

MISSION LEXINGTON, INC.
FINANCIAL STATEMENT
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2012

MISSION LEXINGTON, INC.
LEXINGTON, KENTUCKY

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KRING, RAY, FARLEY & RIDDLE, PSC

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mission Lexington, Inc.
Lexington, Kentucky

We have audited the accompanying statement of cash receipts and disbursements of Mission Lexington, Inc. (a nonprofit organization), for the year ended June 30, 2012. The statement of cash receipts and disbursements is the responsibility of Mission Lexington Inc.'s management. Our responsibility is to express an opinion on the statement of cash receipts and disbursements 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 statement of cash receipts and disbursements is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of cash receipts and disbursements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of cash receipts and disbursements. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, this financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the statement of cash receipts and disbursements referred to above presents fairly, in all material respects, the cash receipts and disbursements of Mission Lexington, Inc., for the year ended June 30, 2012, on the basis of accounting described in Note A.

Kring, Ray, Farley & Riddle, PSC

Lexington, Kentucky
September 25, 2012

MISSION LEXINGTON, INC.
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

Cash Receipts:	
Contributions and grants:	
Temporarily restricted gifts:	\$ 38,801
Medical and dental clinic	25,000
Salaries	
Unrestricted:	67,621
Contributions	96
Interest income	849
Other	
Program Revenue:	8,010
Denture revenue	<u> </u>
Total Cash Receipts	<u>140,377</u>
Cash Disbursements:	
General and Administrative:	
Salaries	28,919
Payroll taxes	2,212
Office	13,632
Legal and professional fees	4,000
Fundraising	176
Promotion	2,836
Miscellaneous administrative	3,303
Program:	46,809
Salaries	4,560
Payroll taxes	10,500
Lease - clinic	538
Repair and maintenance	11,231
Medical and dental fees	12,246
Medical and dental supplies	8,365
Denture lab fees	<u> </u>
Total Cash Disbursements	<u>149,327</u>
	(8,950)
Total Change in Cash	45,067
Cash, beginning of year	<u> </u>
Cash, end of year	<u>\$ 36,117</u>

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

MISSION LEXINGTON, INC
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

Note A - Summary of Significant Accounting Policies:

Description of the Organization

Mission Lexington, Inc., herein referred to as the "Mission", is a religious charitable organization that provides medical and dental services to individuals in need in Lexington, Kentucky.

The Mission operates a dental clinic which provides free dental care to adults who do not have insurance and who cannot afford to get dental care otherwise. Additionally, the Mission operates a medical clinic which provides primary care at no cost to working adults who do not have insurance and whose income is less than 185% of the poverty level.

Basis of Accounting

The Organization's policy is to prepare its financial statement on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, the only asset recognized is cash, and no liabilities are recognized. Consequently, contributions and other revenues are recognized when received rather than when promised or earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligations are incurred. Noncash transactions are not recognized in the financial statement.

Functional Allocation of Expenses

The costs of providing the various program and support services have been summarized on a functional basis in the statement of cash receipts and disbursements. Accordingly, certain costs are allocated among the programs and supporting services benefited.

Tax Status

The Mission is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is, however, subject to income taxes on "unrelated business income", of which management has determined there was none for the year ended June 30, 2012.

With few exceptions, the Mission is no longer subject to income tax examinations by tax authorities for the years before 2010.

Financial Statement Presentation

Unrestricted Cash Receipts and Disbursements

Unrestricted cash receipts generally result from providing services, receiving unrestricted contributions, and receiving dividends and interest from income-producing assets. Unrestricted cash distributions are incurred in providing services, raising contributions and performing administrative functions. The only limits on the assets resulting from these transactions are the broad limits resulting from the nature of the Mission, the environment in which it operates and the purposes specified in the Articles of Incorporation.

Continued

MISSION LEXINGTON, INC
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

Note A - Summary of Significant Accounting Policies (Continued):

Temporarily Restricted Cash Receipts and Disbursements

Temporarily restricted cash receipts result from receiving contributions that may be expended only for specific purposes or in specific future periods.

Permanently Restricted Cash Receipts and Disbursements

Permanently restricted cash receipts are permanently restricted by the donor with income appreciation available to support the general operations of the Mission.

Note B - Designated and Restricted Funds:

The Mission's cash can be restricted through the actions of the Board of Directors and/or through donor-imposed restrictions for use in various ministries and special projects. There were no funds designated or restricted for such purposes as of June 30, 2012.

Note C - In-Kind Donations:

The Mission is provided office space by one of the member churches at no cost. The value of the in-kind donation has not been determined and is not recorded in the financial statement.

Note D - Related Parties:

The Mission received \$51,906 (37% of total cash receipts) in support from the member churches. These churches are Calvary Baptist Church, Faith Lutheran Church, Good Shepherd Episcopal Church, Maxwell Street Presbyterian Church, First Presbyterian Church and South Elkhorn Christian Church.

Note E - Operating Lease:

The Mission leases its medical clinic premises under a month-to-month operating agreement with monthly payments of \$875. Premises rent expense was \$10,500 for the year ended June 30, 2012.

Note F - Management's Review:

Management has evaluated subsequent events through September 25, 2012, the date the financial statement was available to be issued.