

HUMANE SOCIETY CALUMET AREA, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2011

HUMANE SOCIETY CALUMET AREA, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Humane Society Calumet Area, Inc.
Munster, IN 46321

We have audited the accompanying financial statements of Humane Society Calumet Area, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Humane Society Calumet Area, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



McMahon & Associates Certified Public Accountants, P.C.
Munster, IN

August 27, 2013

HUMANE SOCIETY CALUMET AREA, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 59,834	\$ 65,115
Cash restricted by donors	1,694	16,148
Deposit	50	50
Prepays	3,186	1,939
Total current assets	<u>64,764</u>	<u>83,252</u>
<u>NONCURRENT ASSETS:</u>		
Endowment fund	79,039	69,941
Fixed assets - net	2,510,199	2,569,248
Total noncurrent assets	<u>2,589,238</u>	<u>2,639,189</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,654,002</u>	<u>\$ 2,722,441</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 24,062	\$ 14,363
Accrued wages and payroll taxes	13,579	12,311
Accrued expenses	2,504	6,326
Total current liabilities	<u>40,145</u>	<u>33,000</u>
<u>NET ASSETS:</u>		
Unrestricted net assets	2,533,124	2,603,352
Board restricted net assets for endowment purposes	79,039	69,941
Temporarily restricted net assets	1,694	16,148
Total net assets	<u>2,613,857</u>	<u>2,689,441</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,654,002</u>	<u>\$ 2,722,441</u>

HUMANE SOCIETY CALUMET AREA, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2012</u>
PROGRAM SERVICE REVENUE	\$ 372,476	\$ 0	\$ 372,476
<u>PUBLIC SUPPORT:</u>			
Designated donations	182,243	0	182,243
Undesignated donations	263,605	0	263,605
Fundraising	264,111	0	264,111
Total public support	<u>709,959</u>	<u>0</u>	<u>709,959</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>14,454</u>	<u>(14,454)</u>	<u>0</u>
Total support and revenue	<u>1,096,889</u>	<u>(14,454)</u>	<u>1,082,435</u>
<u>EXPENSES:</u>			
Program service	923,148	0	923,148
Management and general	199,361	0	199,361
Fundraising	34,855	0	34,855
Total expenses	<u>1,157,364</u>	<u>0</u>	<u>1,157,364</u>
CHANGE IN NET ASSETS BEFORE OTHER INCOME	(60,475)	(14,454)	(74,929)
<u>OTHER INCOME:</u>			
Other income	95	0	95
Unrealized gain on investment	639	0	639
Unrealized loss on investment	(1,446)	0	(1,446)
Interest revenue	57	0	57
Total other income	<u>(655)</u>	<u>0</u>	<u>(655)</u>
DECREASE IN NET ASSETS	(61,130)	(14,454)	(75,584)
NET ASSETS - BEGINNING OF YEAR	<u>2,673,293</u>	<u>16,148</u>	<u>2,689,441</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 2,612,163</u>	<u>\$ 1,694</u>	<u>\$ 2,613,857</u>

HUMANE SOCIETY CALUMET AREA, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2011</u>
PROGRAM SERVICE REVENUE	\$ 330,554	\$ 0	\$ 330,554
<u>PUBLIC SUPPORT:</u>			
Designated donations	186,397	0	186,397
Undesignated donations	297,587	0	297,587
Fundraising	288,298	0	288,298
Total public support	<u>772,282</u>	<u>0</u>	<u>772,282</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>493,711</u>	<u>(493,711)</u>	<u>0</u>
Total support and revenue	<u>1,596,547</u>	<u>(493,711)</u>	<u>1,102,836</u>
<u>EXPENSES:</u>			
Program service	750,794	0	750,794
Management and general	187,712	0	187,712
Fundraising	24,929	0	24,929
Total expenses	<u>963,435</u>	<u>0</u>	<u>963,435</u>
CHANGE IN NET ASSETS BEFORE OTHER INCOME	633,112	(493,711)	139,401
<u>OTHER INCOME:</u>			
Other income	4,471	0	4,471
Interest revenue	153	0	153
Total other income	<u>4,624</u>	<u>0</u>	<u>4,624</u>
INCREASE (DECREASE) IN NET ASSETS	637,736	(493,711)	144,025
NET ASSETS - BEGINNING OF YEAR	<u>2,035,557</u>	<u>509,859</u>	<u>2,545,416</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 2,673,293</u>	<u>\$ 16,148</u>	<u>\$ 2,689,441</u>

HUMANE SOCIETY CALUMET AREA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program	Management and Administrative		
	<u>Services</u>	<u>Expense</u>	<u>Fundraising</u>	<u>Total</u>
<u>EXPENSES:</u>				
Pet expenses	\$ 56,766	\$ 0	\$ 0	\$ 56,766
Clinic supplies	52,539	0	0	52,539
Automobile expense	0	472	0	472
Bank service charges	0	1,405	0	1,405
Depreciation expense	67,160	22,386	0	89,546
Dues and subscriptions	1,041	347	0	1,388
Equipment rental	16,207	5,402	0	21,609
Director's insurance	0	1,549	0	1,549
Vehicle insurance	5,881	1,961	0	7,842
Liability insurance	(2,106)	905	0	(1,201)
Worker's comp insurance	4,459	2,341	0	6,800
Interest expense	0	215	0	215
Microchips	10,610	0	0	10,610
Cat litter	4,743	0	0	4,743
Food	25,931	0	0	25,931
Medications	11,649	0	0	11,649
Other kennel supplies	10,937	0	0	10,937
Late fees	0	212	0	212
Licenses and permits	613	614	0	1,227
Marketing and advertising	3,006	1,002	0	4,008
Merchant fees	5,476	1,825	0	7,301
Miscellaneous	0	4,160	0	4,160
Computer software	555	554	0	1,109
Office supplies	17	18	0	35
Postage and delivery	6,763	6,762	0	13,525
Printing and reproduction	16,003	16,002	0	32,005
Payroll	557,676	104,564	34,855	697,095
Professional fees	2,550	850	0	3,400
Repairs and maintenance	6,902	2,301	0	9,203
Staff development	1,473	491	0	1,964
Taxes	0	192	0	192
Travel, meals & entertainment	7,022	7,021	0	14,043
Utilities	38,900	12,967	0	51,867
Telephone	8,529	2,843	0	11,372
Volunteers	1,846	0	0	1,846
TOTAL EXPENSES	\$ 923,148	\$ 199,361	\$ 34,855	\$ 1,157,364

HUMANE SOCIETY CALUMET AREA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Management and			
	Program	Administrative	Fundraising	Total
	<u>Services</u>	<u>Expense</u>		
<u>EXPENSES:</u>				
Pet expenses	\$ 64,539	\$ 0	\$ 0	\$ 64,539
Automobile expense	0	1,575	0	1,575
Bank service charges	0	624	0	624
Depreciation expense	86,874	28,958	0	115,832
Dues and subscriptions	776	258	0	1,034
Equipment rental	17,054	5,685	0	22,739
Director's insurance	0	1,477	0	1,477
Vehicle insurance	4,752	1,584	0	6,336
Liability insurance	5,951	905	0	6,856
Worker's comp insurance	1,216	2,341	0	3,557
Interest expense	0	2,112	0	2,112
Microchips	6,949	0	0	6,949
Cat litter	3,565	0	0	3,565
Food	22,188	0	0	22,188
Medications	13,785	0	0	13,785
Other kennel supplies	7,839	0	0	7,839
Late fees	0	12	0	12
Licenses and permits	788	788	0	1,576
Marketing and advertising	3,440	1,147	0	4,587
Merchant fees	4,459	1,487	0	5,946
Miscellaneous	0	6,720	0	6,720
Computer software	3,780	3,779	0	7,559
Office supplies	912	913	0	1,825
Postage and delivery	8,266	8,265	0	16,531
Printing and reproduction	11,742	11,742	0	23,484
Payroll	398,866	74,787	24,929	498,582
Professional fees	18,261	6,087	0	24,348
Repairs and maintenance	3,017	1,006	0	4,023
Staff development	865	288	0	1,153
Taxes	0	56	0	56
Travel, meals & entertainment	8,292	8,291	0	16,583
Utilities	41,656	13,885	0	55,541
Telephone	8,822	2,940	0	11,762
Volunteers	2,140	0	0	2,140
TOTAL EXPENSES	\$ 750,794	\$ 187,712	\$ 24,929	\$ 963,435

HUMANE SOCIETY CALUMET AREA, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from program services and public support	\$ 1,082,435	\$ 1,102,836
Cash paid for supplies and services	(1,061,148)	(867,328)
Other income	95	4,471
Interest revenue	57	153
Net cash provided by operating activities	<u>21,439</u>	<u>240,132</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of endowment fund investments	(10,677)	(37,296)
Purchase of fixed assets	(30,497)	(609,331)
Net cash used by investing activities	<u>(41,174)</u>	<u>(646,627)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Payments on line of credit	0	(74,894)
Net cash used by financing activities	<u>0</u>	<u>(74,894)</u>
NET DECREASE IN CASH	(19,735)	(481,389)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>81,263</u>	<u>562,652</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 61,528</u>	<u>\$ 81,263</u>
<u>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (75,584)	\$ 144,025
Add (deduct) non-cash items:		
Depreciation	89,546	115,832
Net unrealized losses - endowment	1,579	0
Decrease (increase) in assets:		
Deposit	0	(40)
Prepaid insurance	(1,247)	14,008
Increase (decrease) in liabilities:		
Accounts payable	9,699	(25,771)
Accrued expenses	(3,822)	(1,940)
Accrued wages and payroll taxes	1,269	(5,982)
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 21,439</u>	<u>\$ 240,132</u>

HUMANE SOCIETY CALUMET AREA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 - ACCOUNTING POLICIES

General - Humane Society Calumet Area, Inc. is a not-for-profit corporation exempt from income tax under Section 501(c) (3) of the Internal Revenue Code. The Organization, formed in 1940, protects, shelters and adopts homeless pets. The Organization also supports the reduction of unwanted animals by promoting the spay/neuter program. The Organization provides community services such as visiting area nursing homes, education in the school system, and speaking engagements. The Organization relies on donations from individuals and businesses for most of its revenue. The Organization does receive some revenue from the sale of pets and pet supplies.

In 2012 the Organization began operating as three single member Limited Liability Corporations for the PAWS resale shop, the shelter and the clinic. The assets, liabilities, revenue and expenses of these three LLCs are included in these financial statements.

Cash and Cash Equivalents - Cash and cash equivalents consist of bank deposits in federally insured accounts. For purposes of the statements of cash flows, the Organization considers all liquid instruments including money market accounts, purchased with an original maturity of less than three months, to be cash equivalents.

Basic Accounting Policies - The Organization's policy is to prepare its financial statements on the accrual basis of accounting.

Endowment Fund - The Board has allocated reserves in excess of operating needs into an endowment fund. These funds are invested with a local bank. These investments are carried at their fair value as determined by using quoted market prices. See Note 3 for additional information.

Fixed Assets - Fixed assets are stated at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. When items of fixed assets are sold or otherwise disposed, the related costs and accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to income. Maintenance and repairs are charged to expense as incurred.

Consolidated Financial Statements - The Limited Liability Corporations described above in the general footnote are consolidated on these financial statements. The financial statements include the accounts of each Limited Liability Corporation and all significant inter-branch transactions and accounts are eliminated.

HUMANE SOCIETY CALUMET AREA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 - ACCOUNTING POLICIES - (Continued)

Donor - Restricted Funds - The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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.

Donated Facilities and Services - The value of donated facilities is recorded at its estimated fair market value. The value of donated services is not reflected in the accompanying financial statements since there are no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services.

Revenue and Support - The Organization receives revenue and support from several sources, including the following:

Service Revenue	Charges for the sale of pets and pet supplies.
Contributions	Donations made by the general public. These donations are considered to be available for unrestricted use unless specifically restricted by the donor.

Concentration of Credit Risk - The Organization's cash accounts occasionally exceed federal insured limits.

Construction in Progress - The Organization is expanding its current building to include additional space for a spay and neuter clinic. During the year ended December 31, 2011 the building addition was completed. As of December 31, 2012 and 2011 there was no construction in progress.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 27, 2013, the date the financial statements were available to be issued.

NOTE 2 - FACILITIES

The PAWS retail shop is on a month to month rent agreement. At the end of 2012 the monthly rental was \$1,725.

HUMANE SOCIETY CALUMET AREA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 3 - BOARD DESIGNATED FOR ENDOWMENT PURPOSES

Humane Society Calumet Area Inc.'s board has designated a portion of the Organization's revenue be set aside for endowment purposes to support the future operations of the agency. These board restricted funds are invested in a separate endowment account consisting of the following at 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Money Market Fund	\$ <u>79,039</u>	\$ <u>69,941</u>

During 2012 and 2011 these funds had investment income of \$1,013 and \$96, respectively, fees of \$327 and \$300, respectively, donations of \$10,000 and \$37,500, respectively and net unrealized losses of \$1,579 and \$0, respectively. Additionally, the Organization will deposit into this account any donations received by an individual that is restricted for endowment purposes.

NOTE 4 - ENDOWMENT FUNDS

The Organization's endowment funds are with a local bank. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds. As a result of this interpretation, the Organization classified permanently restricted net assets as the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the board restriction as the time the accumulation is added to the fund. Earnings that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribe by SPMIFA. At the current time, the board has determined that all earnings will be unrestricted support for the mission of the Organization.

The funds are invested by the bank and their investment policy allows for conservative investments with growth opportunities.

HUMANE SOCIETY CALUMET AREA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 4 - ENDOWMENT FUNDS - (Continued)

The current funds in the endowment fund are considered to be board restricted as the funds were contributed by the board at their discretion. Currently there are no funds in the endowment fund donated specifically from an individual for the endowment fund. Therefore, none of the funds are currently considered to be permanently restricted.

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 69,941	\$ 32,645
Board designated donations	10,000	37,500
Fees	(327)	(300)
Net unrealized losses	(1,579)	0
Earnings	1,004	96
Balance, end of year	<u>\$ 79,039</u>	<u>\$ 69,941</u>

NOTE 5 - FAIR VALUE MEASUREMENT

The Organization has adopted the Financial Accounts Standards Board (FASB) guidance regarding fair value measurement of investments. This guidance applies to investments that do not have a readily determinable fair value and all investments that are held by an entity that is required to report investment assets at fair value. This update gives guidance on the measurement of the fair value of such investments on the basis of the net asset value per share (or its equivalent) and requires disclosures by major category of the investments about the attributes of investments, such as the nature of any restrictions on the investor's ability to redeem its investments at the measurement date, any unfunded commitments, and the investment strategies of the investees. The adoption of this update did not materially impact the Organization's financial statements. In January 2010, the FASB issued updated guidance to improve disclosures regarding fair value measurements.

The FASB *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The accounting standards establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The following is a description of the valuation methodologies used for the investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

As of December 31, 2012, the Organization's investments measured at fair value on a recurring basis were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 79,039	\$ 0	\$ 0

HUMANE SOCIETY CALUMET AREA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 5 - FAIR VALUE MEASUREMENT - (Continued)

As of December 31, 2011, the Organization's investments measured at fair value on a recurring basis were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 69,941	\$ 0	\$ 0

NOTE 6 - FIXED ASSETS

The major components of fixed assets and their corresponding accumulated depreciation and book values at December 31, 2012 are as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land and improvements	\$ 242,303	\$ 0	\$ 242,303
Building and improvements	2,766,097	571,888	2,194,209
Vehicles	33,068	9,070	23,998
Equipment	159,371	109,682	49,689
Total	<u>\$ 3,200,839</u>	<u>\$ 690,640</u>	<u>\$ 2,510,199</u>

The major components of fixed assets and their corresponding accumulated depreciation and book values at December 31, 2011 are as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land and improvements	\$ 242,303	\$ 0	\$ 242,303
Building and improvements	2,766,097	500,839	2,265,258
Vehicles	7,749	7,004	745
Equipment	154,193	93,251	60,942
Total	<u>\$ 3,170,342</u>	<u>\$ 601,094</u>	<u>\$ 2,569,248</u>

Depreciation expense for the years ended December 31, 2012 and 2011 is \$89,546 and \$115,832, respectively.

The Organization is building an addition to their location in Munster, Indiana. The addition will house a spay and neuter clinic. The building addition is funded by individual donations. The addition was completed in 2011. As of December 31, 2012 and 2011 the Organization had no construction in progress costs.

HUMANE SOCIETY CALUMET AREA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2012 and 2011, temporarily restricted net assets consisted of funds to be used for the following purposes:

	<u>2012</u>	<u>2011</u>
Medical expenses for animals	\$ 1,694	\$ 1,553
Capital and building expansion	<u>0</u>	<u>14,595</u>
Total Temporarily Restricted Net Assets	<u>\$ 1,694</u>	<u>\$ 16,148</u>

NOTE 8 - OPERATING LEASES

The Organization leases office equipment under an operating lease where the lease expense is donated. The Organization pays for copies made.

NOTE 9 - INCOME TAX UNCERTAINTIES

The Organization has adopted the provisions of ASC 740-10-25, which requires an organization to disclose any income tax uncertainties, including tax positions, for which it is reasonably possible that the unrecognized tax benefit will significantly change in the next 12 months. The Organization believes that all income tax positions are reasonable and that the total amounts of unrecognized tax benefits will not significantly increase or decrease within 12 months of the reporting date. As a non-profit organization, the entity is exempt from income taxes. The Organization has not recognized any interest or penalties in their December 31, 2012 financial statements. In general, the Organization is no longer subject to examinations for years prior to 2010.