

**THE GOLDEN RULE FOUNDATION, INC.**

**Maitland, Florida**

**FINANCIAL STATEMENTS**

**June 30, 2006**



1100 TOWN PLAZA COURT, SUITE 1020  
WINTER SPRINGS, FLORIDA 32708  
TEL: (407) 834-0777  
FAX: (407) 834-7470  
www.moacpa.com

MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
of The Golden Rule Foundation, Inc.

We have audited the accompanying statement of financial position of The Golden Rule Foundation, Inc. as of June 30, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of The Golden Rule Foundation, Inc.'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 The Golden Rule Foundation, Inc. as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'Martinez Olson &amp; Associates', is written in a cursive style.

Winter Springs, Florida  
October 5, 2006

# THE GOLDEN RULE FOUNDATION, INC.

## Financial Statements

June 30, 2006

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THE GOLDEN RULE FOUNDATION, INC.

**Statement of Financial Position**

June 30, 2006

**ASSETS**

Cash and cash equivalents	\$	70,254
Contributions receivable, net		63,200
Grants receivable		1,250
Prepaid expenses		24,585
Property and equipment, net		1,246
Security deposit		1,180
Total assets	\$	<u>161,715</u>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$	10,779
Accrued payroll		7,504
Total liabilities		<u>18,283</u>
Net assets:		
Unrestricted		117,932
Temporarily restricted		25,500
Total net assets		<u>143,432</u>
Total liabilities and net assets	\$	<u>161,715</u>

See the accompanying notes to financial statements.

THE GOLDEN RULE FOUNDATION, INC.

Statement of Activities

For the year ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Support and revenues:			
Contributions and grants	\$ 241,254	\$ 33,000	\$ 274,254
Fundraising event revenues	164,660	-	164,660
Investment earnings	868	-	868
Net assets released from restrictions	15,257	(15,257)	-
Total support and revenues	<u>422,039</u>	<u>17,743</u>	<u>439,782</u>
Expenses:			
Program services	168,710	-	168,710
Fundraising	134,397	-	134,397
General and administrative	28,106	-	28,106
Total expenses	<u>331,213</u>	<u>-</u>	<u>331,213</u>
Increase in net assets	90,826	17,743	108,569
Net assets, beginning of the period	<u>27,106</u>	<u>7,757</u>	<u>34,863</u>
Net assets, end of the period	<u>\$ 117,932</u>	<u>\$ 25,500</u>	<u>\$ 143,432</u>

See the accompanying notes to financial statements.

THE GOLDEN RULE FOUNDATION, INC.

**Statement of Cash Flows**

For the year ended June 30, 2006

Cash flows from operating activities:	
Increase in net assets	\$ 108,569
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	935
Changes in assets and liabilities:	
Restricted cash	7,757
Contributions receivable	(65,000)
Discounts on contributions receivable	1,800
Prepaid expenses	(24,000)
Security deposits	(180)
Accounts payable	10,779
Accrued payroll	7,504
Deferred revenue	(28,000)
Net cash provided by operating activities	<u>20,164</u>
Increase in cash and cash equivalents	20,164
Cash and cash equivalents at beginning of period	<u>50,090</u>
Cash and cash equivalents at end of period	<u><u>\$ 70,254</u></u>

See the accompanying notes to financial statements.

THE GOLDEN RULE FOUNDATION, INC.

**Notes to Financial Statements**

**(1) Organization and Summary of Significant Accounting Policies**

**(a) Organization**

The Golden Rule Foundation, Inc. (the "Foundation") was incorporated in Florida on August 27, 1999. The Foundation's purpose is to inspire children to give to others. It accomplishes this purpose by operating its service learning programs in grades kindergarten through five of elementary schools in Central Florida.

**(b) Financial Statement Presentation**

The Foundation follows Statement of Financial Accounting Standard (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations, issued by the Financial Accounting Standards Board. Under SFAS No. 117, the Foundation 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. Currently, the Foundation has no permanently restricted net assets.

**(c) Revenue Recognition**

The primary sources of revenues for the Foundation are contributions from individuals and corporations. Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised, whichever is earlier. Conditional contributions are recorded when the conditions have been met. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are released from restriction and reclassified to unrestricted net assets.

**(d) In-Kind Contributions**

Contributions of non-cash assets are recorded at their fair values in the period received. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.

THE GOLDEN RULE FOUNDATION, INC.

**Notes to Financial Statements**

**(1) Organization and Summary of Significant Accounting Policies, Continued**

**(e) Cash Equivalents**

For financial reporting purposes, the Foundation considers all highly liquid money market funds to be cash equivalents. These funds are valued at their current market values at June 30, 2006.

**(f) Property and Equipment**

Property and equipment are recorded at cost, or fair value, if the asset is donated. Improvements and betterments are capitalized; repair and maintenance costs are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets. Donated assets are assumed to be unrestricted unless otherwise stipulated by the donor.

**(g) Advertising and Promotion**

Advertising and promotion costs are expensed as incurred.

**(h) Income Taxes**

The Foundation is a non-profit organization that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

**(i) Use of 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. Accordingly, actual results could differ from those estimates.

**(2) Contributions Receivable**

As of June 30, 2006, contributors to the Organization have unconditionally promised to give the following amounts:

Receivable in less than one year	\$ 35,000
Receivable in one to five years	<u>30,000</u>
Total	65,000
Discounts to net present value	<u>(1,800)</u>
Net contributions receivable	<u>\$ 63,200</u>

Unconditional promises to give, receivable in more than one year are discounted to net present value using an interest rate of 6.0%. Management estimates that all contributions receivable are fully collectible.

THE GOLDEN RULE FOUNDATION, INC.

Notes to Financial Statements

**(3) Grants Receivable**

As of June 30, 2006, grants receivable included \$1,250 related to the Little Hand, Big Hearts Program sponsored by Orange County, Florida. The conditions of the grant have been satisfied and the entire amount is expected to be collected in less than one year.

**(4) Property and Equipment**

The following is a summary of property and equipment at June 30, 2006:

Office furniture and equipment	\$	4,386
Less accumulated depreciation		(3,140)
	\$	<u>1,246</u>

Depreciation expense for the current period amounted to \$953.

The Foundation has reviewed its long-lived assets for impairment and has determined that no adjustment to the carrying value of long-lived assets is required.

**(5) Temporarily Restricted Net Assets**

Temporarily restricted net assets totaled \$25,500 as of June 30, 2006. These funds are restricted for use in 15 service-learning projects for elementary-aged students in the Winter Park community, under a grant from the Elizabeth Morris Genius Foundation.

**(6) Commitments**

In September 2005, the Foundation renewed its lease agreement for an additional two years for its administrative office space. The Foundation has the option to renew this lease agreement for an additional four renewal terms. Rent expense for the current year was \$7,170. Future minimum lease payments under the operating lease as of June 30, 2006 are as follows:

<u>Year ending June 30,</u>		<u>Operating Lease</u>
2007	\$	7,200
2008		1,200
	\$	<u>8,400</u>

THE GOLDEN RULE FOUNDATION, INC.

Notes to Financial Statements

(7) Functional Expenses

Functional expenses for the year ended June 30, 2006 were as follows:

	Program		Fundraising		General & Administrative		Total
	Direct	Gift in kind	Direct	Gift in kind	Direct	Gift in kind	
Media and advertising	\$ -	\$ -	\$ 6,295	\$ 22,441	\$ -	\$ -	\$ 28,736
Salaries and wages	90,155	-	15,696	-	7,395	-	113,246
Program awards	1,100	-	-	-	-	-	1,100
Printing	-	42,000	-	-	34	-	42,034
Education	25,926	-	-	-	330	-	26,256
Event services	-	-	78,478	-	-	-	78,478
Food and beverage	-	-	-	-	1,512	-	1,512
Legal and professional	-	-	-	-	6,360	-	6,360
Cost of auctioned items	-	-	4,283	-	-	-	4,283
Other	250	-	6,263	-	326	-	6,839
Rent	-	-	-	-	7,170	-	7,170
Office expenses	3,963	-	266	-	3,129	-	7,358
Supplies	-	-	164	-	503	-	667
Depreciation	744	-	130	-	61	-	935
Insurance	-	-	-	-	705	-	705
Transportation	2,383	-	-	-	-	-	2,383
Telephone	2,189	-	381	-	180	-	2,750
Taxes & licenses	-	-	-	-	401	-	401
Subtotal by category	\$ 126,710	\$ 42,000	\$ 111,956	\$ 22,441	\$ 28,106	\$ -	\$ 331,213