
NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

For the year ended June 30, 2013 and 2012

NONPROFIT ENTERPRISE AT WORK, INC.

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nonprofit Enterprise at Work, Inc.
Ann Arbor, Michigan

Report on the Financial Statements

We have audited the accompanying statements of financial position of Nonprofit Enterprise at Work, Inc. (a nonprofit organization) as of June 30, 2013 and 2012, 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 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 principles used and the reasonableness of significant 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 Organization as of June 30, 2013 and 2012, and the changes in net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully,

Bennett & Associates CPAs PLLC

Ann Arbor, Michigan
January 22, 2014

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FINANCIAL POSITION
June 30,

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 190,934	\$ 145,865
Promises to give, net of allowance	960	13,316
Accounts receivable	35,626	24,488
Inventory	22,285	26,550
Prepaid expenses	10,098	13,157
Total current assets	259,903	223,376
Property and equipment:		
Land	53,000	53,000
Building and improvements	871,110	860,390
Furniture and fixtures	98,475	98,475
Computer equipment and software	10,935	10,935
Total property and equipment	1,033,520	1,022,800
Less accumulated depreciation and amortization	(586,438)	(545,179)
Property and equipment, net of depreciation and amortization	447,082	477,621
TOTAL ASSETS	\$ 706,985	\$ 700,997
LIABILITIES		
Current liabilities		
Accounts payable - trade	\$ 4,390	\$ 9,769
Accrued liabilities	61,554	35,152
Deferred revenue	7,179	11,966
Line of credit	165,000	90,000
Total current liabilities	238,123	146,887
Security deposits payable	4,430	3,794
TOTAL LIABILITIES	242,553	150,681
NET ASSETS		
Unrestricted net assets	(100,794)	93,841
Temporarily restricted - operations	150,960	23,316
Temporarily restricted - fixed assets	414,266	433,159
TOTAL NET ASSETS	464,432	550,316
TOTAL LIABILITIES AND NET ASSETS	\$ 706,985	\$ 700,997

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2013, with comparable totals for 2012

	Operations		Fixed Assets	Totals	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	2013	2012
Support and Revenue					
Support					
Grants, contributions, and sponsorships	\$ 96,638	\$ 165,110	\$ -	\$ 261,748	\$ 224,525
In-kind contributions:					
Donated materials and supplies	9,575	-	-	9,575	26,435
Donated services	23,087	-	-	23,087	47,881
Total support	129,300	165,110	-	294,410	298,841
Revenue					
Program fees	363,470	-	-	363,470	306,193
Tenant					
Rentals	153,901	-	-	153,901	159,439
Reimbursements	34,977	-	-	34,977	34,426
Interest	66	-	-	66	147
Miscellaneous	7,210	-	-	7,210	13,296
Total revenue	559,624	-	-	559,624	513,501
Total support and revenue	688,924	165,110	-	854,034	812,342
Net assets released from restrictions					
Satisfaction of restriction requirements	56,359	(37,466)	(18,893)	-	-
Expenses					
Program services					
npServ	289,353	-	-	289,353	308,463
Resource connect	44,113	-	-	44,113	55,749
Building management	172,872	-	-	172,872	177,069
BoardConnect	206,599	-	-	206,599	193,466
Supporting services					
Management and general	172,681	-	-	172,681	173,219
Fundraising	54,300	-	-	54,300	60,706
Total expenses	939,918	-	-	939,918	968,672
Increase (decrease) in net assets	(194,635)	127,644	(18,893)	(85,884)	(156,330)
Net assets - beginning of year	93,841	23,316	433,159	550,316	706,646
Net assets - end of year	<u>\$ (100,794)</u>	<u>\$ 150,960</u>	<u>\$ 414,266</u>	<u>\$ 464,432</u>	<u>\$ 550,316</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2012

	Operations		Fixed Assets	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	2012
Support and Revenue				
Support				
Grants, contributions, and sponsorships	\$ 221,209	\$ 3,316	\$ -	\$ 224,525
In-kind contributions				
Donated materials and supplies	26,435	-	-	26,435
Donated services	47,881	-	-	47,881
Total support	295,525	3,316	-	298,841
Revenue				
Program fees	306,193	-	-	306,193
Tenants				
Rentals	159,439	-	-	159,439
Reimbursements	34,426	-	-	34,426
Interest	147	-	-	147
Miscellaneous	13,296	-	-	13,296
Total revenue	513,501	-	-	513,501
Total support and revenue	809,026	3,316	-	812,342
Net assets released from restrictions:				
Satisfaction of restriction requirements	201,200	(179,305)	(21,895)	-
Expenses				
Program services				
npServ	308,463	-	-	308,463
Resource connect	55,749	-	-	55,749
Building management	177,069	-	-	177,069
BoardConnect	193,466	-	-	193,466
Supporting services				
Management and general	173,219	-	-	173,219
Fundraising	60,706	-	-	60,706
Total expenses	968,672	-	-	968,672
Increase (decrease) in net assets	41,554	(175,989)	(21,895)	(156,330)
Net assets - beginning of year	52,287	199,305	455,054	706,646
Net assets - end of year	<u>\$ 93,841</u>	<u>\$ 23,316</u>	<u>\$ 433,159</u>	<u>\$ 550,316</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2013 with comparable totals for 2012

	Program Services				Total Program Services
	npServ	Resource Connect	Building Management	Board Connect	
Payroll expenses:					
Wages	\$ 189,536	\$ 34,843	\$ 46,691	\$ 155,041	\$ 426,111
Payroll Taxes	14,321	2,705	3,349	11,092	31,467
Employee Benefits	9,235	2,993	2,828	6,457	21,513
Total Payroll Expenses	213,092	40,541	52,868	172,590	479,091
Other expenses:					
Office Supplies	2,120	45	2,028	1,864	6,057
Program Expenses	6,694	-	-	-	6,694
Telephone	904	170	254	706	2,034
Telephone Tenants	-	-	7,727	-	7,727
Postage	156	89	11,116	176	11,537
Copies/Faxes to Pgrams/Bldg	-	-	(5,753)	-	(5,753)
Janitorial	-	-	11,559	-	11,559
Utilities	-	-	21,006	-	21,006
Detroit Office Rent	1,415	708	-	1,106	3,229
Travel and Conferences	9,783	439	192	8,085	18,499
Dues and Subscriptions	-	1,512	-	1,563	3,075
Insurance	-	-	1,998	-	1,998
Meals and Entertainment	37	-	-	4,881	4,918
Copying and Printing	33	73	21	5,497	5,624
Repairs and Maintenance	-	-	16,396	-	16,396
Contract Services	6,301	500	18,412	248	25,461
Donated Computer Equipment	11,190	-	-	-	11,190
Grant Award	16,165	-	-	5,693	21,858
Professional Fees	-	-	-	-	-
Professional Development	-	-	-	1,372	1,372
Donated Services	21,088	-	-	-	21,088
Marketing and Promotion	375	36	536	2,623	3,570
Miscellaneous	-	-	101	195	296
Bad Debt	-	-	-	-	-
Loss on Disposal	-	-	-	-	-
Total Expenses Before Depreciation	289,353	44,113	138,461	206,599	678,526
Depreciation	-	-	34,411	-	34,411
Total Expenses	\$ 289,353	\$ 44,113	\$ 172,872	\$ 206,599	\$ 712,937

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2013 with comparable totals for 2012

Supporting Services				
Management and General	Fundraising	Total Supporting Services	Total	
			2013	2012
\$ 99,703	\$ 45,903	\$ 145,606	\$ 571,717	\$ 525,840
7,294	3,273	10,567	42,034	38,463
7,481	3,635	11,116	32,629	32,360
114,478	52,811	167,289	646,380	596,663
3,007	114	3,121	9,178	8,622
-	-	-	6,694	17,823
593	452	1,045	3,079	2,048
-	-	-	7,727	7,996
493	135	628	12,165	8,323
-	-	-	(5,753)	(4,562)
-	-	-	11,559	13,696
-	-	-	21,006	19,844
486	707	1,193	4,422	4,911
522	-	522	19,021	20,377
1,584	-	1,584	4,659	8,670
3,547	-	3,547	5,545	5,055
1,835	-	1,835	6,753	4,522
203	3	206	5,830	4,723
-	-	-	16,396	22,606
127	-	127	25,588	55,500
-	-	-	11,190	19,525
-	-	-	21,858	24,594
10,750	-	10,750	10,750	10,750
440	-	440	1,812	229
1,999	-	1,999	23,087	47,456
43	78	121	3,691	3,566
19,725	-	19,725	20,021	12,449
6,000	-	6,000	6,000	7,305
-	-	-	-	368
165,832	54,300	220,132	898,658	923,059
6,849	-	6,849	41,260	45,613
\$ 172,681	\$ 54,300	\$ 226,981	\$ 939,918	\$ 968,672

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2012

	<u>Program Services</u>				Total Program Services
	npServ	Resource Connect	Building Management	Board Connect	
Payroll expenses:					
Wages	\$ 174,116	\$ 41,261	\$ 40,342	\$ 133,692	\$ 389,411
Payroll taxes	12,314	3,027	2,708	11,413	29,462
Employee benefits	9,965	4,124	2,954	7,117	24,160
Total payroll expenses	<u>196,395</u>	<u>48,412</u>	<u>46,004</u>	<u>152,222</u>	<u>443,033</u>
Other expenses:					
Office supplies	3,063	61	2,145	1,235	6,504
Program expenses	17,823	-	-	-	17,823
Telephone	825	105	157	437	1,524
Telephone Tenants	-	-	7,996	-	7,996
Postage	87	66	7,255	143	7,551
Copies/Faxes to Pgrams/Bldg	-	-	(4,562)	-	(4,562)
Janitorial	-	-	13,696	-	13,696
Utilities	-	-	19,844	-	19,844
Rent (Detroit office)	1,571	786	-	1,228	3,585
Travel and conferences	8,513	876	38	10,237	19,664
Dues and subscriptions	-	1,476	-	6,000	7,476
Insurance	-	-	1,845	-	1,845
Meals and entertainment	102	-	-	2,629	2,731
Copying and printing	118	248	13	3,726	4,105
Repairs and maintenance	-	-	22,606	-	22,606
Contract services	20,536	2,330	20,660	6,415	49,941
Donated computer equipment	19,525	-	-	-	19,525
Grant award	17,940	-	-	6,654	24,594
Professional fees	-	-	-	-	-
Professional development	-	-	-	229	229
Donated services	21,568	1,250	500	875	24,193
Marketing and promotion	397	139	888	1,436	2,860
Miscellaneous	-	-	(160)	-	(160)
Bad debt	-	-	-	-	-
Loss on disposal	-	-	-	-	-
Total expenses before depreciation	<u>308,463</u>	<u>55,749</u>	<u>138,925</u>	<u>193,466</u>	<u>696,603</u>
Depreciation	-	-	38,144	-	38,144
Total expenses	<u>\$ 308,463</u>	<u>\$ 55,749</u>	<u>\$ 177,069</u>	<u>\$ 193,466</u>	<u>\$ 734,747</u>

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2012

Supporting Services

Management and General	Fundraising	Total Supporting Services	Total 2012
\$ 87,125	\$ 49,304	\$ 136,429	\$ 525,840
5,257	3,744	9,001	38,463
4,024	4,176	8,200	32,360
96,406	57,224	153,630	596,663
2,033	85	2,118	8,622
-	-	-	17,823
245	279	524	2,048
-	-	-	7,996
559	213	772	8,323
-	-	-	(4,562)
-	-	-	13,696
-	-	-	19,844
540	786	1,326	4,911
713	-	713	20,377
1,194	-	1,194	8,670
3,210	-	3,210	5,055
1,791	-	1,791	4,522
534	84	618	4,723
-	-	-	22,606
3,591	1,968	5,559	55,500
-	-	-	19,525
-	-	-	24,594
10,750	-	10,750	10,750
-	-	-	229
23,263	-	23,263	47,456
639	67	706	3,566
12,609	-	12,609	12,449
7,305	-	7,305	7,305
368	-	368	368
165,750	60,706	226,456	923,059
7,469	-	7,469	45,613
\$ 173,219	\$ 60,706	\$ 233,925	\$ 968,672

NONPROFIT ENTERPRISE AT WORK, INC.
STATEMENTS OF CASH FLOWS
For the years ended June 30,

	<u>2013</u>	<u>2012</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Increase/(decrease) in net assets	\$ (85,884)	\$ (156,330)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	41,259	45,613
Loss on disposal of fixed assets	-	368
Decrease (increase) in assets:		
Pledges receivable	12,356	177,989
Other receivables	(11,138)	16,813
Inventory	4,265	(4,050)
Prepaid expenses	3,059	(497)
(Decrease) increase in liabilities:		
Accounts payable - trade	(5,379)	(14,948)
Deferred revenue	(4,787)	7,362
Security deposits payable	636	(537)
Accrued liabilities	26,402	1,583
	<u>(19,211)</u>	<u>73,366</u>
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Purchase of fixed assets	<u>(10,720)</u>	<u>(3,458)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Net borrowings on line of credit	75,000	15,000
Payments on obligation under capital lease	-	(6,830)
	<u>75,000</u>	<u>8,170</u>
Net increase (decrease) in cash	45,069	78,078
Cash and cash equivalents - beginning of year	<u>145,865</u>	<u>67,787</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 190,934</u></u>	<u><u>\$ 145,865</u></u>

NOTE A - NATURE OF ORGANIZATION

NEW (Nonprofit Enterprise at Work, Inc.) is a 501(c)(3) non-profit organization located in Ann Arbor, Michigan, whose mission is to help nonprofits succeed by strengthening nonprofit management and offering solutions to issues facing the nonprofit community. NEW is a management support organization for nonprofits, providing capacity building through leadership development, technology support, information resources and office and meeting space. Revenue sources include fees for services, rental income, contributions and grants.

NEW offers the following programs:

BoardConnect – The program recruits and trains potential nonprofit board members and then helps match them to participating nonprofit organizations. BoardConnect also provides beginning and advanced governance training and support to existing nonprofit boards. In addition, BoardConnect offers the “Board Room,” an online collection of best practice documents for board governance, and Board360, an affordable board assessment tool. In the 2013 fiscal year BoardConnect served a wide range of individuals and organizations:

- Nonprofits Served: Through customized training for boards, the BoardConnect program served 64 nonprofits.
- Individuals Served: Through the full range of BoardConnect services for individuals seeking boards and individuals serving on boards, the program served 1,739 individuals.
- NEW workshops: There were a total of 23 workshops offered in various locations, and 3 public webinars were offered online.
- Board Matches: Nonprofits found 7 board and/or committee members through BoardConnect matching services.
- Board Room Subscriptions: 407 organization were subscribed to The Board Room in 2012-2013.
- Local Service Providers: 3 “local service providers” redeliver BoardConnect training and matching services to their local nonprofits in Kalamazoo, Flint and Durham, North Carolina.
- Board360™: 3 organizations used our online board assessment tool.

NEW Center – The program provides affordable office space and shared resources for nonprofit tenants, an affiliates program that provides some of the benefits of the NEW Center without actual tenancy, plus affordable meeting space available to any 501(c)(3) nonprofit organization. Our shared phone system for tenants saves them an average of 30% per year while enhancing their communications capabilities. In the 2013 fiscal year the NEW Center provided a wide range of support to nonprofits:

- Tenants: 18 organizations were tenants as of June 30, 2013, 10 of which participated in the NEW Center’s shared telephone system.
- Conference Rooms: Tenant and non-tenant nonprofits made 1,689 reservations for 4,730 hours of conference room usage involving more than 16,734 attendees.

npServ – The program combines traditional business solutions and innovative new technologies to provide strategic, cost-effective IT services to nonprofits, helping them create and maintain an optimal technology environment tailored to their mission, budget, and needs. npServ lowers hardware, software, energy, and management costs, while enabling greater reliability, daily remote data backup, remote access to workstations, and many other benefits. Nonprofits have access to on-call IT support during regular business hours for an affordable monthly fee. npServ also offers hosted email for nonprofits. In 2012-13, npServ:

- Provided ongoing IT support and maintenance for 54 organizations and 536 workstations, and 61 servers.
- Provided hosted email and group calendaring to 581 users

NOTE A – NATURE OF ORGANIZATION (continued)

ResourceConnect – The program provides answers to nonprofit management questions for nonprofits and community members. Free online and offline resources connect organizations to up-to-date information and best practices. The program also provides guided access to a database of over 100,000 potential funders, and the “Get Connected” event series provides networking opportunities and information on nonprofit issues and concerns. In 2012-2013, ResourceConnect:

- Provided 13 “Get Connected” events with 351 attendees
- Provided general management information and Foundation Directory Online access to 324 individuals
- Published an online nonprofit resource directory that received more than 2,800 page views
- Published a directory of local nonprofits that received nearly 12,000 page views
- Published NEWSNOTES, a monthly online newsletter for nonprofits with over 13,000 regular subscribers

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

Display of net assets by class

The net assets of the Organization are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed purpose or time restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

The Organization’s temporarily restricted net assets are further classified for display purposes as follows:

Operations – restricted for (a) designated operating activities, or (b) use in specified future period, but otherwise unrestricted.

Fixed assets – restricted for (a) use by designated activities related to the Organization, (b) the acquisition of long-lived assets, or (c) use in a specified future period.

The Organization does not have any permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. As of June 30, 2013, the Organization has \$21,071 in restricted cash that serves as collateral for an irrevocable standby letter of credit that is required by their unemployment provider.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. There was no allowance for doubtful accounts at June 30, 2013 or 2012.

Inventory

Inventory consists of donated computer equipment valued at the estimated fair value at the time of donation.

Property and equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges receivable

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Income taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified the Organization as other than a private foundation.

The Organization's Form 990 returns for 2010, 2011, 2012, 2013 are subject to examination by the Internal Revenue Service, generally for three years after being filed.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recognition of donor restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated materials and services

The Organization records the value of donated goods as contributions using estimated fair values at the date of receipt. For the years ended June 30, 2013 and 2012, donated supplies totaling \$9,575 and \$26,301, respectively, were recognized in the unrestricted class of net assets.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased, if not provided by donation, are recorded at their fair values in the period received. For the years ended June 30, 2013 and 2012, contributed services of \$23,087 and \$47,878, respectively, were recognized in the unrestricted net asset class.

Statement of cash flows

The Organization considers all highly liquid investments with an initial maturity of 90 days or less as cash and cash equivalents for the statement of cash flows.

Functional allocation of expenses

The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Subsequent events

Subsequent events have been evaluated through January 22, 2014, the date the financial statements were available to be issued.

NOTE C - LINE OF CREDIT

The Organization maintains a \$200,000 line of credit with a local bank. At June 30, 2013, \$165,000 had been drawn on this line. The interest rate on this line of credit is equal to the "prime rate" as reported by The Wall Street Journal and is secured by all assets. Interest at June 30, 2013 was 5.00%. The line expires in December 1, 2013.

In connection with this line of credit, the lender has issued an irrevocable standby letter of credit for the benefit of the State of Michigan Department of Consumer and Industry Services, Bureau of Workers' & Unemployment Compensation and/or other various municipalities.

NOTE D - OPERATING LEASES

The Organization, as lessor, has entered into operating leases with nonprofit organizations that occupy the facility. The facility's cost and carrying amount is \$871,110 and \$381,722, respectively, including office space used by the Organization for other purposes. The leases are from one to two years. Future minimum lease payments, in total and for the fiscal years ending June 30, for which leases have been negotiated, are as follows:

2014	\$ 118,398
2015	21,487
2016	<u>5,248</u>
	<u>\$ 145,133</u>

NOTE E - DEFERRED COMPENSATION PLAN

The Organization maintains a deferred compensation plan under Section 403(b) of the Internal Revenue Code. Participants may make a voluntary contribution to the plan up to 20% of their compensation.

NOTE F - PROMISES TO GIVE

Unconditional promises to give consist of the following:

	<u>2013</u>	<u>2012</u>
Receivable in less than one year	\$ 960	\$ 23,316
Receivable in one to five years	-	-
Total unconditional pledge receivables	<u>960</u>	<u>23,316</u>
Less allowance for uncollectible promises	-	<u>(10,000)</u>
	<u>\$ 960</u>	<u>\$ 13,316</u>

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 53,000	\$ 53,000
Building and improvements	871,110	860,390
Computer equipment and software	10,935	10,935
Furniture and fixtures	<u>98,475</u>	<u>98,475</u>
	1,033,520	1,022,800
Less accumulated depreciation and amortization	<u>(586,438)</u>	<u>(545,179)</u>
Total property and equipment	<u>\$ 447,082</u>	<u>\$ 477,621</u>

NOTE H - SUBSEQUENT EVENTS

Subsequent to June 30, 2013, the Organization borrowed additional funds from its line of credit. The June 30, 2013 balance on the line of credit was \$165,000. The balance as of the date of these financial statements was \$200,000. In addition, the line was renewed until March 1, 2014.

Management's plans going forward include working with the bank to extend the line of credit beyond March 1, 2014, increasing revenues and reducing and deferring expenses.