

**SOMEONE CARES INC. OF ATLANTA
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2009**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Someone Cares Inc. of Atlanta
1950 Spectrum Circle
Suite A-140
Marietta, GA 30067

We have audited the accompanying Statement of Financial Position of Someone Cares Inc. of Atlanta (a non-profit organization) as of December 31, 2009 and the related Statements of Activities and Changes in Net Assets, Functional Expenses and Cash Flows for the year then ended. These financial statements are the responsibility of Someone Cares Inc. of Atlanta's management. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Someone Cares Inc. of Atlanta as of December 31, 2009 and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

R. MICHAEL LABOUNTY & ASSOCIATES, P.C.

Atlanta, Georgia
October 29, 2010

**SOMEONE CARES INC. OF ATLANTA
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009**

ASSETS

CURRENT ASSETS

| | |
|----------------------|---------------|
| Cash | \$ 3,277 |
| Grants receivable | <u>16,643</u> |
| Total current assets | <u>19,920</u> |

FIXED ASSETS (Note 1)

| | |
|-------------------------------|------------------|
| Furniture and equipment | 15,000 |
| Vehicles | 17,000 |
| Less accumulated depreciation | <u>(25,863)</u> |
| Total fixed assets - net | <u>6,137</u> |
| Total assets | <u>\$ 26,057</u> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SOMEONE CARES INC. OF ATLANTA
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2009**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|--------------------------------|--------------|
| Accounts payable | \$ 6,972 |
| Note payable - current portion | <u>2,880</u> |
| Total current liabilities | <u>9,852</u> |

LONGTERM LIABILITIES

| | |
|-------------------|---------------|
| Note payable | <u>7,537</u> |
| Total liabilities | <u>17,389</u> |

COMMITMENTS AND CONTINGENCIES

| | |
|----------------------------------|------------------|
| NET ASSETS | <u>8,668</u> |
| Total liabilities and net assets | <u>\$ 26,057</u> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SOMEONE CARES INC. OF ATLANTA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009**

REVENUE AND SUPPORT:

| | |
|-------------------------------|--------------------|
| Government grants | \$ 95,153 |
| Contributions | 71,631 |
| Other | <u>1,227</u> |
| Total revenue and support | <u>168,011</u> |

EXPENSES:

| | |
|--------------------|--------------------|
| Personnel expenses | 53,606 |
| Contract labor | 47,089 |
| Occupancy | 29,857 |
| Supplies | 13,440 |
| Office expenses | 8,873 |
| Depreciation | 6,400 |
| Transportation | 5,483 |
| Communications | <u>2,368</u> |
| Total program | <u>167,116</u> |

| | |
|------------------------------------|----------------------------|
| INCREASE IN NET ASSETS: | 895 |
| NET ASSETS - BEGINNING OF YEAR | <u>7,773</u> |
| NET ASSETS - END OF YEAR | <u><u>\$ 8,668</u></u> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SOMEONE CARES INC. OF ATLANTA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009**

CASH FLOWS (USED BY) OPERATING ACTIVITIES:

| | |
|---|----------------|
| Increase in net assets | \$ 895 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | |
| Depreciation | 6,400 |
| (Increase) in receivables | (16,643) |
| Increase in accounts payable | <u>7,545</u> |
| Cash (used by) operating activities | <u>(1,803)</u> |

CASH FLOWS (USED BY) FINANCING ACTIVITIES

| | |
|-------------------------|----------------|
| Payment on note payable | <u>(2,547)</u> |
|-------------------------|----------------|

NET INCREASE IN CASH AND CASH EQUIVALENTS (4,350)

CASH, BEGINNING OF YEAR 7,627

CASH, END OF YEAR \$ 3,277

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

CASH PAID DURING THE YEAR FOR:

| | |
|--------------|------------------------|
| Interest | \$ <u><u>2,368</u></u> |
| Income taxes | \$ <u><u>-</u></u> |

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**SOMEONE CARES INC. OF ATLANTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Someone Cares Inc. of Atlanta (the Organization) was incorporated in 2002. The Organization provides support services for individuals infected with the AIDS virus. The Organization is located in Northwest Atlanta.

Note 1 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of generally accepted accounting principles. 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.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Organization's management considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. As of December 31, 2009, the Organization had no cash equivalents.

Property and Equipment

Purchased furniture, fixtures and office equipment are carried at cost. Donated furniture, fixtures and office equipment are carried at the approximate fair value at the date of donation. Expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful life of assets are capitalized. Depreciation is computed using primarily the straight-line method. Depreciation expense for 2009 was \$6,400. Depreciable lives of the assets are:

| | <u>Life</u> |
|-----------|-------------|
| Equipment | 3 - 5 Years |
| Furniture | 5 Years |

Donated Services

Donated services are recognized as contributions in accordance with generally accepted accounting principles if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During 2009, the Organization recognized no such in-kind donations.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

SOMEONE CARES INC. OF ATLANTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 1 – Summary of Significant Accounting Policies (Continued)

Tax Exempt Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended December 31, 2009, the Organization did not have any unrelated business income, and accordingly, no unrelated business income tax.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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.

Costs Allocated to Programs

The Organization applies allocation formulas to certain groups of expenses to make allocations of expenses to administration, resource development and programs. The allocation formulas are derived from cost of labor based upon personnel assignments and upon the space and resources assigned to the personnel involved in an activity. In addition, there are analyses of time expended for certain activities. Allocation formulas are reevaluated annually or as material changes warrant.

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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Note 2 – Note Payable

The Organization entered into a 72 month installment note when it purchased a vehicle in January 2007. The note calls for monthly payments of \$360 until December 2012.

Note 3 – Concentration of Risks

The Organization maintains cash balances at several financial institutions. The account balances (as reflected in the Organization's records) are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). There were no balances in excess of the FDIC limit at December 31, 2009. Management believes that the quality of the financial institutions with which these amounts are deposited render the risk of loss minimal.

SOMEONE CARES INC. OF ATLANTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 4 – Lease Commitment

As of August 2009 the Organization leases space for its operations in Marietta, GA under the terms of a non-cancelable lease agreement expiring July 2014. Rent expense for the year ended December 31, 2009 was \$27,539. Future minimum lease payments over the remaining term of the leases as of December 31, 2009 are as follows:

| Year Ending December 31, | | |
|-----------------------------|----|----------------|
| 2010 | \$ | 19,250 |
| 2011 | | 22,250 |
| 2012 | | 24,300 |
| 2013 | | 25,020 |
| 2014 | | <u>10,600</u> |
| | \$ | <u>101,420</u> |

Note 5 – Economic Environment

During 2009, the United States and global credit markets remained illiquid. This has resulted in several high-profile investment and commercial bank failures. These problems have affected the broader U.S. and global markets, as well as consumer confidence. The U.S. stock market has not yet recovered to its September 2008 level. It is uncertain how this downturn in the financial markets and consumer confidence may affect the operations, funding and contribution income of nonprofit organizations in the near future.

Note 6 – Subsequent Events

Management has evaluated events and transactions which occurred through October 29, 2010, which was the date the financial statements were available to be issued. As a result of this evaluation, management determined no events or transactions are required to be disclosed.