

FAITH IN ACTION, INT.
Spring Lake, Michigan

FINANCIAL STATEMENTS

For the Years Ended
December 31, 2009 and 2008

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ACCOUNTANTS' REVIEW REPORT

September 7, 2010

Board of Directors
Faith In Action, Int.
Spring Lake, Michigan

We have reviewed the accompanying statements of financial position of *Faith in Action, Int.* (the "Organization") as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of *Faith in Action, Int.*

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.



FAITH IN ACTION, INT.

STATEMENTS OF FINANCIAL POSITION

	December 31	
	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 53,325	\$ 59,925
Employee receivable	-	327
Pledge receivable	-	20,000
Net vehicles and equipment	<u>4,935</u>	<u>8,675</u>
Total assets	<u>\$ 58,260</u>	<u>\$ 88,927</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued liabilities	\$ 1,234	\$ 1,722
Net assets		
Unrestricted	40,853	27,932
Temporarily restricted	<u>16,173</u>	<u>59,273</u>
Total net assets	<u>57,026</u>	<u>87,205</u>
Total liabilities and net assets	<u>\$ 58,260</u>	<u>\$ 88,927</u>

See accompanying notes, which are an integral part of these financial statements,
and accountants' review report.

FAITH IN ACTION, INT.

STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2009		
	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support			
Grants	\$ -	\$ -	\$ -
Donations	109,593	29,174	138,767
Interest income	280	-	280
Other income	746	-	746
Net assets released from restrictions	72,274	(72,274)	-
Total revenues, gains and other support	182,893	(43,100)	139,793
Expenses			
Program	135,034	-	135,034
Management and general	33,335	-	33,335
Fundraising	1,603	-	1,603
Total expenses	169,972	-	169,972
Change in net assets	12,921	(43,100)	(30,179)
Net assets, beginning of year	27,932	59,273	87,205
Net assets, end of year	\$ 40,853	\$ 16,173	\$ 57,026

See accompanying notes, which are an integral part of these financial statements,
and accountants' review report.

Year Ended December 31, 2008

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ -	\$ 3,400	\$ 3,400
129,505	82,854	212,359
371	-	371
800	-	800
69,380	(69,380)	-
200,056	16,874	216,930
163,245	-	163,245
31,617	-	31,617
1,442	-	1,442
196,304	-	196,304
3,752	16,874	20,626
24,180	42,399	66,579
\$ 27,932	\$ 59,273	\$ 87,205

FAITH IN ACTION, INT.

STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	2009	2008
Cash flows from operating activities		
Change in net assets	\$ (30,179)	\$ 20,626
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	3,740	8,996
Non-cash contributions	-	(3,550)
Employee receivable	327	823
Pledge receivable	20,000	(20,000)
Accrued expenses	(488)	65
Net cash (used in) provided by operating activities	(6,600)	6,960
Cash flows from investing activities		
Purchase of property and equipment	-	(910)
Net (decrease) increase in cash and cash equivalents	(6,600)	6,050
Cash and cash equivalents, beginning of year	59,925	53,875
Cash and cash equivalents, end of year	\$ 53,325	\$ 59,925

See accompanying notes, which are an integral part of these financial statements,
and accountants' review report.

FAITH IN ACTION, INT.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Faith in Action, Int. (the "Organization") is a not-for-profit organization whose purpose is to reveal God's love to the people by facilitating the development of sustainable rural communities. Efforts are currently targeted toward rural families of the Artibonite Valley in Haiti through programs such as Agricultural Development, Child Sponsorship, Adult Literacy, Water Purification and Reforestation.

Basis of Presentation

The Organization classifies information regarding its financial position and activities according to three classes of net assets depending on the existence or absence of donor-imposed restrictions: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, net assets of the Organization are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization had no permanently restricted net assets at December 31, 2009 and 2008.

Contributions

Contributions received, including unconditional promises to give, are recorded when received as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. Contributions that meet donor restrictions in the same period as the contribution is received are recorded as unrestricted support.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

FAITH IN ACTION, INT.

NOTES TO FINANCIAL STATEMENTS

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

Donated Materials and Services

Donated materials and equipment are reflected as gifts in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services as the donated services do not meet the criteria for recording in the financial statements; however, a substantial number of volunteers have donated significant amounts of their time to the Organization.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand and deposits in money market funds with original maturities when purchased of less than three months. Management does not believe that the Organization is exposed to any significant interest rate or other financial risk on these deposits.

Pledge Receivable

Pledge receivable represents an unconditional promise to give from an organization.

Vehicles, Equipment and Depreciation

Vehicles and equipment are stated at cost unless donated. Donated vehicles and equipment are recorded as contributions at their estimated fair value. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation of vehicles and equipment is provided using the straight-line method over the estimated useful lives of the respective assets (three to ten years).

FAITH IN ACTION, INT.

NOTES TO FINANCIAL STATEMENTS

Income Taxes

Faith in Action, Int. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes.

In July 2006, the Financial Accounting Standards Board ("FASB") issued a new statement related to *Accounting for Uncertainty in Income Taxes*, now codified as Accounting Standards Codification ("ASC") Topic 740. ASC Topic 740 seeks to reduce the significant diversity in practice associated with financial statement recognition and measurement in accounting for income taxes and prescribes the recognition threshold and measurement attribute for disclosures of tax positions previously taken or expected to be taken on an income tax return. Not-for-profit organizations are also within the scope of ASC Topic 740. An organization must consider whether they have engaged in activities that jeopardize their current tax exempt status with the Internal Revenue Service. Furthermore, the organization must determine whether they have any unrelated business income, which may be subject to US Federal Income Tax. The Organization adopted the provisions of ASC Topic 740 effective January 1, 2009, and, accordingly, analyzed its filing positions in the jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. The Organization has also elected to retain its existing accounting policy with respect to the treatment of interest and penalties attributable to income taxes, and continues to reflect any charges for such, to the extent they arise, as a component of its management and general expenses. The adoption of ASC Topic 740 had no significant impact on the Organization's financial statements.

The Organization has evaluated the provisions of ASC Topic 740. The evaluation was performed for the years 2006 through 2009, the years which remain subject to examination by major tax jurisdictions as of December 31, 2009. The Organization concluded that there are no significant uncertain tax positions requiring recognition in the Organization's financial statements. The Organization does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly increase or decrease in the next twelve months. The Organization does not have any amounts accrued for interest and penalties related to UTBs at December 31, 2009, and it is not aware of any claims for such amounts by federal or state income tax authorities.

FAITH IN ACTION, INT.

NOTES TO FINANCIAL STATEMENTS

New Accounting Pronouncement

On July 1, 2009, the FASB completed *The FASB Codification* as the single source of authoritative U.S. Generally Accepted Accounting Principles ("GAAP"), superseding all then existing authoritative accounting and reporting standards pertaining to the Organization. ASC Topic 105 reorganized the authoritative literature comprising GAAP into a topical format. ASC is now the source for authoritative GAAP recognized by the FASB to be applied by all nongovernmental entities. ASC is effective for interim and annual periods ending after September 15, 2009. The Codification did not change GAAP, and therefore, did not impact the Organization's financial statements. However, since it completely supersedes existing standards, it affected the way authoritative accounting pronouncements are referenced in the Organization's financial statements. Specifically, all references in this report to new or pending financial reporting standards use the ASC Topic number.

Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2009, the most recent statement of financial position presented herein, through September 7, 2010, the date these financial statements were available to be issued. No significant such events or transactions were identified.

2. VEHICLES AND EQUIPMENT

Net vehicles and equipment consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Vehicles and equipment		
Vehicles	\$ 44,436	\$ 44,436
Equipment	24,750	24,750
Total	69,186	69,186
Less accumulated depreciation	64,251	60,511
Net vehicles and equipment	<u>\$ 4,935</u>	<u>\$ 8,675</u>

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