

OPEN GATE MINISTRIES
Financial Statements
September 30, 2010 and 2009

Douglas M. Smith & Co.
Fresno, CA

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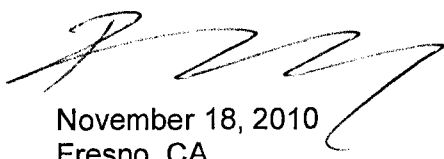
Open Gate Ministries, Inc.
511 North K Street
Dinuba, CA 93618

We have audited the accompanying statements of financial position of Open Gate Ministries, Inc., (a nonprofit organization) as of September 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the organization'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 Open Gate Ministries, Inc., as of September 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Douglas M. Smith & Company



November 18, 2010
Fresno, CA

Open Gate Ministries
Statement of Financial Position
September 30, 2010 and 2009

ASSETS		
CURRENT ASSETS	2010	2009
Cash and Cash Equivalents	\$ 85,063	\$ 100,781
Receivables	-	670
Inventory	<u>30,920</u>	<u>31,830</u>
TOTAL CURRENT ASSETS	115,983	133,281
PROPERTY AND EQUIPMENT		
Fixed Assets – net of accumulated depreciation for 2010 and 2009 of \$207,662 and \$198,715	<u>128,733</u>	<u>137,680</u>
TOTAL ASSETS	<u>\$ 244,716</u>	<u>\$ 270,961</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Lease Payable	589	538
Accounts Payable and Accrued Liabilities	<u>\$ 15,297</u>	<u>\$ 18,787</u>
TOTAL CURRENT LIABILITIES	15,886	19,325
LONG-TERM LIABILITIES		
Leases Payable	<u>2,767</u>	<u>3,356</u>
TOTAL LONGTERM LIABILITIES	2,767	3,356
NET ASSETS		
Net Assets – Unrestricted	<u>226,062</u>	<u>248,280</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 244,716</u>	<u>\$ 270,961</u>

The accompanying notes are an integral part of the financial statement

Open Gate Ministries
Statement of Activities
Year Ended September 30, 2010 (with comparative 2009 totals)

	2010		2009	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Contributions				
United Way	\$ -	\$ 8,526	\$ -	\$ 8,526
Contributions	115,839	-	-	115,839
Fund Raising	10,444	-	-	10,444
Food Contributions	275,807	-	-	275,807
Other Contributions	120,602	-	-	120,602
Federal Financial Assistance (FEMA)	-	28,544	-	28,544
Thrift Store Sales	126,107	-	-	126,107
Interest Income	10	-	-	10
Gain or Loss on sale of property	-	-	-	-
Net Assets released from restrictions	-	-	-	-
Expiration of time restrictions	-	-	-	-
United Way Services	8,526	(8,526)	-	-
Restrictions satisfied by payments	28,544	(28,544)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	685,880	-	-	685,880
				720,842

The accompanying notes are an integral part of the financial statement

Open Gate Ministries
Statement of Activities (continued)
Year Ended September 30, 2010 (with comparative 2009 totals)

	2010		2009	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
EXPENSES				
Program Services				
Shelter	472,753	-	-	508,709
Thrift Store	197,412	-	-	178,164
Supporting Activities				
Fund Raising	368	-	-	632
Management & General	37,564	-	-	47,576
TOTAL EXPENSES	708,097	-	-	708,097
CHANGE IN NET ASSETS	(22,217)	-	-	(14,239)
NET ASSETS AT BEGINNING OF YEAR	248,279	-	-	262,518
NET ASSETS AT END OF YEAR	\$ 226,062	\$ -	\$ -	\$ 248,279

The accompanying notes are an integral part of the financial statement

OPEN GATE MINISTRIES
Statement of Functional Expenses
Year ended September 30, 2010 (with comparative 2009 totals)

	2010		2009	
	Program Services		Activities	
	Program Shelter	Thrift Store	Fund Raising	Management and General
Direct Assistance	\$ 6,355	\$ -	\$ -	\$ -
House Food & Supplies	6,446	-	-	-
Wages	113,704	54,213	-	25,323
Payroll Taxes	15,850	8,192	-	4,028
Benefits	16,563	-	-	-
Utilities	10,769	7,046	-	-
Telephone	1,962	573	-	-
Repairs & Maintenance	2,708	292	-	-
Taxes & Licenses	-	1,045	-	443
Insurance	7,077	-	-	-
Office Expense	1,952	-	368	679
Supplies	550	699	-	-
Legal & Accounting	-	1,026	-	6,143
Automotive & Travel Expense	1,401	-	-	-
Advertising	5,334	524	-	-
Dues & Subscriptions	238	90	-	25
Equipment Rental	-	-	-	677
Depreciation	5,219	3,728	-	-
Interest	239	-	-	-
Bank Charges	-	-	-	223
COGS	-	119,984	-	-
Food Distributions	275,807	-	-	-
Miscellaneous	579	-	-	22
	<u>\$ 472,753</u>	<u>\$ 197,412</u>	<u>\$ 368</u>	<u>\$ 37,564</u>
				<u>\$ 708,099</u>
				<u>\$ 11,020</u>
				<u>7,236</u>
				<u>194,876</u>
				<u>28,235</u>
				<u>18,178</u>
				<u>18,087</u>
				<u>2,103</u>
				<u>4,538</u>
				<u>1,865</u>
				<u>7,962</u>
				<u>4,387</u>
				<u>1,092</u>
				<u>6,764</u>
				<u>1,269</u>
				<u>1,211</u>
				<u>274</u>
				<u>793</u>
				<u>8,786</u>
				<u>138</u>
				<u>69</u>
				<u>112,991</u>
				<u>300,774</u>
				<u>2,433</u>
				<u>\$ 735,081</u>

The accompanying notes are an integral part of the financial statement.

OPEN GATE MINISTRIES
 Statements of Cash Flows
 Years ended September 30, 2010 and 2009

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2010</u>	<u>2009</u>
Increase in Net Assets	\$ (22,217)	\$ (14,239)
Adjustments to reconcile to net cash provided (used) by operating activities:		
Depreciation	8,947	8,637
(Increase) decrease in:		
Accounts Receivable	670	875
Inventory	910	(1,830)
Increase (decrease) in:		
Accounts Payable	<u>(3,490)</u>	<u>4,247</u>
 NET CASH USED BY OPERATING ACTIVITIES	 <u>(15,180)</u>	 <u>(2,310)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Equipment	<u>-</u>	<u>689</u>
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 <u>-</u>	 <u>689</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Leases Payable	<u>(538)</u>	<u>(251)</u>
 NET CASH USED BY FINANCING ACTIVITIES	 <u>(538)</u>	 <u>(251)</u>
 NET INCREASE (DECREASE) IN CASH	 (15,718)	 (1,872)
 CASH AT BEGINNING OF YEAR	 <u>100,781</u>	 <u>102,652</u>
 CASH AT END OF YEAR	 <u>\$ 85,063</u>	 <u>\$ 100,781</u>
 SUPPLEMENTAL DISCLOSURES		
Interest Paid	\$ 239	\$ 138
Non-cash investing and financing transactions:		
Acquisition of equipment		
Cost of Equipment	-	4,145
Equipment Loan	-	(4,145)

The accompanying notes are an integral part of the financial statement.

OPEN GATE MINISTRIES
Notes to the Financial Statement
Years ended September 30, 2010 and 2009

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Open Gate Ministries, Inc. (Organization) was incorporated on June 12, 1975, in the State of California as a California Public Benefit Corporation. The Organization is community supported and operates in Dinuba, California.

Nature of Activity

The Organization provides temporary shelter and meals for battered women and children and the homeless. The Organization also provides direct assistance (in approved circumstances) and administers a food distribution program. Revenues to support the activities are provided by contributions from the community and thrift store activities.

Accounting Method

The accounts of the Organization are maintained on the accrual basis of accounting for financial statements. Under the accrual method, income and expense transactions are recorded in the period incurred without regard to actual receipt or disbursement.

Contributed Services

During the years ended September 30, 2010, and 2009 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the residents' facilities, but these services do not meet the criteria for recognition as contributed services. The Organization received more than 1,500 volunteer hours per year (during both years).

Estimates

The preparation of financial statements in conformity with 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 estimates.

Compensated Absences

Compensated vacation hours are accrued using the accrual method of accounting.

Property and Equipment

It is the Organization's policy to capitalize property and equipment at cost for amounts over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions

OPEN GATE MINISTRIES
Notes to the Financial Statements (continued)
Years ended September 30, 2010 and 2009

regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
<input type="checkbox"/> Furniture and Equipment	5 – 12
<input type="checkbox"/> Improvements	15
<input type="checkbox"/> Buildings	18 – 31.5

Financial Statement Presentation

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. As permitted by the statement, the Organization does not use fund accounting.

Contributions

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments (with an initial maturity of three months or less) available for current use to be cash equivalents.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash in checking accounts is tracked as cash and cash equivalents. Total cash and cash equivalents in various financial institution is \$83,848.

The organization maintains most of its cash balances in one financial institution located in Dinuba, California. The balances are insured by the Federal Deposit Insurance Corporation for up to \$250,000. On September 30, 2010, the Organization's entire balance was insured by FDIC.

OPEN GATE MINISTRIES
Notes to the Financial Statements (continued)
Years ended September 30, 2010 and 2009

NOTE 3 – INVENTORIES

The organization receives donations of clothes, furniture, and other household items, which it sells at their Thrift Store. The items are tagged with fair value and sold to the public. The organization donates five percent of the received donations and discards an additional ten percent of the items, which are not fit to be sold. The organization gives an insignificant number of items to volunteers. Inventory is turned over about 3.5 times per year. Though no physical inventory was completed at year ended September 30, 2010, inventory was approximated based on sales for the current and prior years and the inventory turnover ratio (3.5).

The organization also receives donated vehicles from the public. The vehicles are recognized as revenue for the fair value when received. The organization had two vehicles valued at \$8,825 as inventory for the year ended September 30, 2010.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and Equipment are summarized by major categories as follows:

	Beginning	Additions	Deletions	Total
Land	\$ 53,000	\$ -	\$ -	\$ 53,000
Buildings and Improvements	252,142	-	-	252,142
Equipment – Household	14,572	-	-	14,572
Office Equipment	7,857	-	-	7,857
Automotive	8,825	-	-	8,825
Total Assets	336,395	-	-	336,395
Less Accumulated Depreciation	(198,715)	(8,947)		(207,662)
Assets Net of Depreciation	<u>\$ 137,680</u>			<u>\$ 128,733</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

The entity contracts a board member's company to perform various repairs to the home. All transactions are at arm's length.

NOTE 6 – CONCENTRATIONS

The Organization operates in Dinuba, California. Contributions are subject to the economic condition of the community.

OPEN GATE MINISTRIES
Notes to the Financial Statements (continued)
Years ended September 30, 2010 and 2009

NOTE 7 – FUTURE LEASE PAYMENTS

The Organization has a five year capital lease on the books in the amount of \$3,356. The lease is for alarm equipment leased by the organization in fiscal year 2009. Current portion of the lease payable is \$589 and the long term portion of the lease payable is \$2,767. Future minimum lease payments are presented below:

Future Lease Payments	
2011	\$ 589
2012	645
2013	707
2014	378
2015	<u>1,036</u>
Total Payments	<u>3,356</u>
Less: Current Portion	<u>(589)</u>
	<u>\$ 2,767</u>

NOTE 8 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 18, 2010, the day which the financial statements were available to be issued.