

**River of Life Foundation
(a non-profit corporation)**

Financial Statements
and
Independent Accountants'
Compilation Report

For the Year Ended
December 31, 2010

River of Life Foundation

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Independent Accountants' Compilation Report

To the Board of Directors
River of Life Foundation
Santa Clara, California

We have compiled the accompanying statements of financial position of River of Life Foundation (a non-profit corporation) as of December 31, 2010, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

A handwritten signature in blue ink that reads 'LMGW'.

September 12, 2011

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River of Life Foundation
Statement of Financial Position
As of December 31, 2010

	<u>December 31, 2010</u>
ASSETS	
Current Assets:	
Cash	\$ 228,232
Inventory	<u>6,325</u>
Total Current Assets	<u>234,557</u>
Total Assets	<u><u>\$ 234,557</u></u>
LIABILITIES AND NET ASSETS	
Net Assets:	
Unrestricted net assets	132,527
Board Designated	34,700
Temporarily restricted net assets	<u>67,330</u>
Total Net Assets	<u>234,557</u>
Total Net Assets	<u><u>\$ 234,557</u></u>

See accompanying independent accountants' compilation report and notes to financial statements.

River of Life Foundation
Statement of Activities and Change in Net Assets
For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Fundraising	\$ 99,176	\$ -	\$ 99,176
General Contributions	90,444	-	90,444
Temporarily Restricted Donations	-	164,423	164,423
In-Kind Donation: Rent & Salaries	56,606	-	56,606
In-Kind Donation: Food	328,875	-	328,875
Release of temporarily restricted net assets	259,685	(259,685)	-
Total Support and Revenue	<u>834,786</u>	<u>(95,262)</u>	<u>739,524</u>
Expenses:			
Program services	694,862	-	694,862
Management and general	24,711	-	24,711
Fundraising	52,823	-	52,823
Total Expenses	<u>772,396</u>	<u>-</u>	<u>772,396</u>
Other Revenue:			
Interest income	788	-	788
Total Other Revenue:	<u>788</u>	<u>-</u>	<u>788</u>
Change in Net Assets	63,178	(95,262)	(32,084)
Net Assets:			
Beginning of year	<u>104,049</u>	<u>162,592</u>	<u>266,641</u>
End of year	<u>\$ 167,227</u>	<u>\$ 67,330</u>	<u>\$ 234,557</u>

See accompanying independent accountants' compilation report and notes to financial statements.

River of Life Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2010

	December 31, 2010			
	Program Services	Management and General	Fundraising	Total
Disabled Family	\$ 32,399	\$ -	\$ -	\$ 32,399
Food Pantry	341,162	-	-	341,162
Free Income Tax Return	8,847	-	-	8,847
GEM Project	4,032	-	-	4,032
Holiday Plaza	7,542	-	-	7,542
Mongolia Dump Site	2,440	-	-	2,440
New Charity Projects	9,063	-	-	9,063
China Earthquake Fund	70,939	-	-	70,939
Haiti Earthquake Fund	62,380	-	-	62,380
Love to W. Africa Fund	35,366	-	-	35,366
Taiwan Flood Fund	91,000	-	-	91,000
Fundraising	-	-	40,071	40,071
General & Administration	-	4,295	-	4,295
Insurance	-	2,054	-	2,054
IT Expense	-	2,852	-	2,852
Volunteer & Public Relation	-	1,348	-	1,348
Rent	12,690	1,410	-	14,100
Salaries	17,002	12,752	12,752	42,506
	<u>\$ 694,862</u>	<u>\$ 24,711</u>	<u>\$ 52,823</u>	<u>\$ 772,396</u>
Total expenses	<u>\$ 694,862</u>	<u>\$ 24,711</u>	<u>\$ 52,823</u>	<u>\$ 772,396</u>

See accompanying independent accountants' compilation report and notes to financial statements.

River of Life Foundation
Statement of Cash Flows
For the Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Total
Cash flow from operations:			
Fundraising	\$ 99,176	\$ -	\$ 99,176
General Contributions	90,444	-	90,444
Temporarily Restricted Donations	-	164,423	164,423
Release of temporarily restricted net assets	259,685	(259,685)	-
Interest income	788	-	788
Cash paid to Suppliers	(393,240)	-	(393,240)
Net cash provided by operating activities	56,853	(95,262)	(38,409)
 Cash:			
Beginning of year	104,049	162,592	266,641
End of year	\$ 160,902	\$ 67,330	\$ 228,232
 Reconciliation of change in net assets to net operating cash flow:			
Change in net assets	\$ 63,178	\$ (95,262)	\$ (32,084)
Noncash items included in change in net assets			
In-Kind Donation: Rent & Salaries	(56,606)	-	(56,606)
In-Kind Donation: Food	(322,550)	-	(322,550)
Donated Inventory	(6,325)	-	(6,325)
Rent & Salaries Expense	56,606	-	56,606
Food Cost	322,550	-	322,550
Total adjustments	(6,325)	-	(6,325)
Net Operating Cash Flow	\$ 56,853	\$ (95,262)	\$ (38,409)

See accompanying independent accountants' compilation report and notes to financial statements.

River of Life Foundation
Notes to the Financial Statements
December 31, 2010

1. ORGANIZATION

River of Life Foundation (the Foundation) was founded in May 2007 as a 501(c)3 charity organization. The Foundation's goal is to help needy people, local and beyond, and act as a channel of love and grace through community services, charity activities and fund raising from companies, individuals, and other financial institutions.

Locally, the Foundation offers a food pantry for low income individuals and families as well as tax preparation services. The Foundation also offers education, support for families dealing with autism, depression and mental illness, as well as parenting classes and marriage counseling. Internationally, the Foundation supports families raising disable children in a remote village in China. The Foundation also supports various activities in West Africa and Mongolia. Support is also provided to those in need due to natural disasters throughout the world.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles accepted in the United States, (GAAP) and have been consistently applied in the preparation of the financial statements.

a. Basis of Presentation

The Foundation prepares its financial statements using the accrual method of accounting and in conformity with GAAP applicable to not-for-profit organizations. Revenues are reported as increases in unrestricted net assets, unless there are donor-imposed purposes and/or time restrictions on gifted assets. Expenses are reported as decreases in unrestricted net assets. Gains or losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless there use is restricted by explicit donor stipulation or by law.

b. Classes of Net Assets

In accordance with GAAP, where applicable, the financial statements report amounts separately by class of net assets:

- 1) Unrestricted amounts are those currently available at the discretion of the Board for use in the Foundation's ministries, and those resources invested in land, buildings and equipment.
- 2) Board designated amounts are unrestricted net assets that are presently designated by the Board to a specific purpose. These amounts can be returned to an undesignated status by action of the same Board.
- 3) Temporarily restricted amounts are those that are restricted by donors for specific operating purposes or for the acquisition of land, buildings and equipment.
- 4) Permanently restricted net assets are those amounts in which the donor has stipulated that the principal remain intact in perpetuity. Income from the principal is considered unrestricted unless further restricted by the donor.

c. Cash Definition

Cash includes all monies in banks and highly liquid investments with original maturity dates of less than three months.

River of Life Foundation
Notes to the Financial Statements
December 31, 2010

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Revenue and Expenses

Unrestricted contributions are recognized when cash is received or ownership of donated assets is transferred to the Foundation.

Temporarily restricted contributions are recognized as contribution income in the Statement of Activities when cash or ownership of donated assets is transferred to the Foundation. These contributions are subsequently transferred to the unrestricted fund to cover expenses that have been incurred in satisfaction of those restrictions. The Foundation has chosen to show restricted contributions, including contributions of long-lived assets, whose restrictions are met in the same reporting period as unrestricted support.

f. Non-cash Contributions and Use of Volunteers

A large number of people have contributed significant amounts of time to the activities of the Foundation. The financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria of GAAP. If these activities could be valued in the accompanying financial statements, their inclusion would significantly increase the percent of expenses attributable to direct program expenditures.

Donated goods and services are recorded at their fair market value at the date of gift or service.

g. Fund Income Allocations – Unrestricted and Temporarily Restricted

All gains and losses arising from the sale, collection or other disposition of investments and fixed assets are accounted for in the fund that owned such assets according to restrictions placed on the original gift. Ordinary income derived from investments, receivables, and the like, is accounted for in the unrestricted fund.

h. Functional Allocation of Expenses

Functional classification allocates expenses according to the purpose for which the costs are incurred. Examples of functional classifications are program services (expenses directly related to the purpose for which the organization exists) and supporting activities (those indirectly related to the purposes for which the organization exists but necessary for its operations, i.e., management and general and fundraising.)

The Foundation analyzed the costs of providing the various programs and supporting activities of the Foundation on a functional basis.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

j. Tax Exemption Status

The Foundation is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, no tax provision is recorded in these financial statements.

River of Life Foundation
Notes to the Financial Statements
December 31, 2010

3. INVENTORY

The Foundation has inventory at December 31, 2010, valued at \$6,325, which consists of food related to the operation of the food pantry. The inventory is estimated to be the equivalent of 1 week worth of food to operate the pantry.

4. TEMPORARILY RESTRICTED NET ASSETS

The portion of temporarily restricted funds that are required to be disbursed by explicit donor stipulation:

China Earthquake	\$ 33,474
Taiwan Flood	11,030
Love to West Africa	15,104
Haiti Earthquake	<u>7,722</u>
Total Temporarily Restricted Funds	<u>\$ 67,330</u>

5. IN-KIND DONATIONS

The Foundation receives in-kind donations from River of Life Church (the Church) for salaries and facility rent for the food pantry and administrative functions. The value of the salaries is based on actual salaries paid to Church employees for time that is spent performing Foundation functions. The rent is based on square footage used by the Foundation at an estimated fair market value consistent with similar lease rates in the area. The Foundation receives in-kind donations of food from Second Harvest Food Bank of Santa Clara and San Mateo Counties (SHFB). The value of the food donations is provided by SHFB. SHFB uses an actual market value for the food that they receive from USDA, Stimulus and FEMA commodities. For all other food donations, they use \$1.66 per pound as provided by Feeding America, the Nation's Food Bank Network.

6. INCOME TAXES

Per GAAP, an organization must recognize the tax benefit associated with a tax position taken for tax return purposes when it is more likely than not that the position will be sustained. The Foundation does not believe there are any material uncertain tax positions and accordingly, they will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of adoption of the standard. For the year ended December 31, 2010, there were no interest or penalties recorded or included in the financial statements.

There was no unrelated business income for the year ended December 31, 2010. Accordingly, no provision for income taxes is made in these financial statements.

7. CONCENTRATIONS

The Foundation operates primarily in the Santa Clara area and its donor base is located in that area.

8. SUBSEQUENT EVENTS

Subsequent events are evaluated through September 12, 2011, the date the financial statements were available to be issued and determined that no material subsequent required an estimate to be recorded or disclosed as of December 31, 2010.