

**BOYS & GIRLS CLUB
OF EAST PROVIDENCE, INC.**

Financial Statements
and
Independent Auditors' Report

For The Years Ended December 31, 2012 and 2011

ARTHUR LAMBI & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

BOYS & GIRLS CLUB OF EAST PROVIDENCE, INC.

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ARTHUR LAMBI & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

2190 MENDON ROAD, SUITE TWO
CUMBERLAND, RHODE ISLAND 02864
TELEPHONE (401) 334-1700 • FACSIMILE (401) 334-0900
www.lambiandassociates.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Boys & Girls Club of East Providence, Inc.:

We have audited the accompanying financial statements of the Boys & Girls Club of East Providence, Inc., which comprise the statement of financial position as of December 31, 2012 and 2011, and the related statements of activities, changes in net assets, 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 misstatements, whether due to fraud or error.

Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

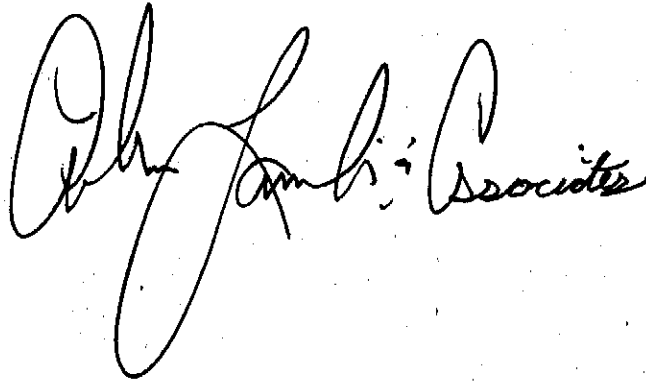
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 the Boys & Girls Club of East Providence, 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.

September 18, 2013



Anthony J. Lamberti
Associates

BOYS & GIRLS CLUB OF EAST PROVIDENCE, INC.

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Unrestricted cash and cash equivalents (Notes 2 and 5)	\$28,040	\$52,463
Restricted cash and cash equivalents (Notes 2 and 5)	19,595	50,000
Other receivables, net of allowance for uncollectible accounts of \$44,954 in 2011 (Note 2)	63,645	56,713
Pledges receivable (Note 3)	42,849	113,124
Prepaid expenses	7,037	11,090
Property and equipment, net (Note 4)	<u>1,793,210</u>	<u>1,786,257</u>
TOTAL ASSETS	<u>\$1,954,376</u>	<u>\$2,069,647</u>
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$183,482	\$153,006
Grants payable		65,399
Accrued expenses	16,318	17,231
Total liabilities	<u>199,800</u>	<u>235,636</u>
 COMMITMENT AND CONTINGENCY (Notes 4 and 5)		
NET ASSETS:		
Unrestricted	1,685,126	1,784,011
Temporarily restricted (Note 5)	69,450	50,000
Total net assets	<u>1,754,576</u>	<u>1,834,011</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,954,376</u>	<u>\$2,069,647</u>

See notes to financial statements.

BOYS & GIRLS CLUB OF EAST PROVIDENCE, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
PUBLIC SUPPORT, REVENUE, AND OTHER INCOME			
Public support:			
United Way	\$2,399		\$2,399
General public	12,818		12,818
Grants - Private Foundations	95,854	\$19,450	115,304
State of Rhode Island	23,298		23,298
Community Development Block Grants	30,800		30,800
Boys & Girls Club of America	13,917		13,917
Total public support	<u>179,086</u>	<u>19,450</u>	<u>198,536</u>
Revenue and other income:			
Workforce Partnership and SMART Leaders	17,433		17,433
Daycare fees (Note 2)	381,600		381,600
Camp fees	111,364		111,364
Swim program fees	15,332		15,332
Rental income	24,257		24,257
Membership fees	5,267		5,267
Special events, net (Note 6)	1,065		1,065
In-kind income (Note 7)	6,050		6,050
Gain on disposal of assets	1,000		1,000
Other income	7,999		7,999
Total revenue and other income	<u>571,367</u>	<u></u>	<u>571,367</u>
Net assets released from restrictions (Note 5)	<u>0</u>	<u>0</u>	<u>0</u>
Total public support, revenue, and other income	<u>750,453</u>	<u>19,450</u>	<u>769,903</u>
EXPENSES:			
Program services:			
Workforce Partnership and SMART Leaders	12,518		12,518
Basic services	132,188		132,188
Childcare	301,866		301,866
Summer camp	95,447		95,447
Aquatics	125,681		125,681
Total program expenses	<u>667,700</u>	<u></u>	<u>667,700</u>
Supporting services:			
Management and general	181,638		181,638
Total expenses	<u>849,338</u>	<u></u>	<u>849,338</u>
Changes in net assets	(98,885)	19,450	(79,435)
Net assets, beginning of the year	<u>1,784,011</u>	<u>50,000</u>	<u>1,834,011</u>
Net assets, end of the year	<u>\$1,685,126</u>	<u>\$69,450</u>	<u>\$1,754,576</u>

See notes to financial statements.

BOYS & GIRLS CLUB OF EAST PROVIDENCE, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
PUBLIC SUPPORT, REVENUE, AND OTHER INCOME (LOSS)			
Public support:			
United Way	\$2,497		\$2,497
General public	28,532		28,532
Grants - Private Foundations	53,000	\$50,000	103,000
State of Rhode Island	25,002		25,002
Community Development Block Grants	24,000		24,000
Boys & Girls Club of America	18,083		18,083
Total public support	<u>151,114</u>	<u>50,000</u>	<u>201,114</u>
Revenue and other income (loss):			
Workforce Partnership and SMART Leaders	163,729		163,729
Daycare fees (Note 2)	426,210		426,210
Camp fees	110,940		110,940
Swim program fees	25,663		25,663
Rental income	11,883		11,883
Membership fees	3,491		3,491
Special events, net (Note 6)	8,128		8,128
In-kind income (Note 7)	5,877		5,877
Loss on disposal of assets	(960)		(960)
Other income	15,469		15,469
Total revenue and other income (loss)	<u>770,430</u>		<u>770,430</u>
Net assets released from restrictions (Note 5)	91,131	(91,131)	
Total public support, revenue, and other income (loss)	<u>1,012,675</u>	<u>(41,131)</u>	<u>971,544</u>
EXPENSES:			
Program services:			
Workforce Partnership and SMART Leaders	148,188		148,188
Basic services	140,949		140,949
Childcare	311,656		311,656
Summer camp	104,147		104,147
Aquatics	132,079		132,079
Total program expenses	<u>837,019</u>		<u>837,019</u>
Supporting services:			
Management and general	227,149		227,149
Total expenses	<u>1,064,168</u>		<u>1,064,168</u>
Changes in net assets	(51,493)	(41,131)	(92,624)
Net assets, beginning of the year	<u>1,835,504</u>	<u>91,131</u>	<u>1,926,635</u>
Net assets, end of the year	<u>\$1,784,011</u>	<u>\$50,000</u>	<u>\$1,834,011</u>

See notes to financial statements.

BOYS & GIRLS CLUB OF EAST PROVIDENCE, INC.

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

	Workforce Partnership / SMART Leaders	Basic Services	Child Care	Summer Camp	Aquatics	Total Program Services	Management and General	Expense Totals
Salaries and related expenses:								
Salaries and wages	\$1,447	\$42,700	\$172,194	\$42,058	\$49,047	\$307,446	\$111,495	\$418,941
Payroll taxes and worker's compensation	125	3,804	14,884	3,200	5,212	27,225	9,091	36,316
Employee benefits		11,788	14,069		5,940	31,797	1,254	33,051
Total salaries and related expenses	<u>1,572</u>	<u>58,292</u>	<u>201,147</u>	<u>45,258</u>	<u>60,199</u>	<u>366,468</u>	<u>121,840</u>	<u>488,308</u>
Operating expenses:								
Snow removal and landscaping expense		618	773	2,198		3,589		3,589
Outside services			304			304	8,928	9,232
Program grants and stipends	8,926	1,706	1,263	575	123	12,593	536	13,129
Supplies	696	4,008	5,947	2,061	194	12,906	851	13,757
Equipment rental		263	2,411	719	154	3,547		3,547
Telephone	131	1,262	2,813	402	262	4,870	1,085	5,955
Transportation		300	13,822	19,390	50	33,562	3,553	37,115
Utilities	1,184	7,890	15,492	3,707	28,351	56,624	3,711	60,335
Printing	4	1,570	814	1,575	121	4,084	156	4,240
Conferences, meetings, dues		7,940	1,036		84	9,060	4,881	13,941
Insurance		5,590	15,713		14,102	35,405	3,316	38,721
Rent							1,800	1,800
Repairs and maintenance		4,005	9,645	8,461	5,110	27,221	3,535	30,756
Depreciation		31,522	14,010	10,507	14,010	70,049	1,510	71,559
Professional fees						0	15,253	15,253
Property taxes		5,421	16,305	28	2,703	24,457	2,717	27,174
Miscellaneous	5	1,801	371	566	218	2,961	7,966	10,927
Total operating expenses	<u>10,946</u>	<u>73,896</u>	<u>100,719</u>	<u>50,189</u>	<u>65,482</u>	<u>301,232</u>	<u>59,798</u>	<u>361,030</u>
Total functional expenses	<u>\$12,518</u>	<u>\$132,188</u>	<u>\$301,866</u>	<u>\$95,447</u>	<u>\$125,681</u>	<u>\$667,700</u>	<u>\$181,638</u>	<u>\$849,338</u>

See notes to financial statements.

BOYS & GIRLS CLUB OF EAST PROVIDENCE, INC.

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

	Workforce Partnership / SMART Leaders	Basic Services	Child Care	Summer Camp	Aquatics	Total Program Services	Management and General	Expense Totals
Salaries and related expenses:								
Salaries and wages	\$28,349	\$45,826	\$156,343	\$38,600	\$51,201	\$320,319	\$103,202	\$423,521
Payroll taxes and worker's compensation	1,910	4,121	14,432	3,112	4,427	28,002	8,245	36,247
Employee benefits		11,529	12,926	1,523	5,756	31,734	3,532	35,266
Unemployment compensation							17,418	17,418
Total salaries and related expenses	<u>30,259</u>	<u>61,476</u>	<u>183,701</u>	<u>43,235</u>	<u>61,384</u>	<u>380,055</u>	<u>132,397</u>	<u>512,452</u>
Operating expenses:								
Snow removal and landscaping expense		2,350	2,003	6,180	1,900	12,433		12,433
Outside services		264	1,305		51	1,620	41,094	42,714
Program grants and stipends	114,797	1,397	8,132	2,756	4,029	131,111	11,408	142,519
Supplies		8,833	6,168	1,479	866	17,346	1,710	19,056
Equipment rental		794	5,028	2,163	363	8,348	53	8,401
Telephone	111	2,112	2,956	713	299	6,191	951	7,142
Transportation			9,895	10,311		20,206		20,206
Utilities	2,539	11,578	12,379	6,389	30,980	63,865	2,534	66,399
Printing		1,168	399	33	115	1,715	71	1,786
Conferences, meetings, dues		10,848	530	967	50	12,395	779	13,174
Insurance		6,342	16,816	2,873	17,462	43,493	2,569	46,062
Rent							1,800	1,800
Repairs and maintenance		1,277	16,865	5,895	2,638	26,675	3,213	29,888
Depreciation		26,153	11,624	8,718	11,624	58,119	1,138	59,257
Professional fees							15,136	15,136
Bad debt expense			32,816	12,138		44,954	10,290	55,244
Miscellaneous	482	6,357	1,039	297	318	8,493	2,006	10,499
Total operating expenses	<u>117,929</u>	<u>79,473</u>	<u>127,955</u>	<u>60,912</u>	<u>70,695</u>	<u>456,964</u>	<u>94,752</u>	<u>551,716</u>
Total functional expenses	<u>\$148,188</u>	<u>\$140,949</u>	<u>\$311,656</u>	<u>\$104,147</u>	<u>\$132,079</u>	<u>\$837,019</u>	<u>\$227,149</u>	<u>\$1,064,168</u>

See notes to financial statements.

BOYS & GIRLS CLUB OF EAST PROVIDENCE, INC.**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	(<u>\$79,435</u>)	(<u>\$92,624</u>)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Allowance for uncollectible accounts	(44,954)	44,954
Depreciation	71,559	59,257
Loss (gain) on disposal of assets	(1,000)	960
Increase (decrease) in cash from changes in assets and liabilities:		
Other receivables	38,022	(9,983)
Pledges receivable	70,275	73,000
Prepaid expenses	4,053	2,226
Accounts payable	30,476	32,016
Grants payable	(65,399)	(63,525)
Accrued expenses	(913)	(918)
Total adjustments	<u>102,119</u>	<u>137,987</u>
<i>Net cash provided by operating activities</i>	<u>22,684</u>	<u>45,363</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds received from disposal of assets	1,000	
Payments for purchases of property and equipment	(<u>78,512</u>)	(<u>87,611</u>)
<i>Net cash used for investing activities</i>	<u>(77,512)</u>	<u>(87,611)</u>
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(54,828)	(42,248)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>102,463</u>	<u>144,711</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$47,635</u>	<u>\$102,463</u>

See notes to financial statements.

BOYS & GIRLS CLUB OF EAST PROVIDENCE, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

1. STATEMENT OF ORGANIZATION AND NATURE OF ACTIVITIES

The Boys & Girls Club of East Providence, Inc. (the Organization) was established in November, 1935 as a not-for-profit Rhode Island corporation. The Organization provides daycare, as well as other youth and elderly educational, recreational, and care programs, to the residents of the Providence County area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of accounting - The Organization uses the accrual method of accounting in accordance with generally accepted accounting principles. The information regarding its financial position is presented as unrestricted net assets in accordance with Financial Accounting Standards Board's Accounting Standards Codification (ASC) No. 958.

Basis of presentation - Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. As of December 31, 2012 and 2011, none of the Organization's assets were permanently restricted.

Cash and cash equivalents - The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains cash balances at local commercial banks. Cash accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Other receivables and allowance for uncollectible accounts - Other receivables from parents of daycare students, and the State of Rhode Island, are reported as outstanding balances due for daycare and other program services. At December 31, 2011, management has determined that an allowance for uncollectible accounts totaling \$44,954, should be recorded.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment - Property and equipment are recorded at cost. The fair value of donated fixed assets is similarly capitalized. Minor additions are expensed in the year incurred. Major additions, in dollar amounts generally greater than \$500, are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets, generally three to seven years, excluding building and improvements, which are depreciated over thirty-nine years.

Long lived assets, such as property and equipment, are reviewed on an ongoing basis for impairment based on comparison of carrying value against undiscounted future cash flows. If impairment is identified, the assets' carrying amounts are adjusted to fair value. There were no such adjustments during the years ended December 31, 2012 and 2011.

Promises to give - Contributions are recognized as support when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in "unrestricted net assets" if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in "temporarily restricted net assets" depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are "released from restrictions" and reclassified to unrestricted net assets.

Support and revenue recognition - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Legally enforceable grants, pledges, and revenues are recorded in the year that they are made. Funds not collected at the end of each year on such grants, pledges, and revenues are included in the accompanying statement of financial position as pledges and other receivables.

Advertising costs - Advertising, promotional, and marketing costs are expensed in the period incurred. Total advertising costs included within various functional expenses for the years ended December 31, 2012 and 2011 totaled \$4,239 and \$1,786, respectively.

Employee benefit plan - The Organization maintains a defined contribution retirement plan covering all eligible employees. The plan qualifies under Section 401(a) of the Internal Revenue Code and provides for an employer contribution equal to 5% of eligible employee compensation. The Organization's required contribution was \$10,380 and \$12,631 for the years ended December 31, 2012 and 2011, respectively.

Income taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Accordingly, no provision for federal or state income taxes has been recorded in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of December 31, 2012, the Organization does not believe that it has taken any tax positions that would require the recording of any additional tax liability, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Organization's federal tax returns are subject to examination by the Internal Revenue Service, and generally remain subject to such an examination for three years after the filing of the Organization's tax returns.

Concentrations of risk - The Organization receives a significant amount of its support from the State of Rhode Island relative to operating the Organization's daycare program. Accordingly, legislative budgets could significantly impact the amount of support received, and thus, the continued existence of the Organization's daycare program. Reimbursements (support) for subsidized daycare from the State of Rhode Island are included in daycare fees on the statement of activities.

Use of estimates - Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could vary from the estimates that are used.

In-kind contributions - Certain services, facilities, and equipment are donated to the Organization. Contributions of donated services, facilities, and equipment that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills or items, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the statement of activities. During the years ended December 31, 2012 and 2011 the Organization received the benefit of in-kind services, facilities, and equipment. An estimate of the fair value of these in-kind services, facilities, and equipment has been recorded in the accompanying financial statements for 2012 and 2011 (See Note 7).

3. PLEDGES RECEIVABLE

Conditional promises to give to the Organization, in which the conditions are met as of the end of the year, are included in the accompanying statement of financial position as pledges receivable. All pledges receivable are expected to be collected in the year subsequent to being reported as a receivable. Management does not consider it necessary to provide an allowance for doubtful accounts for pledges receivable as of December 31, 2012 and 2011.

4. PROPERTY AND EQUIPMENT

At December 31, 2012 and 2011, property and equipment consists of the following:

	<u>2012</u>	<u>2011</u>
Buildings and improvements	\$847,076	\$847,076
Williams Avenue building addition	1,330,317	1,255,120
Camp improvements	393,277	393,277
Land	104,453	104,453
Furniture and fixtures	33,726	33,726
Vehicles	22,115	78,781
Office equipment	39,224	35,909
Recreation equipment	34,011	34,011
Computer laboratory equipment	35,000	35,000
Total cost of property and equipment	<u>2,839,199</u>	<u>2,817,353</u>
Less accumulated depreciation	<u>(1,045,989)</u>	<u>(1,031,096)</u>
Property and equipment, net	<u>\$1,793,210</u>	<u>\$1,786,257</u>

The Organization has committed to constructing an addition to the existing building on Williams Avenue in East Providence, Rhode Island. It is estimated that the final phase of the construction will cost an additional \$185,000. Management expects that the funding of future construction costs will be primarily funded with grants from the Champlin Foundation and the City of East Providence.

Since commencing construction activities in 2005, grant proceeds received for this specific purpose have totaled \$1,209,000. All of such funds have been fully utilized by the Organization to fund the construction costs incurred to date.

The Organization also received two grants from the Champlin Foundation to replace vehicles and perform improvements to the pool and lobby area. Grant proceeds received for these purposes totaled \$69,450. No funds have been disbursed for these purposes as of December 31, 2012, and as such, are reflected in the restricted cash balance on the accompanying statement of financial position (See Note 5).

The funds received from the Champlin Foundation are subject to withdrawal provisions if certain conditions of the grant agreement are not met.

5. TEMPORARILY RESTRICTED NET ASSETS

When a restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same calendar year in which the contribution is received, the support is initially listed as unrestricted.

5. TEMPORARILY RESTRICTED NET ASSETS (Continued)

At December 31, 2012 and 2011, temporarily restricted net assets consists of the following:

	<u>2012</u>	<u>2011</u>
Cash – Champlin Foundation grants	<u>\$69,450</u>	<u>\$50,000</u>
Total	<u>\$69,450</u>	<u>\$50,000</u>

Net assets were released from donor restrictions by paying expenses satisfying the restricted purpose, or by the occurrence of other events specified by donors, as follows:

	<u>2012</u>	<u>2011</u>
Contributions used for building addition	<u> </u>	<u>\$91,131</u>

During the year ended December 31, 2012, management used approximately \$50,000 of grant funds that were received for the purpose of purchasing new vehicles, for purposes other than the restricted purpose. The Organization is attempting to remedy this grant compliance issue by replacing the funds with other resources.

There were no permanently restricted net assets at December 31, 2012 and 2011.

6. SPECIAL EVENTS

The Organization, from time to time, holds special fundraising events to promote and further the Organization's mission and tax-exempt purpose. Revenue and expenses during the years ended December 31, 2012 and 2011, are detailed as follows:

	<u>2012</u>	<u>2011</u>
Gross special event revenue	\$1,316	\$15,198
Less: direct benefit to donors (expenses)	<u>251</u>	<u>7,070</u>
Special events, net	<u>\$1,065</u>	<u>\$8,128</u>

7. IN-KIND INCOME

During the years ended December 31, 2012 and 2011, the Organization was provided with in-kind services and facilities. The fair value of such contributions is estimated to be \$6,050 and \$5,877, respectively. The in-kind contributions are included in the financial statements as revenue and applicable expense.

8. RELATED PARTY TRANSACTION

There is a member of the Board of Directors who is a partner at the insurance agency which provides the Organization's insurance needs.

9. OPERATING LEASE AGREEMENTS

The Organization is obligated under a ten-year lease agreement for its summer day camp location, which will expire on February 28, 2013. Future minimum lease payments amount to \$10 for each of the years ended December 31, 2012 through December 31, 2013. The Organization is also obligated to manage and maintain the camp facilities during the summer operations in accordance with the highest standards of cleanliness and recreational practices. Management expects to renew the lease under similar terms and conditions.

10. EVALUATION OF SUBSEQUENT EVENTS

The Company has evaluated subsequent events through September 18, 2013, the date that the financial statements were available to be issued.