks and the correct amount should be \$11,843.

NOTE C – TEMPE PROPERTY ASSETS

The Organization has a rental property in 2013. They do not pay any rent for the property during 2013. The property is no longer being used and everything there has either lost or been stolen.

NOTE D – ACCOUNTS PAYABLE

The Organization takes a personal loan on the Yale Forklift. One of their employees pays \$3,900 cash in front to get the forklift and the Organization pays him back later with same amount in cash.

NOTE E – ONEMAIN FINANCIAL

The organization bought the Isuzu refrigerated truck during 2013, with a bank loan on it. The total loan amount is \$15,672, including the principals and process fees. The organization has been making monthly payments on time.

NOTE F – FOOD AND OTHER NON CASH ITEM

The main income of the year is food donations from individuals and charities. The organization compute the value of the food by using \$1.66 per pound times the total pounds of the food they receive.

NOTE G – RSM non-cash Expense

The company distributes the food to low-income people and they recorded \$9,125,534 as an expense.