

CRISIS PREGNANCY CENTERS of SANTA CLARA COUNTY

COMPILED FINANCIAL STATEMENTS

DECEMBER 31, 2010

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Deborah Daly CPA

1592 Ramblewood Way
Pleasanton, CA 94566

www.dalycpa.com
Office (925) 426-1996
Fax (925) 426-1196

ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the accompanying statement of financial position of Community Pregnancy Centers of Santa Clara County as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. The prior year information is summarized for comparative purposes only.

We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.



Pleasanton, California
March 1, 2011

Crisis Pregnancy Centers of Santa Clara County
Statement of Financial Position
December 31, 2010

	Unrestricted	Temporarily Restricted	Total 2010	Summarized 2009
ASSETS				
Cash and cash equivalents	\$10,359	\$21,324	\$31,683	\$94,286
Donations receivable	45,447		45,447	20
Prepaid expenses	2,569		2,569	2,569
TOTAL CURRENT ASSETS	58,375	21,324	79,699	96,875
Deposits	6,345		6,345	6,345
Loan origination fees	4,110		4,110	4,795
Property and equipment, net	672,289		672,289	682,532
TOTAL ASSETS	\$741,119	\$21,324	\$762,443	\$790,547
LIABILITIES				
Accounts payable	\$12,157		\$12,157	\$3,115
Accrued compensation	346		346	4,999
Current portion of long term debt	15,318		15,318	14,817
TOTAL CURRENT LIABILITIES	27,821		27,821	22,931
Mortgages	624,937		624,937	628,543
TOTAL LIABILITIES	652,758		652,758	651,474
NET ASSETS				
Unrestricted	88,361		88,361	128,054
Temporarily restricted		\$21,324	21,324	11,019
TOTAL NET ASSETS	88,361	21,324	109,685	139,073
TOTAL LIABILITIES & NET ASSETS	\$741,119	\$21,324	\$762,443	\$790,547

See the accompanying accountant's report.

Crisis Pregnancy Centers of Santa Clara County
Statement of Activities
For the year ended December 31, 2010

	Unrestricted	Temporarily Restricted	Total 2010	Summarized 2009
Revenue and Support				
Donations	\$310,860	\$83,603	\$394,463	\$478,091
In-kind donations	42,207		42,207	28,495
Special events, net	225,090		225,090	93,557
Other revenue	31,560		31,560	
Interest income	153		153	958
	609,870	83,603	693,473	601,101
Net assets released from restrictions				
Expiration of donor restrictions	73,298	(73,298)		
Total revenue and support	683,168	10,305	693,473	601,101
Expenses				
Program services				
Prenatal services	524,037		524,037	394,081
Supporting services				
Management and general	138,699		138,699	182,768
Fund-raising	60,124		60,124	76,300
Total expenses	722,860		722,860	653,149
Changes in net assets	(39,692)	10,305	(29,387)	(52,048)
Net assets at beginning of year	128,054	11,019	139,073	191,121
Net assets at end of year	\$88,361	\$21,324	\$109,685	\$139,073

See the accompanying accountant's report.

Crisis Pregnancy Centers of Santa Clara County
Statement of Functional Expenses
For the year ended December 31, 2010

	Program	Supporting Services		2010	2009
	<u>Prenatal Services</u>	<u>Management & General</u>	<u>Fund - Raising</u>	<u>Total</u>	<u>Summarized</u>
Salaries & wages	\$221,023	\$64,428	\$21,476	\$306,927	\$300,550
Payroll taxes	21,203	5,376	1,792	28,371	25,230
Employee benefits	11,173	3,257	1,086	15,516	20,571
Total salaries and benifits	253,399	73,061	24,354	350,814	346,351
Advertising			26,258	26,258	3,974
Client outreach	20,265			20,265	
Conferences & meetings	5,255			5,255	5,175
Donor Cultivation			5,224	5,224	13,490
Dues, fees, & other charges	2,565	11,080		13,645	11,424
Equipment purchase / lease	7,265	1,715		8,980	7,774
Insurance	9,093	5,872		14,965	15,319
Interest expense	54,735			54,735	39,788
Maintenance & repairs	9,141	858		9,999	11,756
Physical support	9,762			9,762	9,447
Postage & delivery	160	3,570		3,730	3,037
Printing	11,104	1,631	480	13,215	13,214
Professional services	6,919			6,919	46,334
Professional services, donated	34,255			34,255	
Rent	60,933	16,363		77,296	56,981
Supplies	4,508	4,377	233	9,118	12,312
Telephone & internet	9,301	2,856		12,157	12,873
Travel	3,800	5,726		9,526	12,918
Utilities	3,467	866		4,333	4,553
Volunteer/staff appreciation	1,286	5,820	1,940	9,046	6,590
Subtotal before depreciation	507,213	133,795	58,489	699,497	633,310
Depreciation & amortization	16,824	4,904	1,635	23,363	19,839
Total expenses	<u>\$524,037</u>	<u>\$138,699</u>	<u>\$60,124</u>	<u>\$722,860</u>	<u>\$653,149</u>

See the accompanying accountant's report.

Crisis Pregnancy Centers of Santa Clara County
Statement of Cash Flows
For the year ended December 31, 2010

	<u>Total 2010</u>	<u>Summarized 2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	(\$29,387)	(\$52,048)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation & amortization	23,363	19,839
(Increase) decrease in operating assets		
Receivables	(45,427)	13,200
Deposits	0	0
Prepays	0	11,745
Increase (decrease) in operating liabilities		
Accounts payable	9,042	(4,663)
Accrued compensation	(4,653)	2,953
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>(47,062)</u>	<u>(8,974)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment additions	<u>(12,435)</u>	<u>(24,597)</u>
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	<u>(12,435)</u>	<u>(24,597)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principle payments on mortgages	<u>(3,105)</u>	<u>(18,052)</u>
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	<u>(3,105)</u>	<u>(18,052)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(62,602)</u>	<u>(51,623)</u>
BEGINNING CASH AND CASH EQUIVALENTS	<u>94,286</u>	<u>145,909</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$31,683</u></u>	<u><u>\$94,286</u></u>

Supplemental Information:

Cash paid for interest expense	\$54,735	\$39,788
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See the accompanying accountant's report.

CRISIS PREGNANCY CENTERS OF SANTA CLARA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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

Nature of Activities

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

Program Services

CPC serves approximately 2,400 women each year, providing pregnancy testing, information on abortion, carry-to-term support, adoption information, and sexually transmitted disease testing. CPC is committed to meeting women's physical, emotional and spiritual needs. To that end, CPC 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, CPC has an active youth education program presenting abstinence education in public and private schools and youth groups.

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Crisis Pregnancy Centers of Santa Clara County 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 been met in the current period. Temporary restricted net assets include those, which are subject to a donor restriction and for which the applicable restriction was not met as of the end of the current reporting 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, 2009, from which the summarized information was obtained. In addition, certain information has been reclassified to conform to the current year standards.

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 with an initial maturity of less than three months to be cash.

CRISIS PREGNANCY CENTERS OF SANTA CLARA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Fair Value Measurements

The Organization adopted the provisions of Accounting Standards Codification (ASC) 820-10 (formerly SFAS No. 157, *Fair Value Measurements*), effective January 1, 2009. Under ASC 820-10, fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." ASC 820-10 establishes a hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The adoption of this statement with respect to the Organization's financial assets and liabilities, did not impact the Organization's results of operations, but required additional disclosure. There are no level 2 or level 3 assets or liabilities at December 31, 2010. The following table summarizes the financial assets and liabilities measured at fair value on a recurring basis:

	<u>Fair Value</u>	<u>Level 1</u>
Cash & Cash Equivalents	\$77,130	\$77,130
Mortgage Payable	\$640,255	\$640,255

Accounts Receivable

Accounts receivable, less an allowance for uncollectible amounts, are recognized as support and revenue in the period earned and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. The Organization considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

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, 2009, and is included in the statement of financial position. The accrued vacation balance as of December 31, 2009 is \$4,999.

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.

CRISIS PREGNANCY CENTERS OF SANTA CLARA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 donor restrictions and depending on whether the restrictions are met in the current fiscal period. Temporarily restricted contributions are reported as increases in restricted net assets and reclassified to unrestricted net assets when the restriction is 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 the 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 on the basis of periodic time studies and square footage percentages. Directly identifiable expenses are charged direct to programs or supporting services.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

Advertising

The Organization advertises its services on billboards, the yellow pages, television and in local newspapers. All advertising costs are expensed as incurred. Advertising expense for the year end December 31, 2010 is \$26,258.

Accounting Standards Codification

FASB Accounting Standards Codification - On July 1, 2009, the Financial Accounting Standards Board (FASB) issued FASB Accounting Standards Codification (ASC) 105-10, *Generally Accepted Accounting Principles* (Codification). ASC 105-10 establishes the exclusive authoritative reference for U.S. GAAP in financial statements, except for SEC rules and interpretive releases, which are also authoritative for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. The Organization has included the references to the Codification, as appropriate, in these financial statements.

Fair Value Option

ASC 825-10 (formerly SFAS No. 159) - In February 2007, FASB issued ASC 825-10 (formerly SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*) which permits entities to choose to measure many financial instruments and certain other items at fair value. The objective of ASC 825-10 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. ASC 825-10 is effective for an entity's first fiscal year that begins after November 15, 2007. The Organization has adopted ASC 825-10 but did not elect to measure any eligible financial instruments at fair value under this guidance.

CRISIS PREGNANCY CENTERS OF SANTA CLARA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Accounting for Uncertainty in Income Taxes

ASC 740-10 (formerly FIN 48) - In June 2006, the Financial Accounting Standards Boards (FASB) issued ASC 740-10 (formerly Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109*, (FIN 48)). ASC 740-10 provides guidance on recognition and measurement of uncertainties in income taxes recognized in financial statements by prescribing a more-likely-than-not recognition threshold and measurement attribute of tax positions taken or expected to be taken on a tax return. On December 30, 2008 the FASB issued ASC 740-10-65 (formerly Staff Position (FSP) FIN 48-3) which allows for the deferral of ASC 740-10 for fiscal years beginning after December 15, 2008. In accordance with this provision, the Organization adopted the application of ASC 740-10 on January 1, 2009. Based on management's analysis of the Organization's tax positions, the accounting for any uncertainty in its tax positions is not expected to have an impact on the financial statements.

Fair Value Pronouncements

ASC 820-10 (formerly SFAS No. 157) - In September 2006, FASB issued ASC 820-10 (formerly SFAS No. 157, *Fair Value Measurements*) which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820-10 applies under other accounting pronouncements that require or permit fair value measurements. FASB previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, ASC 820-10 does not require any new fair value measurements. However, for some entities, application of ASC 820-10 will change current practice. In February 2008, FASB issued ASC 820-10-65-1 (formerly Staff Position No. 157- 2) that defers the effective date of ASC 820-10 for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in financial statements on a recurring basis for fiscal years beginning after November 15, 2008. In addition, FASB also agreed to exclude from the scope of ASC 820-10 fair value measurements made for purposes of applying ASC 840 (formerly SFAS No. 13, *Accounting for Leases*), and related interpretive accounting pronouncements. The adoption of ASC 820-10 for financial assets, non financial assets, and liabilities did not have a significant impact on the Organization's results of operations, cash flows or financial position.

NOTE B – LOAN ORIGATION FEES

Loan origination fees, \$4,110, were incurred on the Mt View facility mortgage loan. 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, 2010 is \$685.

NOTE C - PROPERTY AND EQUIPMENT

At December 31, 2010 fixed assets and accumulated depreciation consist of the following:

Software	\$1,767
Equipment & Furniture	\$136,414
Building	\$620,000
Building Improvements	<u>\$111,712</u>
Total Property & Equipment	\$869,893
Accumulated Depreciation	<u>(\$197,604)</u>
Property & Equipment, net	<u><u>\$672,289</u></u>

NOTE D – LEASES

The organization occupies space at two different locations; East San Jose and South San Jose under separate operating lease agreements. The lease terms are as follows: East San Jose is operating on a month to month basis and South San Jose is operating on a non-cancelable lease through November 2014. In addition, the Organization leases a photocopier for \$332 per month, that expires in June 2014. Future minimum lease payments required under these leases are as follows:

CRISIS PREGNANCY CENTERS OF SANTA CLARA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE D – LEASES (continued)

	<u>Photocopier</u>	<u>Facility SSJ</u>
December 31, 2011	\$4,353	\$50,476
December 31, 2012	\$4,353	\$51,990
December 31, 2012	\$4,353	\$53,550
December 31, 2014	\$2,176	\$50,434
Total Property & Equipment	<u>\$15,234</u>	<u>\$206,450</u>

NOTE E – MORTGAGES

Mortgage loan due at December 31, 2010, \$640,225, is secured by real property located at 836 W. El Camino Real, Mt View, CA. Mortgage note bears interest at 6.95% APR. Monthly payment is amortized over twenty-five years. A balloon payment is required on December 31, 2016 of \$526,390. Future principle payments due, are as follows:

December 31, 2011	\$15,724
December 31, 2012	\$16,687
December 31, 2013	\$17,709
December 31, 2014	\$18,793
December 31, 2015	\$19,428
Thereafter	<u>\$551,914</u>
Total	<u>\$640,255</u>

NOTE F – IN-KIND DONATIONS

For the year ended December 31, 2010 the Organization received and recorded the following in-kind donations:

Practical Support	\$7,952
Website Design	\$9,600
Counselors	\$5,490
Medical Professionals	<u>\$19,165</u>
Total	<u>\$42,207</u>

NOTE G – RESTRICTIONS ON NET ASSETS

At December 31, 2010 the Organization's temporary restricted net assets activity consisted of the following:

	<u>Beginning</u>	<u>Additions</u>	<u>Released</u>	<u>Ending</u>
Car Seats, Cribs, & Clothing	\$1,790		\$1,790	\$0
Microphone	\$479	\$0	\$0	\$479
Physical Support	\$0	\$5,446	\$1,809	\$3,637
Medical Testing & Care	\$0	\$8,535	\$8,535	\$0
Ultrasound Training	\$6,000	\$6,020	\$5,508	\$6,512
Facilities	\$0	\$9,370	\$9,370	\$0
Dinner of Vision	\$0	\$18,500	\$18,500	\$0
Marketing / Outreach	\$2,750	\$27,650	\$19,704	\$10,696
Youth Education	\$0	\$2,040	\$2,040	\$0
HOPE	\$0	\$6,042	\$6,042	\$0
Total	<u>\$11,019</u>	<u>\$83,603</u>	<u>\$73,298</u>	<u>\$21,324</u>

CRISIS PREGNANCY CENTERS OF SANTA CLARA COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE H - SPECIAL EVENTS

During the year ended December 31, 2010 the Organization participated in the following special events:

	<u>Dinners</u>	<u>Life Walk</u>	<u>Others</u>	<u>Total</u>
Donations received	\$77,876	\$168,852	\$18,581	\$265,309
Direct expense of event	(\$7,624)	(\$32,595)		(\$40,219)
Net proceeds	\$70,252	\$136,257	\$18,581	\$225,090

NOTE I – SUBSEQUENT EVENTS

Management of the Organization has reviewed the results of operations for the period of time from its year end, December 31, 2010, through March 1, 2011, 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.