

ROCKWALL COUNTY HELPING HANDS, INC.
Financial Statements
as of and for the twelve months ended
December 31, 2010, and December 31, 2009
(audit)

David O. Tate
Certified Public Accountant
Mangum, Oklahoma

Rockwall County Helping Hands, Inc.
December 31, 2010 and December 31, 2009

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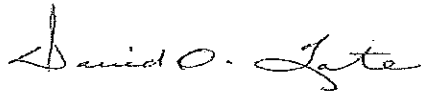
Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

The Board of Directors of
Rockwall County Helping Hands, Inc.

I have audited the accompanying financial statements of Rockwall County Helping Hands, Inc., as of and for the twelve-month period ended December 31, 2010 and December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Rockwall County Helping Hands, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly the financial position of Rockwall County Helping Hands, Inc. as of December 31, 2010 and December 31, 2009, and the results of its operations, changes in net assets, and cash flows for the twelve-month periods then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountant
January 21, 2011

Rockwall County Helping Hands, Inc.
Statements of Net Assets
December 31

	2010	2009
Assets		
Current assets		
Cash and cash equivalents	214,711	212,777
Accounts receivable	19,547	21,215
Inventory of contributed merchandise for resale	54,151	19,753
Total current assets	<u>288,409</u>	<u>253,745</u>
Property and equipment		
Property and equipment, net of accumulated depreciation of \$843,809 (2010) and \$750,251 (2009)	1,967,889	1,792,431
Total property and equipment	<u>1,967,889</u>	<u>1,792,431</u>
Total assets	<u>2,256,298</u>	<u>2,046,175</u>
Liabilities		
Current liabilities		
Accounts payable	22,405	1,250
Accrued and withheld amounts payable	3,512	5,962
Mortgage note payable-current portion	56,890	35,043
Total current liabilities	<u>82,807</u>	<u>42,255</u>
Long-term liabilities		
Mortgage note payable-non-current portion	733,342	622,493
Total long-term liabilities	<u>733,342</u>	<u>622,493</u>
Total liabilities	<u>816,149</u>	<u>664,748</u>
Net assets		
Restricted	-	-
Unrestricted	1,440,149	1,381,428
Total net assets	<u>1,440,149</u>	<u>1,381,428</u>
Total liabilities and net assets	<u>2,256,298</u>	<u>2,046,175</u>

The accompanying notes to the financial statements are an integral part hereof.

Rockwall County Helping Hands, Inc.
 Statements of Activities and Changes in Net Assets
 for the twelve months ended December 31

Support and Revenues	F	2010	F	2009
Support				
Non-cash contributions		27,945		2,244
Contributions of cash and cash equivalents		421,663		407,824
In-kind contributions		708,846		363,562
Special events		181,057		60,604
United Way		206,536		224,399
		<hr/>		<hr/>
Total support		1,546,048		1,058,633
		<hr/>		<hr/>
Revenue				
Thrift store sales		813,136		742,792
Less cost of thrift store sales		439,093		394,082
Gross margin from thrift store sales		374,043		348,710
Community Clinic fees for services		363,334		391,125
Gain on sale of securities		-		-
Lease and rentals		84,020		83,095
Investment income		1,182		1,187
		<hr/>		<hr/>
Total revenue		822,579		824,117
		<hr/>		<hr/>
Total support and revenues		2,368,627		1,882,750
		<hr/>		<hr/>
Expenses				
Program expenses				
Emergency assistance		739,789		365,928
Community clinic		513,657		557,436
Thrift store		550,297		498,033
Lease and rental		147,811		125,397
Fund raising		77,245		12,499
Administrative and general		281,107		279,727
		<hr/>		<hr/>
Total expenses		2,309,905		1,839,020
		<hr/>		<hr/>
Increase (decrease) in net assets		58,721		43,730
		<hr/>		<hr/>
Net assets at the beginning of the year		1,381,428		1,337,698
		<hr/>		<hr/>
Net assets at the end of the year		1,440,149		1,381,428
		<hr/>		<hr/>

The accompanying notes to the financial statements are an integral part hereof.

Rockwall County Helping Hands, Inc.
Statements of Cash Flows
for the twelve months ended December 31

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Increase (decrease) in net assets	58,721	43,730
Prior period adjustments		
Adjustments to reconcile the changes in net assets to net cash provided by operating activities		
Depreciation	92,382	93,558
Increase/decrease in cash from changes in operating assets and liabilities		
Inventory of merchandise for resale	(34,398)	52,359
Pledges receivable		
Accounts receivable	1,668	(4,814)
Prepaid expenses		
Accounts/taxes payable	21,155	(10,158)
Sales taxes payable		-
Deferred revenue		-
Accrued and withheld amounts payable	(2,450)	374
	<u>137,078</u>	<u>175,050</u>
Net cash provided (used) by operating activities		
Cash flows from financing activities		
Principal payments or proceeds from mortgage note	132,696	(41,212)
	<u>132,696</u>	<u>(41,212)</u>
Net cash provided (used) by financing activities		
Cash flows from investing activities		
Acquisition of property and equipment	(267,840)	(28,934)
	<u>(267,840)</u>	<u>(28,934)</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash	1,934	104,904
Cash balances at the beginning of the year	212,777	107,873
Cash balances at the end of the year	<u>214,711</u>	<u>212,777</u>

The accompanying notes to the financial statements are an integral part hereof.

Rockwall County Helping Hands, Inc.
Statement of Functional Expenses
for the the twelve months ended December 31

	2010						Total	Totals 2009
	Emergency assistance	Community clinic	Thrift store	Lease, rental and building	Fund raising	Administrative and general		
Total payroll costs	113,802	310,300	360,265	33,366		198,202	1,015,935	986,96
Utilities	5,644	14,583	34,092	24,830		6,089	85,238	80,08
Telephone	1,510	7,004	2,501	984		4,169	16,168	14,19
Professional fees	2,216	53,218	4,534			8,150	68,118	108,82
Conferences and seminars							-	9,03
Office expenses							-	46,49
Operating supplies	2,677	37,370	7,432			4,254	51,733	61,13
Janitorial							-	25,40
Maintenance	8,141	13,380	29,728	40,092		9,166	100,507	30,97
Insurance	1,989	7,758	7,158	9,048		2,998	28,951	23,78
Truck expense			11,921				11,921	9,91
Interest expense			4,914	39,491			44,405	45,37
Promotion	1,273	4,042	8,444			6,903	20,662	38,46
Rent	408	2,172	14,047			3,736	20,363	30,55
Other expenses	768	3,330	8,619			19,481	32,198	9,
Contracted services		48,484	4,534				53,018	-
New sletter expenses							-	2,86
Campaign costs					77,245		77,245	12,49
Client assistance	589,885						589,885	219,98
Depreciation	11,476	12,016	52,108			17,959	93,558	92,38
Total	739,789	513,657	550,297	147,811	77,245	281,107	2,309,905	1,839,02

Rockwall County Helping Hands, Inc.
Notes to the financial statements
December 31, 2010 and December 31, 2009

Note 1-Organization.

Rockwall County Helping Hands, Inc. (the agency) was chartered February 10, 1987, as a charitable not-for-profit corporation under the provisions of the laws of the State of Texas. The purpose of the corporation is to assist residents of Rockwall County, Texas with basic needs and educational resources to improve the quality of their lives and to promote public awareness of these needs with the hope of assistance and cooperation.

Functional activities.

Thrift Store.

The agency operates retail outlets in Rockwall, Texas and Royse City, Texas for the sale of contributed used, serviceable items, including clothing, furniture, household articles, but excluding toys. Contributed items which are not deemed serviceable are forwarded to other charitable organizations. All sales proceeds from the Thrift Stores are available for the agency's exempt purposes.

Community Clinic.

The agency operates a health clinic to provide services to economically disadvantaged residents of Rockwall County, Texas. A fee for these services is charged based upon fee standards established by the Texas Department of Health. Clients may be required to pay a portion or all of the fees for services.

Emergency Assistance.

The agency provides emergency assistance for various basic needs and educational assistance to residents of Rockwall County, Texas. Such assistance includes, but is not limited to, financial aid for utilities, shelter, medical needs, clothing, food, and interagency referrals. Eligibility is determined on a case-by-case basis. Applicants for assistance generally must have been a resident of Rockwall County, Texas for a period of at least six months to qualify for assistance.

Building Lease.

The agency owns a facility designed to provide centralized access to available services. The agency has solicited tenants which contribute to the overall mission.

Note 2-Summary of significant accounting policies.

Financial statement presentation.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Rockwall County Helping Hands, Inc. has adopted Statement of Financial Statement Accounting Standards Statement Number 117, "Financial Statements of Not-for-Profit Organizations". This statement establishes what comprises a complete set of financial statements and sets the minimum level of basic information required in each statement. While requiring certain basic information, the statement does not require any specific format for any of the financial statements, but does require that all statements, at a minimum, focus on the entity as a whole. The statement also renders unacceptable any specialized accounting and reporting practices provided in American Institute of Certified Public Accountants guides that are inconsistent with this statement.

Rockwall County Helping Hands, Inc.
Notes to the financial statements
December 31, 2010 and December 31, 2009

Note 2-Summary of significant accounting policies (continued).

Financial statement presentation (continued).

The statement of financial position should provide information about an organization's assets, liabilities, and net assets (the term "net assets" should be used instead of "fund balance") and should focus on the organization as a whole. These amounts should be further subdivided into unrestricted net assets, temporarily restricted assets, and permanently restricted net assets. The totals of each class should agree with the statement of activities.

It is permissible to present amounts for different types (subcategories) of permanent or temporarily restricted net assets either on the face of the statement of financial position or in the notes to the financial statements. For example, amounts of board designations of unrestricted net assets (subcategories) may be shown either on the face of the statement of financial position or in the notes.

In order to provide relevant information about liquidity, financial flexibility, and the relationship of an organization's assets and liabilities, the assets and liabilities should be aggregated into reasonably homogenous groups (such as cash and cash equivalents, accounts and notes receivable from service recipients, etc.). Information about liquidity must be provided by one or more of the following three methods:

- Sequencing assets according to their nearness of conversion to cash and sequencing liabilities according to the nearness of their maturity (and resulting use of cash), or
- Classifying assets and liabilities as current and noncurrent, as defined by Accounting Research Bulletin Number 43, "Restatement and Revision of Accounting Research Bulletins" or
- Disclosing (in notes to the financial statements) relevant information about the liquidity or maturity of assets and liabilities, including restrictions on the use of particular assets.

The statement of activities should report the change in net assets, as well as the changes in each class of net assets (unrestricted, temporarily restricted, and permanently restricted).

All unrestricted revenue should be reported as increases in the unrestricted class of net assets. Contributions that carry donor-imposed restrictions should be reported as increasing either the temporarily restricted class of net assets or the permanently restricted class of net assets.

There is one exception to the requirement that contributions with donor-imposed restrictions be reported as increases in either the temporarily or permanently restricted class of net assets. That is contributions whose restrictions are met within the same reporting period may be reported as unrestricted, provided the organization discloses the policy and follows it consistently from period to period.

All expenses should be reported as decreases in the unrestricted class of net assets. Under this guidance, expirations of restrictions on temporarily restricted net assets will be reported as reclassifications, which simultaneously increase the unrestricted class of net assets. These reclassifications in effect reimburse the unrestricted class of net assets for expenses that are charged against the unrestricted class of net assets and fulfill the donor-imposed restrictions and thus should decrease temporarily restricted net assets.

Rockwall County Helping Hands, Inc.
Notes to the financial statements
December 31, 2010 and December 31, 2009

Note 2-Summary of significant accounting policies (continued).

Financial statement presentation (continued).

An organization must provide, either in the statement of activities or in the notes to the financial statements information about expenses reported by their functional classification, such as major classes of program services or supporting activities. Organizations are encouraged, but not required, to provide information about expenses by their natural classifications as well.

The statement requires that revenues and expenses are to be reported at gross amounts in the statement of activities.

The statement makes a statement of cash flows a required statement for not-for-profit organizations and amends Statement of Financial Accounting Standards Number 95, "Statement of Cash Flows" as follows:

- Requires not-for-profit organizations to present a statement of cash flows as part of a complete set of financial statements, and
- Redefines "financing activities" to include any contributions or investment income restricted by a donor for purchasing, constructing, or improving long-lived assets, or for long-term investment.

Cash and cash equivalents.

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety days of purchase.

Property and equipment.

Contributions of fixed assets for use in its activities are recorded at estimated fair market value at the date of contribution. Purchased property and equipment is recorded at historical cost. Depreciation is calculated using the straight-line method over the estimated useful life of the assets generally as follows:

- | | |
|------------------------------|------------|
| • Buildings and improvements | 5-40 years |
| • Equipment | 5-10 years |
| • Furniture and fixtures | 5-10 years |
| • Vehicles | 10 years |

Rockwall County Helping Hands, Inc. follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,000 for a single item with an estimated useful life of three (3) years or more. Depreciation is computed and charged against earnings using the straight-line method over the estimated useful lives of the property and equipment.

Rockwall County Helping Hands, Inc.
Notes to the financial statements
December 31, 2010 and December 31, 2009

Note 2-Summary of significant accounting policies (continued).

Financial statement presentation (continued).

A summary of the property and equipment follows:

Description	Balance		Retirements	Balance	
	January 1, 2009	Additions		December 31, 2009	
Work in progress		10,504		10,504	
Land	308,112			308,112	
Buildings	1,996,317	4,117		2,000,434	
Leasehold improvements		12,000		12,000	
Equipment	138,000			138,000	
Furniture and fixtures	28,256	2,313		30,569	
Vehicles	43,063			43,063	
Totals	2,513,748	28,934	-	2,542,682	
Accumulated depreciation	657,869	92,382		750,251	
Net property and equipment	1,855,879	(63,448)	-	1,792,431	

Description	Balance		Retirements	Balance	
	January 1, 2010	Additions		December 31, 2010	
Work in progress	10,504		815	9,688	
Land	308,112	57,578		365,690	
Buildings	2,000,434	211,068		2,211,502	
Leasehold improvements	12,000		12,000	-	
Equipment	138,000	3,042		141,042	
Furniture and fixtures	30,569	10,144		40,713	
Vehicles	43,063			43,063	
Totals	2,542,682	281,832	12,815	2,811,698	
Accumulated depreciation	750,251	93,374	(184)	843,809	
Net property and equipment	1,792,431	188,458	12,999	1,967,889	

For the twelve months ended December 31, 2010, the sum of \$93,374 was charged against unrestricted net assets for depreciation expense and for the twelve months ended December 31, 2009, the sum of \$92,382 was charged against unrestricted net assets for depreciation.

Estimates.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Rockwall County Helping Hands, Inc.
Notes to the financial statements
December 31, 2010 and December 31, 2009

Income taxes.

The corporation is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Support and revenues.

The agency receives a significant portion of its support in the form of in-kind or non-cash contributions. In-kind or non-cash contributions consist of clothing, household items for sale by the Thrift Stores, food items for the food pantry, and volunteer services. Donated tangible items which are sold through the Thrift Store are valued at an average of 54% of retail value for the year ended December 31, 2010 and 54% of retail value for the year ended December 31, 2009. Other contributed items, including food, which are distributed to clients as emergency assistance is recorded as receipts when disbursed. No food items are sold.

Comparative totals.

The agency has elected to present only comparative totals for functional expenses for the year ended December 31, 2009.

Note 3-Note payable.

The agency has executed a note secured by a first mortgage lien to American National Bank of Texas for the purchase of a building and land. The note in the amount of \$825,000 provides for monthly payments of \$6,913.74, applied first to interest then to principal. The note bears interest at the rate of five and seventy four hundredths percent (5.74%) per annum. The unpaid balance at December 31, 2010 was \$610,539.76, of which, \$49,203 is expected to be paid in the next twelve months. The unpaid balance at December 31, 2009, was \$657,536, of which, \$35,043 was expected to be paid in the next twelve months. The note matures July 15, 2020.

The agency has executed a note secured by a first mortgage lien to American National Bank of Texas for the purchase of a building and land. The note in the amount of \$184,000 provides for monthly payments of \$1,597.29, applied first to interest then to principal. The note bears interest at the rate of six and thirty five hundredths percent (6.35%) per annum. The unpaid balance at December 31, 2010 was \$179,692.18, of which, \$7,987 is expected to be paid in the next twelve months. The note matures May 19, 2025.

Rockwall County Helping Hands, Inc.
Notes to the financial statements
December 31, 2010 and December 31, 2009

The amounts due for each of the next five years and for each five year period following are:

Year ended December 31	Principal	Interest	Total
2011	56,890	44,945	102,135
2012	55,485	46,650	102,135
2013	63,932	38,203	102,135
2014	67,758	34,377	102,135
2015	71,813	30,322	102,135
2016-2020	401,173	81,943	483,115
2021-2025	73,182	10,758	83,940
Total	790,232	287,197	1,077,429