

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2007
(With Comparative Totals for 2006)

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(With Comparative Totals for 2006)

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Board of Directors
Mission Solano Rescue Mission, Inc.
Fairfield, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of Mission Solano Rescue Mission, Inc. (a California nonprofit corporation) as of December 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Mission Solano Rescue Mission, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Mission Solano Rescue Mission, Inc.'s December 31, 2006 financial statements and, in our report dated March 30, 2007; we expressed an unqualified opinion on those financial statements.

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 Mission Solano Rescue Mission, Inc. as of December 31, 2007, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of Revenue and Expense Summary for the year ended December 31, 2007 on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPM Accounting & Management Solutions

Pleasant Hill, California
November 17, 2008

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
STATEMENTS OF FINANCIAL POSITION

	2007	2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 42,233	\$ 85,519
Grants receivable (Note 3)	1,355,865	371,697
Unconditional promises to give (Note 4)	51,438	222,875
Accounts receivable	2,450	25,442
Prepaid expenses and deposits	1,000	1,000
Total current assets	1,452,986	706,533
Restricted cash (Note 5)	685,187	959,308
Franchise fee (Note 6)	-	92,500
Construction in progress	965,149	404,971
Property and equipment - net (Note 8)	77,354	60,416
Total assets	\$ 3,180,676	\$ 2,223,728
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 352,584	\$ 174,968
Accrued liabilities	67,977	105,199
Construction payable (Note 7)	-	253,795
Notes Payable - current portion (Notes 9 & 10)	39,502	16,859
Total current liabilities	460,063	550,821
Notes Payable - net of current portion (Notes 9 & 10)	414,831	136,346
Total liabilities	874,894	687,167
Net assets:		
Unrestricted	459,310	301,647
Temporarily restricted (Note 12)	1,846,472	1,234,914
Total net assets	2,305,782	1,536,561
Total liabilities and net assets	\$ 3,180,676	\$ 2,223,728

See accompanying notes to financial statements.

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007
(With Comparative Totals for 2006)

	2007			2006
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenues:				
Contributions	\$ 1,039,363	\$ -	\$ 1,039,363	\$ 723,897
Capital campaign contributions	-	1,263,735	1,263,735	173,461
Thrift store sales	291,701	-	291,701	389,460
Auto sales	272,850	-	272,850	278,858
Fundraising	-	-	-	23,761
Donated facilities and services (Note 11)	12,000	-	12,000	60,000
Special events	48,959	-	48,959	91,901
Special event expenses	(31,669)	-	(31,669)	(67,530)
Coffee roasting income	40,611	-	40,611	57,228
Advertising income	10,793	-	10,793	8,145
Interest income	940	-	940	7,507
Other income	31,027	-	31,027	10,841
Net assets released from restrictions (Note 12)	652,177	(652,177)	-	-
Total support and revenues	<u>2,368,752</u>	<u>611,558</u>	<u>2,980,310</u>	<u>1,757,529</u>
Expenses:				
Program services:				
Shelter and social enterprises	1,366,742	-	1,366,742	1,500,214
Support services:				
General and administrative	598,515	-	598,515	438,166
Fundraising	245,832	-	245,832	280,573
Total support services	<u>844,347</u>	<u>-</u>	<u>844,347</u>	<u>718,739</u>
Total expenses	<u>2,211,089</u>	<u>-</u>	<u>2,211,089</u>	<u>2,218,953</u>
Change in net assets	157,663	611,558	769,221	(461,424)
Net assets, beginning of year	<u>301,647</u>	<u>1,234,914</u>	<u>1,536,561</u>	<u>1,997,985</u>
Net assets, end of year	<u>\$ 459,310</u>	<u>\$ 1,846,472</u>	<u>\$ 2,305,782</u>	<u>\$ 1,536,561</u>

See accompanying notes to financial statements.

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2007
(With Comparative Totals for 2006)

	2007						2006				
	Shelter and Social Enterprise Services					Supporting Services					
	Shelter Services	Thrift Store	Auto Sales	Franchise	Coffee Roasting	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total	2006 Total
Salaries	\$ 211,304	\$ 116,026	\$ 82,812	\$ -	\$ 28,750	\$ 438,892	\$ 211,802	\$ 87,308	\$ 299,110	\$ 738,002	\$ 760,308
Newsletter/development	284,262	-	-	-	-	284,262	-	-	-	284,262	294,536
Occupancy	47,971	98,370	106,005	-	1,500	253,846	20,130	9,000	29,130	282,976	328,274
Professional fees	1,500	-	-	-	-	1,500	25,402	49,027	74,429	75,929	58,739
Advertising	1,533	2,246	40,219	14,879	10,622	69,499	1,388	-	1,388	70,887	114,114
Insurance	412	-	-	-	166	578	13,951	34,733	48,684	49,262	17,360
Employee benefits	13,878	15,420	5,487	-	5,873	40,658	19,221	9,973	29,194	69,852	59,908
Utilities	33,644	22,194	4,577	-	-	60,415	4,750	-	4,750	65,165	67,864
Supplies	13,558	3,908	1,331	-	25,364	44,161	14,248	1,265	15,513	59,674	101,760
Payroll taxes	11,545	8,862	6,066	-	2,199	28,672	12,763	964	13,727	42,399	48,852
Bank charges	246	3,668	280	-	996	5,190	30,160	104	30,264	35,454	26,527
Telephone	13,719	3,969	975	-	2,140	20,803	10,508	1,048	11,556	32,359	32,871
Vehicle expense	13,044	1,093	12,876	-	163	27,176	1,693	2,200	3,893	31,069	45,603
Travel	14,232	4,882	187	335	446	20,082	6,003	4,133	10,136	30,218	27,557
Repairs and maintenance	17,881	3,317	1,746	-	493	23,437	1,752	1,922	3,674	27,111	23,086
Printing and photocopy	3,271	-	50	5,895	399	9,615	5,678	9,951	15,629	25,244	28,921
Loss on disposal of franchise	-	-	-	-	-	-	92,500	-	92,500	92,500	-
Loss on disposal of equipment	-	-	-	-	-	-	1,282	-	1,282	1,282	-
Property taxes	-	-	-	-	-	-	-	21,255	21,255	21,255	-
Workman's compensation	433	433	433	-	433	1,732	15,594	433	16,027	17,759	28,692
Depreciation	9,189	754	-	-	3,102	13,045	-	-	-	13,045	13,176
Postage	221	-	270	8,160	1,283	9,934	3,095	16	3,111	13,045	11,505
Miscellaneous	148	43	-	-	-	191	7,208	1,050	8,258	8,449	8,390
Dues and subscriptions	650	50	-	-	275	975	1,912	3,665	5,577	6,552	7,750
Leased equipment	-	-	-	-	-	-	6,417	-	6,417	6,417	6,256
Licenses, fees and penalties	1,003	-	-	-	-	1,003	293	4,633	4,926	5,929	32,326
Lodging and Meals	528	-	-	237	-	765	2,381	1,389	3,770	4,535	18,929
Computer	683	-	-	-	934	1,617	2,500	114	2,614	4,231	16,563
Training and education	1,748	-	-	-	-	1,748	974	447	1,421	3,169	10,505
Equipment rental	1,202	310	-	-	-	1,512	1,181	-	1,181	2,693	3,042
Program expenses	662	304	-	-	-	966	1,438	-	1,438	2,404	-
Gift expenses	-	-	1,500	-	-	1,500	202	233	435	1,935	-
Food/Event costs	-	-	-	-	-	-	915	209	1,124	1,124	2,752
Benevolence	400	-	-	-	-	400	540	-	540	940	2,656
Bad debt	-	-	-	-	-	-	80,634	-	80,634	80,634	10,000
Interest expense	146	-	-	2,382	40	2,568	-	760	760	3,328	10,131
Total expenses	\$ 699,013	\$ 285,849	\$ 264,814	\$ 31,888	\$ 85,178	\$ 1,366,742	\$ 598,515	\$ 245,832	\$ 844,347	\$ 2,211,089	\$ 2,218,953

See accompanying notes to financial statements.

MISSION SOLANO RESCUE MISSION, INC.
STATEMENTS OF CASH FLOWS
(A California Nonprofit Corporation)
YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
Cash flows from operating activities:		
Change in net assets	\$ 769,221	\$ (461,424)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Contributed land	(31,265)	-
Depreciation	13,045	13,176
Allowance for uncollectible promises to give	61,437	10,000
Loss on disposal of franchise	92,500	-
Loss on disposal of equipment	1,282	-
(Increase) decrease in assets:		
Grant receivable	(984,168)	328,303
Unconditional promises to give	110,000	9,733
Accounts receivable	22,992	(25,442)
Increase (decrease) in liabilities:		
Accounts payable	177,616	(11,801)
Accrued liabilities	(37,222)	88,483
Construction payable	(253,795)	-
	(58,357)	(48,972)
Net cash (used for) provided by operating activities		
Cash flows from investing activities:		
Purchase of furniture and equipment	-	(8,000)
Net (increase) of construction in progress	(560,178)	(151,176)
Net decrease (increase) of cash restricted for construction	274,121	31,932
	(286,057)	(127,244)
Net cash used for investing activities		
Cash flows from financing activities:		
Payment of notes payable	(16,859)	(14,047)
Borrowings on line of credit	317,987	78,365
	301,128	64,318
Net cash provided by financing activities		
Net (decrease) increase in cash and cash equivalents	(43,286)	(111,898)
Cash and cash equivalents, beginning of year	85,519	197,417
Cash and cash equivalents, end of year	\$ 42,233	\$ 85,519
Supplemental Cash Flow Disclosure		
Non-cash activity:		
Donated office facilities received	\$ 12,000	\$ 60,000

See accompanying notes to financial statements.

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

(1) ORGANIZATION AND NATURE OF ACTIVITIES

In 1998 the Bay Area Rescue Mission (BARM) spun off a leadership team to address the needs of the homeless population in Solano County. This event gave birth to Mission Solano Rescue Mission, Inc., (the Mission) a strategically operated 501(c)(3) non-profit entity focused on providing food, shelter and clothing as well as strategic educational, vocational and life skills training to the homeless population in Solano County. While the Mission is a faith-based organization, its services are provided to people of every color, ethnic origin, religion and age.

In June 2000, the Mission's Board of Directors adopted a strategic vision to build the Bridge to Life Center in Solano County. The lack of strategically focused transitional programs in Solano County is why the Bridge to Life Center is being built. The empowering programs at the Center will address the causes of homelessness, providing those with the desire to make changes in their life an opportunity to break the complex cycle of poverty.

Construction Timeline

Since the ground breaking ceremony in December 2005, a number of setbacks have occurred that have delayed the construction timeline and fundraising campaign for the Bridge to Life Center. The delays are explained as follows:

1. The environmental issues surrounding the nearby wetlands were the greatest setback from the December 2005 groundbreaking. The project was in a standstill until the clearance to mobilize equipment for site work in August 2007. The result of this delay was a rise in the cost of construction materials. The construction cost alone is now \$9.8 million with the campaign being \$11.5 million, which includes an endowment and ramp up cost.
2. Of the \$9.8 million construction cost, Mission Solano Rescue Mission, Inc. has raised approximately \$8.6 million as follows:
 - a. HomeAid of Northern California (the builders of the project) has committed \$4.8 million. This represents 50% of the site work and buildings to be constructed.
 - b. Solano County has granted \$1 million.
 - c. The City of Fairfield has granted \$945,000.
 - d. Local fundraising has raised \$900,000 to date.
 - e. AHP -Federal Home Loan Bank in San Francisco awarded \$1 million.

Mission Solano Rescue Mission, Inc. has approximately \$3 million to raise in order to meet the goal of \$11.5 million, which includes the program endowment and ramp up cost for staffing. These remaining funds will come from the local campaign, as well as grants and foundations.

As a result, the construction of the Bridge to Life Center is expected to be completed and operational by spring of 2010.

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred.

(b) Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Mission and changes therein 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 Mission and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(c) Cash and Cash Equivalents

The Mission considers cash on hand, cash on deposit, and investments with original maturities of ninety days or less at the time of purchase to be cash and cash equivalents.

(d) Unconditional Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Mission uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(e) Property and equipment

Property and equipment are stated at cost or, if donated, at estimated fair value on the date of the gift. The Mission capitalizes assets with a cost greater than \$500 and a life expectancy of more than one year. Maintenance and repair costs are expensed as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which are as follows:

Automobiles	5 years
Computer and equipment	3 - 5 years
Furniture and fixtures	7 years

Depreciation expense charged to operations was \$13,045 and \$13,176 for the years ended December 31, 2007 and 2006, respectively.

(f) Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Mission.

In 2007, the Mission received approximately 20,000 volunteer hours that does not meet the two recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

(g) Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Mission that is, in substance, unconditional. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. Donor-restricted contributions 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 reclassified to unrestricted net assets.

Support from government grants and other sources are recognized when earned.

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(h) Income Taxes

The Mission is a qualified organization exempt from Federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code, respectively.

(i) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Mission.

(j) 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. These estimates and assumptions affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(k) Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

(l) Reclassification

Certain amounts previously reported in the 2006 financial statements were reclassified to conform to the 2007 presentation for comparative purposes.

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

(3) GRANTS RECEIVABLE

The grants receivable are deemed to be fully collectible by management and are composed of the following amounts due December 31, 2007 and 2006:

	2007	2006
Bridge to Life Center – project improvements	\$ 1,344,168	\$ 360,000
Bridge to Life Center – project manager	11,697	11,697
Total grants receivable	\$ 1,355,865	\$ 371,697

(4) UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2007 and 2006 are summarized as follows:

	2007	2006
Receivable in less than one year	\$ 122,875	\$ 232,875
Less: allowance for uncollectible promises	(71,437)	(10,000)
Total net unconditional promises to give	\$ 51,438	\$ 222,875

The promises are unconditional and restricted to costs of building the Bridge to Life Center.

The allowance is based on prior years' experience and management's analysis of specific promises made.

(5) RESTRICTED CASH

Restricted cash consists of monies awarded by the Federal Home Loan Bank of San Francisco and the Redevelopment agency of Fairfield, California restricted to its use for The Bridge to Life Center. The monies are held in trust at a local bank in Fairfield, California, which controls the funds as trustee of the account.

Restricted cash at December 31, 2007 and 2006 is summarized as follows:

	2007	2006
Federal Home Loan Bank of San Francisco	\$ 673,746	\$ 908,964
Redevelopment Agency of Fairfield, California	50,441	50,344
Total restricted cash	\$ 685,187	\$ 959,308

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

(6) FRANCHISE FEE

The Mission (“Operating Franchisee”) has entered into a franchise agreement on July 8, 2005 with MailCoups (“Franchising Company”) for a term of 10 years. The initial franchise fee of \$92,500 was financed with a note payable (refer to Note 9) paid in monthly installments of \$1,965.35.

During the term of the agreement, the Mission (“Operating Franchisee”) shall pay MailCoups a Royalty Fee of \$15.25 for each one thousand (1,000) envelopes mailed by the Franchisee. The Franchisee also shall pay MailCoups a Minimum Bimonthly Royalty Fee of \$15.25 for every 1,000 envelopes in Franchisee’s territory to which Franchisee was required to have mailed, but which was not mailed during that period. There was no Royalty Fee expense for the years ended December 31, 2007 and 2006, respectively.

As of December 31, 2007, Mission Solano Rescue Mission, Inc. discontinued operations as an Operating Franchisee. The initial franchise fee was written-off, which resulted in a loss of \$92,500. Mission Solano Rescue Mission, Inc. is still liable for the associated note payable (refer to Note 9).

(7) CONSTRUCTION PAYABLE – BRIDGE TO LIFE CENTER

The Bridge to Life Center Phase I construction commenced during 2006. The values of the construction costs through the end of the year are shown in Construction in Progress in the Statement of Financial Position. The amount of restricted cash drawn down for construction costs of Phase I include \$326,000 and \$278,000 from the Federal Home Loan Bank of San Francisco Affordable Housing Program (AHP) and the City of Fairfield Redevelopment Agency, respectively. The balance of City of Fairfield funds drawn down but unexpended for construction is shown in Construction Payable for the years ended December 31, 2007 and 2006. Construction Payable was -0- and \$253,795 for the years ended December 31, 2007 and 2006, respectively.

(8) PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2007 and 2006 is summarized as follows:

	2007	2006
Land	\$ 66,265	\$ 35,000
Furniture and fixtures	5,275	5,275
Machinery and equipment	30,075	45,583
Vehicles	35,800	35,800
	<u>137,415</u>	<u>121,658</u>
Less: Accumulated depreciation	(60,061)	(61,242)
Property and equipment, net	<u>\$ 77,354</u>	<u>\$ 60,416</u>

There is no debt associated with the property and equipment.

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

(9) NOTES PAYABLE

	2007	2006
Note payable, MailCoups, Inc., bearing an interest rate of 10%, due monthly through 2010	\$ 57,981	\$ 74,840
Note payable with balloon payment, bearing an annual interest rate of 7.5% on any unpaid balance. The note shall be paid in 36 consecutive and equal interest-only payments, provided the entire balance and any accrued but unpaid interest shall be fully paid on or before October 5, 2010.	50,000	-
Lines of Credit (See Note 10)	346,352	78,365
Total	454,333	153,205
Less: current portion	(39,502)	(16,859)
Long-term portion	\$ 414,831	\$ 136,436

Scheduled principal payments on the note payable are as follows:

Year Ended December 31,	
2008	\$ 39,502
2009	123,402
2010	125,483
2011	60,859
2012	65,302
Thereafter	39,785
Total	\$ 454,333

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

(10) LINES OF CREDIT

The Mission maintains three lines of credit summarized as follows

- \$250,000 revolving line of credit from North Valley Bank in Fairfield, Ca. Borrowings under this revolving line of credit bear interest at an index value plus a 1% rate adjuster. As of December 31, 2007 borrowings against the line of credit totaled \$248,479 with interest payable at a rate of 8.25%. The line of credit is secured by business assets and matures July 1, 2008.
- \$500,000 revolving line of credit from North Valley Bank in Fairfield, Ca. Borrowings under this revolving line of credit bear interest at index value plus a 1% rate adjuster. As of December 31, 2007 borrowings against the line of credit totaled \$48,795 with interest payable at a rate of 7.50%. The line of credit is secured by business assets and matures July 1, 2008.
- \$50,000 revolving line of credit from Stockman's Bank in Elk Grove, Ca. Borrowings under this revolving line of credit bear interest at an index value plus a 1% rate adjuster. As of December 31, 2007 borrowings against the line of credit totaled \$49,078 with interest payable at a rate of 6.50%. The line of credit is secured by business assets and matures August 11, 2008

The total outstanding on the three lines of credit for the years ended December 31, 2007 and 2006 was \$346,352 and \$78,365 respectively.

In July 2008, Mission Solano Rescue Mission, Inc. consolidated the two North Valley Bank lines of credit into one promissory note. As of July 24, 2008 the outstanding principal balance totaled \$296,862. The promissory note bears interest at a fixed rate of 7% and requires monthly payments of \$5,892.95. The note matures July 24, 2013.

(11) DONATED FACILITIES AND SERVICES

During the year ended December 31, 2007, the Mission received the benefit of contributed office facilities which is reflected in the accompanying Statement of Activities and Changes in Net Assets. The estimated approximate fair value of the annual rents is \$12,000.

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

(12) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets available at December 31, 2007 are available for the following purposes:

	2007	2006
Shelter Program	\$ -	\$ 92,000
Bridge to Life Center	1,846,472	1,142,914
Totals	\$ 1,846,472	\$ 1,234,914

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors during the years ended December 31, 2007 as follows:

	2007	2006
Shelter Program	\$ 92,000	\$ 12,992
Bridge to Life Center	560,177	761,926
Totals	\$ 652,177	\$ 774,918

(13) SUBSEQUENT EVENTS

In 2008, Mission Solano Rescue Mission, Inc. has taken steps to ensure the completion of the Bridge to Life Center. They have reduced their budget by 25% to deal with the current economic times and have restructured their fundraising efforts. The addition of a qualified grant writer and shifting of staff to fundraising has enabled Mission Solano Rescue Mission, Inc. to start compiling a grant portfolio of approximately \$5,350,000. Some grant proposals have been submitted and are waiting approval while others are in the planning stage. Mission Solano Rescue Mission, Inc. expects a 50% return on the current portfolio of grants.

SUPPLEMENTAL INFORMATION

MISSION SOLANO RESCUE MISSION, INC.
(A California Nonprofit Corporation)
SHELTER AND SOCIAL ENTERPRISES
REVENUE/EXPENSE SUMMARY
YEAR ENDED DECEMBER 31, 2007
(With Comparative Totals for 2006)

	2007							2006			
	Shelter Services	Thrift Store	Auto Sales	Franchise	Coffee Roasting	Total Program Services	Management & General	Fundraising	Total Supporting Services	Total	Total
Support and revenues:											
Contributions	\$ 195,016	\$ -	\$ -	\$ -	\$ -	\$ 195,016	\$ 598,515	\$ 245,832	\$ 844,347	\$ 1,039,363	\$ 723,897
Capital campaign contributions	1,263,736	-	-	-	-	1,263,736	-	-	-	1,263,736	173,461
Fundraising	-	-	-	-	-	-	-	-	-	-	23,761
Donated facilities	-	-	12,000	-	-	12,000	-	-	-	12,000	60,000
Special event revenues	48,959	-	-	-	-	48,959	-	-	-	48,959	91,901
Special event expenses	(31,669)	-	-	-	-	(31,669)	-	-	-	(31,669)	(67,530)
Interest income	940	-	-	-	-	940	-	-	-	940	7,507
Other income	31,026	-	-	-	-	31,026	-	-	-	31,026	10,841
Thrift store sales	-	291,701	-	-	-	291,701	-	-	-	291,701	389,460
Auto sales	-	-	272,850	-	-	272,850	-	-	-	272,850	278,858
Advertising income	-	-	-	10,793	-	10,793	-	-	-	10,793	8,145
Coffee roasting income	-	-	-	-	40,611	40,611	-	-	-	40,611	57,228
Total revenues	1,508,008	291,701	284,850	10,793	40,611	2,135,963	598,515	245,832	844,347	2,980,310	1,757,529
Expenses:											
Salaries	\$ 211,304	\$ 116,026	\$ 82,812	\$ -	\$ 28,750	\$ 438,892	\$ 211,802	\$ 87,308	\$ 299,110	\$ 738,002	\$ 760,308
Newsletter/development	284,262	-	-	-	-	284,262	-	-	-	284,262	294,536
Occupancy	47,971	98,370	106,005	-	1,500	253,846	20,130	9,000	29,130	282,976	328,274
Professional fees	1,500	-	-	-	-	1,500	25,402	49,027	74,429	75,929	58,739
Advertising	1,533	2,246	40,219	14,879	10,622	69,499	1,388	-	-	70,887	114,114
Insurance	412	-	-	-	166	578	13,951	34,733	48,684	49,262	17,360
Employee benefits	13,878	15,420	5,487	-	5,873	40,658	19,221	9,973	29,194	69,852	59,908
Utilities	33,644	22,194	4,577	-	-	60,415	4,750	-	-	65,165	67,864
Supplies	13,558	3,908	1,331	-	25,364	44,161	14,248	1,265	15,513	59,674	101,760
Payroll taxes	11,545	8,862	6,066	-	2,199	28,672	12,763	964	13,727	42,399	48,852
Bank charges	246	3,668	280	-	996	5,190	30,160	104	30,264	35,454	26,527
Telephone	13,719	3,969	975	-	2,140	20,803	10,508	1,048	11,556	32,359	32,871
Vehicle expense	13,044	1,093	12,876	-	163	27,176	1,693	2,200	3,893	31,069	45,603
Travel	14,232	4,882	187	335	446	20,082	6,003	4,133	10,136	30,218	27,557
Repairs and maintenance	17,881	3,317	1,746	-	493	23,437	1,752	1,922	3,674	27,111	23,086
Printing and photocopy	3,271	-	50	5,895	399	9,615	5,678	9,951	15,629	25,244	28,921
Loss on disposal of franchise	-	-	-	-	-	-	92,500	-	92,500	92,500	-
Loss on disposal of equipment	-	-	-	-	-	-	1,282	-	1,282	1,282	-
Property taxes	-	-	-	-	-	-	-	21,255	21,255	21,255	-
Workman's compensation	433	433	433	-	433	1,732	15,594	433	16,027	17,759	28,692
Depreciation	9,189	754	-	-	3,102	13,045	-	-	-	13,045	13,176
Postage	221	-	270	8,160	1,283	9,934	3,095	16	3,111	13,045	11,505
Miscellaneous	148	43	-	-	-	191	7,208	1,050	8,258	8,449	8,390
Dues and subscriptions	650	50	-	-	275	975	1,912	3,665	5,577	6,552	7,750
Leased equipment	-	-	-	-	-	-	6,417	-	6,417	6,417	6,256
Licenses, fees and penalties	1,003	-	-	-	-	1,003	293	4,633	4,926	5,929	32,326
Lodging and Meals	528	-	-	237	-	765	2,381	1,389	3,770	4,535	18,929
Computer	683	-	-	-	934	1,617	2,500	114	2,614	4,231	16,563
Training and education	1,748	-	-	-	-	1,748	974	447	1,421	3,169	10,505
Equipment rental	1,202	310	-	-	-	1,512	1,181	-	1,181	2,693	3,042
Program expenses	662	304	-	-	-	966	1,438	-	1,438	2,404	-
Gift expenses	-	-	1,500	-	-	1,500	202	233	435	1,935	-
Food/Event costs	-	-	-	-	-	-	915	209	1,124	1,124	2,752
Benevolence	400	-	-	-	-	400	540	-	540	940	2,656
Bad debt	-	-	-	-	-	-	80,634	-	80,634	80,634	10,000
Interest expense	146	-	-	2,382	40	2,568	-	760	760	3,328	10,131
Total expenses	699,013	285,849	264,814	31,888	85,178	1,366,742	598,515	245,832	844,347	2,211,089	2,218,953
Net income/(loss)	\$ 808,995	\$ 5,852	\$ 20,036	\$ (21,095)	\$ (44,567)	\$ 769,221	\$ -	\$ -	\$ -	\$ 769,221	\$ (461,424)

See accompanying notes to financial statements.