

RECIPROCAL MINISTRIES INTERNATIONAL, INC.

COMPILED FINANCIAL STATEMENTS

APRIL 30, 2008 and 2007

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ACCOUNTANT'S COMPILATION REPORT

March 12, 2009

To the Board of Directors
Reciprocal Ministries International, Inc.

We have compiled the accompanying statements of financial position of Reciprocal Ministries International, Inc. (a nonprofit organization) at April 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

A handwritten signature in cursive script, appearing to read "Lloyd Chase".

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
April 30, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Current Assets		
Cash and cash equivalents	\$70,018	\$130,991
Prepaid expenses	<u>588</u>	<u>588</u>
Total Current Assets	70,606	131,579
Noncurrent Assets		
Property & equipment, net	22,896	26,582
Security deposits	<u>300</u>	<u>300</u>
Total Noncurrent assets	<u>23,196</u>	<u>26,882</u>
TOTAL ASSETS	\$ 93,802	\$158,461
	=====	=====
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable & accrued expenses	\$ 8,976	\$ 15,755
Payroll taxes payable	<u>-</u>	<u>5,624</u>
Total Current Liabilities	8,976	21,379
Long Term Debt	-	-
Net Assets		
Unrestricted	60,542	35,623
Temporarily restricted	23,384	100,559
Permanently restricted	<u>900</u>	<u>900</u>
Total Net Assets	<u>84,826</u>	<u>137,082</u>
TOTAL LIABILITIES AND NET ASSETS	\$93,802	\$158,461
	=====	=====

See accompanying notes and accountant's report.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
 STATEMENTS OF ACTIVITIES
 Years Ended April 30, 2008 and 2007

CHANGES IN UNRESTRICTED NET ASSETS:	<u>2008</u>	<u>2007</u>
Revenues, gains and other support:		
Contributions	\$417,188	\$511,686
Miscellaneous income	415	5,542
Interest	111	245
Special events, net	<u>277</u>	<u>2,077</u>
Total unrestricted revenues and other support	417,991	519,550
Net assets released from satisfaction of program restrictions	912,623	<u>818,311</u>
Total unrestricted revenues, gains and other support	1,330,614	1,337,861
Expenses and losses:		
Program services	1,103,854	1,102,458
Fund raising	64,046	55,538
Management and general	132,108	163,217
Depreciation	<u>5,686</u>	<u>4,400</u>
Total expenses and losses	<u>1,305,694</u>	<u>1,325,613</u>
INCREASE IN UNRESTRICTED NET ASSETS	24,920	12,248
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Revenues, gains and other support:		
Contributions	835,447	813,643
Net assets released from restrictions	<u>(912,623)</u>	<u>(818,311)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(77,176)</u>	<u>(4,668)</u>
INCREASE (DECREASE) IN NET ASSETS	(52,256)	7,580
NET ASSETS BEGINNING OF YEAR	<u>137,082</u>	<u>129,502</u>
NET ASSETS END OF YEAR	<u>\$ 84,826</u>	<u>\$137,082</u>

See accompanying notes and accountant's report.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
Years Ended April 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$(52,256)	\$ 7,580
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	5,686	4,400
(Increase) Decrease in:		
Refunds receivable	-	2,308
Increase (Decrease) in:		
Accounts payable & accrued expenses	(6,779)	6,498
Payroll taxes payable	<u>(5,624)</u>	<u>5,624</u>
Net cash provided(used) by operating activities	(58,973)	26,410
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of assets	(2,000)	(15,204)
CASH FLOWS FROM FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	(60,973)	11,206
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>130,991</u>	<u>119,785</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$70,018</u>	<u>\$130,991</u>

See accompanying notes and accountant's report.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION

Reciprocal Ministries International, Inc. is a non-profit corporation dedicated to spreading the Gospel of Jesus Christ through establishing, developing and promoting all aspects of church ministry and missionary activity in the third World.

The organization is incorporated under the laws of the State of Florida and is exempt from income tax under Section 501 (c)(3) of the U.S. Internal Revenue Code and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the accrual basis. The significant accounting policies are summarized below:

Display of Net Assets by Class

The financial statements report amounts separately by class of net assets:

- a) Unrestricted amounts are those currently available at the discretion of the board for use in the Organization's ministries, and those resources invested in land, furniture and office equipment.
- b) Expendable temporarily restricted amounts are those which are restricted by the donors for specific operating purposes.
- c) Permanently restricted amounts are those which can never be spent due to the donor restrictions.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or other legal restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in interest-bearing checking and money market accounts.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are capitalized at cost. Donated assets to be used in the ministry are capitalized at their fair market value on the date of the gift. Gain or loss from retirement or disposal of assets is reflected in the statement of unrestricted revenues and expense in the period in which the transaction occurs. Property and equipment are depreciated principally by the straight-line method.

Revenues, Support and Expenses

Contribution income is recorded when cash is received or when ownership of donated assets is transferred. Expenses are recorded when incurred in accordance with the accrual-basis of accounting.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization allocates a predetermined percentage of certain donations received to administrative fee income. This allocation is to recognize the overhead attributable to ministry functions and to establish funding for overhead activities.

Allocation of Expenses

The costs of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting activities.

Donated Materials and Services

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

No amounts have been reflected in the statements for donated services, since no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services.

Estimates

The preparation of financial statements in conformity with U.S. 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 estimated.

Concentration of Credit Risk

The Organization maintains cash balances in a bank whose accounts are insured by the Federal Deposit Insurance Corporation. At times the Organization's balances were in excess of the limits. There were no amounts in excess of the limits at April 30, 2008 or 2007.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment are as follows at April 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Office equipment and software	\$17,823	\$17,823
Transportation equipment	23,803	21,803
Furniture and fixtures	17,020	17,020
Less accumulated depreciation	<u>(35,750)</u>	<u>(30,064)</u>
Net fixed assets	<u>\$22,896</u>	<u>\$26,582</u>

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3-PROPERTY AND EQUIPMENT (Continued)

Estimated useful lives for property and equipment are 5 and 7 years.

Depreciation in the amount of \$5,686 and \$4,400 has been included in the statements of activities for the years ended April 30, 2008 and 2007 respectively.

NOTE 4 – LONG TERM DEBT

The Organization has no long term debt at April 30, 2008 or 2007.

NOTE 5 – LEASING ARRANGEMENTS

The Organization conducts its operations from facilities that are rented in a month to month arrangement. The Organization leases office equipment under an operating lease expiring November, 2010.

Minimum future lease payments under the non-cancelable operating lease as of April 30, 2008 until expiration is the following:

Year Ended April 30	Amount
----- 2009	----- \$2,520
2010	2,520
2011	<u>1,260</u>
Total minimum future rental payments	----- \$6,300 =====

Rental expense of \$24,198 and \$30,603 were recorded for the years ended April 30, 2008 and 2007, respectively, and includes common maintenance and an offsite office.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at April 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Haiti ministries	\$17,685	\$ 24,573
Jamaica ministries	-	21,908
Guatemala ministries	<u>5,699</u>	<u>54,078</u>
	<u>\$23,384</u>	<u>\$100,559</u>
	=====	=====

The Organization closed its mission in Jamaica prior to April 30, 2008 and is in the process of closing its mission in Guatemala.

NOTE 7 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to:

Endowment requiring principal to be maintained permanently and earnings to be used for RMI operations (no change at April 30, 2008 and 2007).

\$ 900
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