

THE RED DEVILS, INC.

Financial Statements

December 31, 2010 and 2009

Leo J. Knighton
Certified Public Accountant

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Independent Auditor's Report

The Board of Trustees of
The Red Devils, Inc.:

I have audited the accompanying statements of financial position of The Red Devils, Inc. (TRD) as of December 31, 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 TRD's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted the audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Red Devils, Inc. as of December 31, 2010 and 2009 and the changes in it's net assets and it's cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

L. J. Knighton

August 2, 2011

THE RED DEVILS, INC.

Statements of Financial Position

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Current assets:		
Cash	\$219,721	215,082
Contributions receivable	4,090	6,692
Prepaid expenses	<u>14,211</u>	<u>11,970</u>
Total current assets	238,022	233,744
Noncurrent asset:		
Other asset - security deposit	<u>1,266</u>	<u>-</u>
Total assets	<u>\$239,288</u>	<u>233,744</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 19,772	8,269
Accrued rent (note 3)	<u>2,601</u>	<u>-</u>
Total current liabilities and total liabilities	<u>22,373</u>	<u>8,269</u>
Commitment (note 3)		
Net assets:		
Unrestricted net assets:		
Designated by Board of Directors for expansion	66,245	115,775
Other	<u>150,670</u>	<u>96,277</u>
Total unrestricted net assets	216,915	212,052
Temporarily restricted net assets (note 4)	<u>-</u>	<u>13,423</u>
Total net assets	<u>216,915</u>	<u>225,475</u>
Total liabilities and net assets	<u>\$239,288</u>	<u>233,744</u>

See accompanying notes to the financial statements.

THE RED DEVILS, INC.

Statements of Activities

Years ended December 31, 2010 and 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Changes in net assets:						
Public support and revenues:						
Annual fund raising events:						
Revenues	\$203,142	-	203,142	160,460	-	160,460
Donor benefit costs	<u>19,153</u>	<u>-</u>	<u>19,153</u>	<u>6,153</u>	<u>-</u>	<u>6,153</u>
Net revenues from annual fund raising events	183,989	-	183,989	154,307	-	154,307
Grants (note 4)	197,500	-	197,500	112,250	50,000	162,250
Contributions	61,554	-	61,554	56,923	-	56,923
Interest	1,353	-	1,353	2,997	-	2,997
Net assets released from restriction - satisfaction of restrictions	<u>13,423</u>	<u>(13,423)</u>	<u>-</u>	<u>54,397</u>	<u>(54,397)</u>	<u>-</u>
Total public support and revenues	<u>457,819</u>	<u>(13,423)</u>	<u>444,396</u>	<u>380,874</u>	<u>(4,397)</u>	<u>376,477</u>
Expenses:						
Program services	295,478	-	295,478	263,016	-	263,016
Administrative	69,286	-	69,286	63,386	-	63,386
Fund raising	<u>88,192</u>	<u>-</u>	<u>88,192</u>	<u>85,697</u>	<u>-</u>	<u>85,697</u>
Total expenses	<u>452,956</u>	<u>-</u>	<u>452,956</u>	<u>412,099</u>	<u>-</u>	<u>412,099</u>
Increase (decreases) in net assets	4,863	(13,423)	(8,560)	(31,225)	(4,397)	(35,622)
Net assets:						
Beginning of year	<u>212,052</u>	<u>13,423</u>	<u>225,475</u>	<u>243,277</u>	<u>17,820</u>	<u>261,097</u>
End of year	<u>\$216,915</u>	<u>-</u>	<u>216,915</u>	<u>212,052</u>	<u>13,423</u>	<u>225,475</u>

See accompanying notes to the financial statements.

THE RED DEVILS, INC.

Statements of Functional Expenses

Years ended December 31, 2010 and 2009

	2010				2009			
	<u>Program</u> <u>Services</u>	<u>Admini-</u> <u>strative</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>	<u>Program</u> <u>Services</u>	<u>Admini-</u> <u>strative</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>
Assistance to individuals:								
Critical needs	\$ 57,209	-	-	57,209	25,827	-	-	25,827
Transportation	56,658	-	-	56,658	65,550	-	-	65,550
House cleaning	31,196	-	-	31,196	27,363	-	-	27,363
Meals	30,450	-	-	30,450	30,286	-	-	30,286
Prescription co-payments	18,627	-	-	18,627	15,997	-	-	15,997
Complimentary	11,016	-	-	11,016	10,744	-	-	10,744
Homecare and other	<u>5,740</u>	<u>-</u>	<u>-</u>	<u>5,740</u>	<u>6,040</u>	<u>-</u>	<u>-</u>	<u>6,040</u>
Total assistance to individuals	210,896	-	-	210,896	181,807	-	-	181,807
Compensation	55,737	31,947	48,562	136,246	55,737	33,226	48,562	137,525
Payroll taxes and benefits	5,133	3,532	5,887	14,552	5,133	3,532	5,887	14,552
Publicity	9,000	9,000	-	18,000	5,250	5,419	-	10,669
Office supplies and computer software	1,842	7,689	8,073	17,604	2,069	3,902	9,689	15,660
Printing	2,560	-	10,273	12,833	3,869	-	7,441	11,310
Occupancy (note 3)	7,021	1,755	2,925	11,701	5,040	1,260	2,100	8,400
Professional fees	-	8,684	-	8,684	-	8,264	-	8,264
Insurance	1,321	1,322	-	2,643	1,839	1,839	-	3,678
Travel and entertainment	-	1,312	1,312	2,624	-	1,499	1,498	2,997
Postage	610	610	1,220	2,440	749	749	1,498	2,996
Telephone	1,358	339	566	2,263	1,523	381	634	2,538
Other	<u>-</u>	<u>3,096</u>	<u>9,374</u>	<u>12,470</u>	<u>-</u>	<u>3,315</u>	<u>8,388</u>	<u>11,703</u>
Total expenses	<u>\$295,478</u>	<u>69,286</u>	<u>88,192</u>	<u>452,956</u>	<u>263,016</u>	<u>63,386</u>	<u>85,697</u>	<u>412,099</u>

See accompanying notes to the financial statements.

THE RED DEVILS, INC.

Statements of Cash Flows

Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Decreases in net assets	\$ (8,560)	(35,622)
Adjustments to reconcile decreases in net assets to net cash provided by (used in) operating activities:		
Reinvested interest income	-	(2,001)
(Increases) decreases in:		
Contributions receivable	2,602	(5,912)
Accrued interest receivable	-	1,641
Prepaid expenses	(2,241)	1,000
Increases (decreases) in:		
Accounts payable	11,503	(3,977)
Accrued rent	2,601	-
Deferred revenue	-	(16,250)
Net cash provided by (used in) operating activities	<u>5,905</u>	<u>(61,121)</u>
Cash flows from investing activities:		
Redemption of Certificate of Deposit	-	104,739
Payment of security deposit	<u>(1,266)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(1,266)</u>	<u>104,739</u>
Net increases in cash	4,639	43,618
Cash:		
Beginning of the year	<u>215,082</u>	<u>171,464</u>
End of the year	<u>\$219,721</u>	<u>215,082</u>

See accompanying notes to the financial statements.

THE RED DEVILS, INC.

Notes to the Financial Statements

December 31, 2010 and 2009

(1) Organization

The Red Devils, Inc. (TRD) is a Maryland charitable organization organized to fund certain services to improve the quality of life for breast cancer patients and their families. The supported services include transportation assistance, preparation of family meals, house cleaning and other beneficial services.

Patients are eligible for services if they live and seek treatment in Maryland and are referred by participating hospitals and centers. Recipients of services are generally identified by social workers and support staff at these facilities.

For income tax reporting purposes, TRD is exempt from certain Federal and state income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC) except for certain unrelated business activities. TRD has currently been classified as an organization that is not a private foundation within the meaning of Section 509(a) of the IRC.

TRD is dependent on contributions and fund raising events to support its program activities.

(2) Summary of significant accounting policies

Basis of accounting - The financial statements of TRD have been prepared on the accrual basis of accounting.

Pursuant to the *Accounting for Contributions Received and Contributions Made and Financial Statements of Not-for-Profit Organizations* Topics of the FASB Accounting Standards Codification, TRD presents 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. Such classifications are determined upon grantor and donor-imposed restrictions.

Unrestricted net assets include net assets that are not subject to externally imposed restrictions; temporarily restricted net assets are subject to externally imposed restrictions that may or will be either satisfied by actions of the organization or the passage of time; and, permanently restricted net assets, are subject to externally imposed restrictions which are permanent in nature.

THE RED DEVILS, INC.

Notes to the Financial Statements

(2) Summary of significant accounting policies (continued)

Fair value of financial instruments - The estimated fair values of TRD's financial instruments principally consist of accounts receivable and accounts payable and are considered by management to approximate their fair value for financial reporting purposes due to either their respective short-term nature or that such amounts are periodically adjusted to fair value.

Office equipment - Office equipment acquired with a useful life estimated beyond one year and a value of \$5,000 and above are to be capitalized and recorded at cost, if purchased, or at fair value, if contributed. Routine acquisitions and maintenance and repairs are charged to expense as incurred.

Public support and revenues - Public support and revenues are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and nature of any donor imposed restrictions. Upon the expiration or satisfaction of a restriction, temporarily restricted net assets are reclassified to unrestricted net assets.

Public support and revenues which are restricted are to be reported as an increase in unrestricted net assets if the expiration or satisfaction of the restriction occurs in the same financial reporting period in which the public support and revenues are recognized. All other donor restricted funds are to be reported as an increase in temporarily restricted or permanently restricted net assets depending on the nature of the restriction.

Contributed services and materials - Certain volunteers have donated time to the organization's program and supporting services which there is no method to objectively measure their fair value. No amounts have been reflected in the financial statements for these contributed services.

Expense allocation - The costs of providing program and supporting activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been classified among the program and supporting services benefitted.

THE RED DEVILS, INC.

Notes to the Financial Statements

(2) Summary of significant accounting policies (continued)

Use of estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make periodic estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the amounts estimated and reported upon.

Reclassification - Certain amounts presented in the 2009 financial statements have been reclassified to conform to the 2010 financial statement presentation.

(3) Lease commitment

During, 2010, TRD became obligated pursuant to a noncancellable operating lease for an office facility. The terms of the lease require monthly payments of \$1,266 beginning January 1, 2011 adjusted annually up to \$1,424 for the year beginning January 1, 2015 and also require payment of certain utility and ancillary costs. The following is a schedule of the future minimum rental commitments for years ending December 31 of each year:

2011	\$ 15,188
2012	15,643
2013	16,112
2014	16,596
2015	<u>17,094</u>
Total outstanding commitment	\$ <u>80,633</u>

TRD previously had another lease commitment which required monthly payments of \$700 through July, 2009 and continued thereafter on a month to month basis through October, 2010. The total rental expense for the years ended December 31, 2010 and 2009 amounted to \$11,701 and \$8,400, respectively.

In connection with the current lease commitment, TRD has accrued rent of \$2,601 as of December 31, 2010 during a rent free payment period.

THE RED DEVILS, INC.

Notes to the Financial Statements

(4) Temporarily restricted assets

As of December 31, 2010 and 2009, temporarily restricted net assets consists of the following commitments:

	<u>2010</u>	<u>2009</u>
Supporting families living with breast cancer in Montgomery and Prince George's Counties	\$ <u>-</u>	<u>13,423</u>

As of December 31, 2010 and 2009, there were no permanently restricted net assets.

(5) Concentrations

TRD has significant grants comprising its grant revenues. Grant revenues for the years ended December 31, 2010 and 2009 from grantors consisted of the following:

Susan G Komen for the Cure - Maryland affiliate	\$ 95,000	91,250
National organization	50,000	50,000
One foundation	40,000	-
Other grants	<u>12,500</u>	<u>21,000</u>
Total grants	<u>\$197,500</u>	<u>162,250</u>

(6) Evaluation of subsequent events

The management of TRD has evaluated subsequent event activity through August 2, 2011, the date which the financial statements were available to be issued.