

CRISIS PREGNANCY CENTERS of SANTA CLARA COUNTY

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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### FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Crisis Pregnancy Centers of Santa Clara County:

We have audited the accompanying financial statements of Crisis Pregnancy Centers of Santa Clara County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated 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.

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 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 organization'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 organization'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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crisis Pregnancy Centers of Santa Clara County as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We have previously reviewed Crisis Pregnancy Centers of Santa Clara County's December 31, 2011 financial statements, and in our report dated April 20, 2012 we stated that we were not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the reviewed financial statements from which it has been obtained.



Pleasanton, California  
April 23, 2013

Crisis Pregnancy Centers of Santa Clara County  
Statement of Financial Position  
December 31, 2012

|   | Unrestricted       | Temporarily<br>Restricted | Total<br>2012      | Summarized<br>2011 |
|---|--------------------|---------------------------|--------------------|--------------------|
| <b>ASSETS</b>                             |                    |                           |                    |                    |
| Cash and cash equivalents                 | \$1,122,072        | \$20,608                  | \$1,142,680        | \$483,800          |
| Donations receivable                      |                    |                           |                    | 6,694              |
| Pledges receivable, net                   |                    | 41,611                    | 41,611             | 679,534            |
| Prepaid expenses                          | 15,725             |                           | 15,725             | 13,157             |
| <b>TOTAL CURRENT ASSETS</b>               | <b>1,137,797</b>   | <b>62,219</b>             | <b>1,200,016</b>   | <b>1,183,185</b>   |
| Deposits                                  | 9,350              |                           | 9,350              | 9,350              |
| Loan origination fees                     | 2,740              |                           | 2,740              | 3,425              |
| Property and equipment, net               | 750,456            |                           | 750,456            | 677,051            |
| <b>TOTAL ASSETS</b>                       | <b>\$1,900,343</b> | <b>\$62,219</b>           | <b>\$1,962,562</b> | <b>\$1,873,011</b> |
| <b>LIABILITIES</b>                        |                    |                           |                    |                    |
| Accounts payable                          | \$24,165           |                           | \$24,165           | \$15,820           |
| Accrued compensation                      | 9,696              |                           | 9,696              | 10,551             |
| Current portion of long term debt         | 18,531             |                           | 18,531             | 17,572             |
| <b>TOTAL CURRENT LIABILITIES</b>          | <b>52,392</b>      |                           | <b>52,392</b>      | <b>43,943</b>      |
| Mortgages                                 | 594,234            |                           | 594,234            | 609,529            |
| <b>TOTAL LIABILITIES</b>                  | <b>646,626</b>     |                           | <b>646,626</b>     | <b>653,472</b>     |
| <b>NET ASSETS</b>                         |                    |                           |                    |                    |
| Unrestricted                              | 1,253,716          |                           | 1,253,716          | 523,733            |
| Temporarily restricted                    |                    | \$62,219                  | 62,219             | 695,806            |
| <b>TOTAL NET ASSETS</b>                   | <b>1,253,716</b>   | <b>62,219</b>             | <b>1,315,936</b>   | <b>1,219,539</b>   |
| <b>TOTAL LIABILITIES &amp; NET ASSETS</b> | <b>\$1,900,342</b> | <b>\$62,219</b>           | <b>\$1,962,562</b> | <b>\$1,873,011</b> |

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

Crisis Pregnancy Centers of Santa Clara County  
Statement of Activities  
For the year ended December 31, 2012

|                                       | Unrestricted       | Temporarily<br>Restricted | Total<br>2012      | Summarized<br>2011 |
|---------------------------------------|--------------------|---------------------------|--------------------|--------------------|
| Revenue and Support                   |                    |                           |                    |                    |
| Donations                             | \$462,222          | \$26,005                  | \$488,227          | \$1,193,324        |
| In-kind donations                     | 220,546            |                           | 220,546            | 35,671             |
| Special events, net                   | 513,480            |                           | 513,480            | 637,716            |
| Other revenue                         |                    |                           |                    | 1,060              |
| Interest income                       | 2,623              |                           | 2,623              | 16                 |
|                                       | <u>1,198,871</u>   | <u>26,005</u>             | <u>1,224,876</u>   | <u>1,867,787</u>   |
| Net assets released from restrictions |                    |                           |                    |                    |
| Expiration of donor restrictions      | <u>659,592</u>     | <u>(659,592)</u>          |                    |                    |
| Total revenue and support             | <u>1,858,463</u>   | <u>(633,587)</u>          | <u>1,224,876</u>   | <u>1,867,787</u>   |
| Expenses                              |                    |                           |                    |                    |
| Program services                      |                    |                           |                    |                    |
| Prenatal services                     | 821,613            |                           | 821,613            | 552,838            |
| Supporting services                   |                    |                           |                    |                    |
| Management and general                | 150,892            |                           | 150,892            | 90,253             |
| Fund-raising                          | <u>155,975</u>     |                           | <u>155,975</u>     | <u>114,842</u>     |
| Total expenses                        | <u>1,128,479</u>   |                           | <u>1,128,479</u>   | <u>757,933</u>     |
| Changes in net assets                 | <u>729,983</u>     | <u>(633,587)</u>          | <u>96,397</u>      | <u>1,109,854</u>   |
| Net assets at beginning of year       | <u>523,733</u>     | <u>695,806</u>            | <u>1,219,539</u>   | <u>109,685</u>     |
| Net assets at end of year             | <u>\$1,253,716</u> | <u>\$62,219</u>           | <u>\$1,315,936</u> | <u>\$1,219,539</u> |

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

Crisis Pregnancy Centers of Santa Clara County  
Statement of Functional Expenses  
For the year ended December 31, 2012

|                              | Program                      | Supporting Services                 |                           | 2012               | 2011              |
|------------------------------|------------------------------|-------------------------------------|---------------------------|--------------------|-------------------|
|                              | <u>Prenatal<br/>Services</u> | <u>Management<br/>&amp; General</u> | <u>Fund -<br/>Raising</u> | <u>Total</u>       | <u>Summarized</u> |
| Salaries & wages             | \$253,954                    | \$78,140                            | \$58,605                  | \$390,698          | \$338,222         |
| Payroll taxes                | 24,969                       | 7,683                               | 5,762                     | 38,413             | 31,490            |
| Employee benefits            | 18,833                       | 5,795                               | 4,346                     | 28,974             | 13,106            |
| Total salaries and benefits  | 297,755                      | 91,617                              | 68,713                    | 458,085            | 382,818           |
| Client outreach              | 133,895                      |                                     |                           | 133,895            | 38,306            |
| Conferences & meetings       | 16,808                       |                                     |                           | 16,808             | 9,618             |
| Donor cultivation            |                              |                                     | 19,657                    | 19,657             | 5,324             |
| Dues, fees, & other charges  | 410                          | 9,513                               |                           | 9,923              | 17,345            |
| Equipment purchase / lease   | 7,669                        | 247                                 | 330                       | 8,247              | 11,559            |
| In-kind donations            | 124,720                      | 1,549                               |                           | 126,269            | 35,671            |
| Insurance                    | 6,526                        | 3,304                               | 1,024                     | 10,853             | 14,831            |
| Interest expense             | 43,505                       |                                     |                           | 43,505             | 44,685            |
| Maintenance & repairs        | 13,784                       | 445                                 | 593                       | 14,822             | 13,206            |
| Outside services             | 17,311                       | 11,830                              | 1,005                     | 30,147             | 25,329            |
| Postage & delivery           | 2,389                        | 735                                 | 551                       | 3,675              | 3,085             |
| Practical support            | 565                          |                                     |                           | 565                | 1,300             |
| Printing                     | 4,329                        | 1,332                               | 7,485                     | 13,147             | 13,805            |
| Rent                         | 73,940                       | 20,926                              | 5,199                     | 100,065            | 71,602            |
| Special events expense       |                              |                                     | 43,384                    | 43,384             |                   |
| Supplies                     | 16,221                       | 2,742                               | 2,223                     | 21,186             | 10,733            |
| Telephone & internet         | 8,716                        | 2,682                               | 2,011                     | 13,409             | 11,929            |
| Travel                       | 5,921                        | 1,822                               | 1,366                     | 9,110              | 12,291            |
| Utilities                    | 6,067                        | 196                                 | 261                       | 6,524              | 3,987             |
| Volunteer/staff appreciation | 3,501                        | 740                                 | 555                       | 4,796              | 2,092             |
| Subtotal before depreciation | 784,031                      | 149,679                             | 154,359                   | 1,088,069          | 729,517           |
| Depreciation & amortization  | 37,581                       | 1,212                               | 1,616                     | 40,410             | 28,416            |
| Total expenses               | <u>\$821,613</u>             | <u>\$150,892</u>                    | <u>\$155,975</u>          | <u>\$1,128,479</u> | <u>\$757,933</u>  |

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

Crisis Pregnancy Centers of Santa Clara County  
Statement of Cash Flows  
For the year ended December 31, 2012

|  | <u>Total<br/>2012</u>     | <u>Summarized<br/>2011</u> |
|--|---------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES   |                           |                            |
| Increase (decrease) in net assets  | \$96,397                  | \$1,109,854                |
| Adjustments to reconcile increase in net assets to net<br>cash provided by operating activities: |                           |                            |
| Depreciation & amortization  | 40,410                    | 28,416                     |
| (Increase) decrease in operating assets  |                           |                            |
| Donations receivable   | 6,694                     | 38,753                     |
| Pledges receivable, net  | 637,923                   | (679,534)                  |
| Deposits   | 0                         | (3,005)                    |
| Prepays  | (2,568)                   | (10,588)                   |
| Increase (decrease) in operating liabilities   |                           |                            |
| Accounts payable   | 8,345                     | 3,663                      |
| Accrued compensation   | (855)                     | 10,205                     |
| NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES   | <u>786,346</u>            | <u>497,764</u>             |
| CASH FLOWS FROM INVESTING ACTIVITIES   |                           |                            |
| Equipment additions  | <u>(113,131)</u>          | <u>(32,494)</u>            |
| NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES   | <u>(113,131)</u>          | <u>(32,494)</u>            |
| CASH FLOWS FROM FINANCING ACTIVITIES   |                           |                            |
| Principle payments on mortgages  | <u>(14,336)</u>           | <u>(13,154)</u>            |
| NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES   | <u>(14,336)</u>           | <u>(13,154)</u>            |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS   | <u>658,879</u>            | <u>452,116</u>             |
| BEGINNING CASH AND CASH EQUIVALENTS  | <u>483,800</u>            | <u>31,683</u>              |
| ENDING CASH AND CASH EQUIVALENTS   | <u><u>\$1,142,678</u></u> | <u><u>\$483,800</u></u>    |
| Supplemental Information:  |                           |                            |
| Cash paid for interest expense   | \$43,505                  | \$44,685                   |

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

CRISIS PREGNANCY CENTERS OF SANTA CLARA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

NOTE A - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Crisis Pregnancy Centers of Santa Clara County (the Organization) is doing business as Real Options. Real Options is a pro-life counseling ministry and medical clinic, with three sites in Silicon Valley. Real Options was incorporated in 1981 in the State of California.

Program Services

The Organization serves nearly 1,500 women each year, providing pregnancy testing, information on abortion, carry-to-term support, adoption information, and sexually transmitted disease testing. Real Options is committed to meeting women's physical, emotional and spiritual needs. To that end, Real Options provides physical support in the form of maternity and baby clothing, baby furniture, counseling as needed, childbirth classes, and first and second trimester prenatal care, post abortion recovery groups, and Bible study services in small groups and individually. In addition, the Organization has an active youth education program presenting abstinence education in public and private schools and youth groups. The Organization is considering expanding their programs to include adoption services.

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles accepted in the United States of America.

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. In addition, the Organization is required to present a statement of cash flows.

Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. The Organization has elected to report as an increase in restricted net assets any restricted revenue received in the current period for which the restrictions have not been met in the current period. Permanently restricted net assets include those assets which are subject to non-expiring donor restriction, such as endowments. The Organization currently has no permanently restricted net assets.

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, 2011, from which the summarized information was obtained. In addition, certain information has been reclassified to conform to the current year presentation.

Use of 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash accounts regardless of maturity to be cash.



CRISIS PREGNANCY CENTERS OF SANTA CLARA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

#### Pledges Receivable

Pledges receivable, less an allowance for doubtful amounts, are recorded at net realizable value and are current. Allowances are based on specific identification including management's experience with the donor and the amount of the pledge in relation to past pledges received.

#### Property and Equipment

Property and equipment is capitalized at estimated fair value when donated or at cost when purchased. Property and equipment donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment is depreciated using the straight-line method. The Organization's threshold for capitalizing its equipment is \$500.

#### Accrued Vacation

Accrued vacation represents vacation earned, but not taken as of December 31, 2012, and is included in the statement of financial position. The accrued vacation balance as of December 31, 2012 is \$8,620.

#### Revenue Recognition

The Organization recognizes support and revenue on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided.

#### Contributions

Contributions are reported in accordance with ASC 958 (formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*). Contributions are recognized when a donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of any donor restrictions. Temporarily restricted contributions are reported as increases in restricted net assets and reclassified to unrestricted net assets when restriction's are met.

#### In-kind Contributions

Contributions in-kind are recognized in accordance with the provisions of ASC 958 (formerly SFAS No. 116). Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on employee work assignments and facility square footage percentages.

#### Income Taxes

The Organization is not classified as a private foundation and is exempt from federal and state income taxes under section 501(c)3 of the Internal Revenue Code and Section 23701(d) of the California Code. The Organization is considered a publicly supported organization. The Financial Accounting Standards Boards (FASB) interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, subsequently included in the FASB codification as ASC 740 prescribes a recognition threshold and a measurement attribute for financial statement recognition of tax positions taken or expected to be taken on a tax return. Management has evaluated its uncertain tax positions and related income tax contingencies and does not believe any material tax positions exist.

CRISIS PREGNANCY CENTERS OF SANTA CLARA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

Advertising

The Organization advertises its services on billboards, yellow pages, television and in local newspapers. Advertising expenses for the year end December 31, 2012 are \$133,895 and are expensed as incurred.

NOTE B – PLEDGES RECEIVABLE

At December 31, 2012 unconditional pledges receivable are as follows: Gross \$47,111 and are reported net of an allowance for doubtful collection of \$5,500 at \$41,611 in the statement of financial position. Pledges are not discounted to present value as they are all due within one year.

NOTE C – LOAN ORIGATION FEES

Loan origination fees, \$2,740, were incurred on the purchase of the Mt View facility. Amortization of loan origination fees is being recognized on a straight line basis over the term of the loan, which is 10 years. Amortization expense for the year ended December 31, 2012 is \$685.

NOTE D - PROPERTY AND EQUIPMENT

At December 31, 2012 fixed assets and accumulated depreciation consist of the following:

|                            |                         |
|----------------------------|-------------------------|
| Equipment & Furniture      | \$195,151               |
| Building                   | \$620,000               |
| Building Improvements      | <u>\$114,439</u>        |
| Total Property & Equipment | \$929,590               |
| Accumulated Depreciation   | <u>(\$179,134)</u>      |
| Property & Equipment, net  | <u><u>\$750,456</u></u> |

NOTE E – MORTGAGES

The Organization has financed their Mt View facility via a mortgage loan, balance due on this loan at December 31, 2012 is \$612,765, and is secured by real property located at 836 W. El Camino Real, Mt View, CA. The terms of this mortgage are as follows: mortgage bears interest at 6.95% APR, monthly payments are amortized over twenty-five years and a balloon payment, \$526,390, is due on December 31, 2016. Future principle payments are as follows:

|                   |                         |
|-------------------|-------------------------|
| December 31, 2013 | \$18,531                |
| December 31, 2014 | \$19,666                |
| December 31, 2015 | \$20,870                |
| December 31, 2016 | <u>\$553,698</u>        |
| Total             | <u><u>\$612,765</u></u> |

NOTE F – FINANCIAL INSTRUMENTS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments. The Organization maintains a majority of their cash in bank deposit accounts that, at times, may exceed federally insured limits of \$250,000. The organization has not experienced any losses in such accounts. Management believes the organization is not exposed to any significant credit risk related to cash. At December 31, 2012, the Organization's uninsured cash balance is \$27,490.

CRISIS PREGNANCY CENTERS OF SANTA CLARA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

NOTE G – LEASES

The organization has two operating facility lease agreements: East San Jose and South San Jose. The lease terms are as follows: East San Jose is operating on a non-cancelable lease agreement that runs through January 2018 and South San Jose is operating on a non-cancelable lease agreement that runs through November 2014. In addition, the Organization leases a photocopier for \$332 per month that expires in June 2014. Future minimum lease payments, under these lease agreements, are as follows:

|                               | <u>Photocopier</u> | <u>Facility SSJ</u> | <u>Facility ESJ</u> |
|-------------------------------|--------------------|---------------------|---------------------|
| December 31, 2013             | \$4,353            | \$53,550            | \$51,865            |
| December 31, 2014             | \$2,176            | \$50,434            | \$54,243            |
| December 31, 2015             |                    |                     | \$54,459            |
| December 31, 2016             |                    |                     | \$56,955            |
| December 31, 2017             |                    |                     | \$57,182            |
| December 31, 2018             |                    |                     | \$4,765             |
| Total Future Minimum Payments | <u>\$6,529</u>     | <u>\$103,984</u>    | <u>\$279,469</u>    |

For the year ended December 31, 2012 rent expense is \$100,065.

NOTE H – RESTRICTIONS ON NET ASSETS

At December 31, 2012 the Organization's temporary restricted net assets activity consisted of the following:

| <u>Restricted Purpose</u>   | <u>Beginning</u> | <u>Additions</u> | <u>Released</u>  | <u>Ending</u>   |
|-----------------------------|------------------|------------------|------------------|-----------------|
| Practical Support           | \$7,676          | \$4,875          | \$565            | \$11,986        |
| Ultrasound Training         | \$8,596          |                  |                  | \$8,596         |
| Medical                     |                  | \$10,375         | \$10,375         | \$0             |
| HOPE/Rachel's Vineyard      |                  | \$4,530          | \$4,530          | \$0             |
| Youth Ed.                   |                  | \$715            | \$715            | \$0             |
| Marketing                   |                  | \$60             | \$60             | \$0             |
| Adoption Awareness Campaign |                  | \$2,500          | \$2,500          | \$0             |
| New ESJ building sign       |                  | \$2,424          | \$2,398          | \$26            |
| Regional Director Meeting   |                  | \$316            | \$316            | \$0             |
| Staff Christmas Lunch       |                  | \$210            | \$210            | \$0             |
| Pledges receivable, net     | \$679,534        |                  | \$637,923        | \$41,611        |
| Total                       | <u>\$695,806</u> | <u>\$26,005</u>  | <u>\$659,592</u> | <u>\$62,219</u> |

NOTE I – IN-KIND DONATIONS

For the year ended December 31, 2012 the Organization received and recorded the following in-kind donations:

|                       |                  |
|-----------------------|------------------|
| Ultrasound Machine    | \$94,277         |
| TV Advertising        | \$12,550         |
| Supplies              | \$1,549          |
| Practical Support     | \$14,044         |
| Medical Professionals | \$98,126         |
| Total                 | <u>\$168,915</u> |

CRISIS PREGNANCY CENTERS OF SANTA CLARA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

NOTE I – IN-KIND DONATIONS (continued)

In addition, the Organization has volunteers that have donated significant amounts of time for both program services and supporting services. Management estimates 5,768 hours were donated by 107 volunteers to the Organization during the year ended December 31, 2012. No amount for this time has been recognized in the accompanying financial statements as this volunteer time does not meet the criteria required by generally accepted accounting principles.

NOTE J - SPECIAL EVENTS

During the year ended December 31, 2012 the Organization participated in the following special events:

|                      | Dinners<br>of Vision | Walk<br>for Life | Total      |
|----------------------|----------------------|------------------|------------|
| Donations            | \$414,015            | \$108,317        | \$522,332  |
| Merchandise Sales    |                      | \$3,471          | \$3,471    |
| Gross proceeds       | \$414,015            | \$111,788        | \$525,803  |
| Donor Direct Benefit | (\$5,855)            | (\$6,468)        | (\$12,323) |
| Net proceeds         | \$408,160            | \$105,320        | \$513,480  |

NOTE K – RELATED PARTIES

The Organization's Chairman of the Board is married to the Organization's Prayer Chairman.

NOTE L – SUBSEQUENT EVENTS

Management of the Organization has reviewed the results of operations for the period of time from its year end, December 31, 2012, through April 23, 2013, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure, except as follows: On January 28, 2013 management signed a seven year facility lease agreement. This lease agreement is conditional based on the Organization obtaining a facility use permit from the City of Mt View by June 1, 2013. If the Organization is not granted a use permit, the lease may be terminated with written notice. A deposit and first month's rent \$18,602 was paid on this agreement on January 29, 2013.