

**INVISIBLE CHILDREN, INC.**

**FINANCIAL STATEMENTS**

**June 30, 2012**

## INDEX TO FINANCIAL STATEMENTS

|  |   |
|--|---|
| Independent Auditor's Report .....                       | 1 |
| Statements of Financial Position .....                   | 2 |
| Statements of Activities and Changes in Net Assets ..... | 3 |
| Statements of Functional Expenses .....                  | 4 |
| Statements of Cash Flows .....                           | 5 |
| Notes to the Financial Statements .....                  | 6 |



## INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
Invisible Children, Inc.

We have audited the accompanying statement of financial position of Invisible Children, Inc. (the "Organization") as of June 30, 2012, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Invisible Children, Inc. as of June 30, 2011, were audited by other auditors whose report dated September 22, 2011 expressed an unqualified opinion on those statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Invisible Children, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles of the United States of America.

A handwritten signature in black ink that reads "Squar Milner Peterson Miranda &amp; Williamson, LLP".

**SQUAR, MILNER, PETERSON, MIRANDA & WILLIAMSON, LLP**

San Diego, California  
November 28, 2012

SQUAR, MILNER, PETERSON, MIRANDA & WILLIAMSON, LLP  
*Certified Public Accountants & Financial Advisors, Serving Clients Since 1951*

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Encino      Los Angeles      Newport Beach      San Diego      Cayman Islands

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**INVISIBLE CHILDREN, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2012 and 2011**

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|                                    | <u>2012</u>          | <u>2011</u>         |
|------------------------------------|----------------------|---------------------|
| <b>ASSETS</b>                      |                      |                     |
| <b>Current Assets</b>              |                      |                     |
| Cash                               | \$ 15,554,716        | \$ 6,036,803        |
| Receivables                        | 553,186              | 167,772             |
| Awareness product inventory, net   | 826,403              | 197,167             |
| Prepaid expenses and other assets  | 209,440              | 123,771             |
| Total Current Assets               | <u>17,143,745</u>    | <u>6,525,513</u>    |
| <b>Property and Equipment, Net</b> | <u>585,184</u>       | <u>405,772</u>      |
| Total Assets                       | <u>\$ 17,728,929</u> | <u>\$ 6,931,285</u> |
| <b>LIABILITIES AND NET ASSETS</b>  |                      |                     |
| <b>Current Liabilities</b>         |                      |                     |
| Accounts payable                   | \$ 274,989           | \$ 4,788            |
| Other liabilities                  | 363,511              | 341,686             |
| Total Liabilities                  | <u>638,500</u>       | <u>346,474</u>      |
| <b>Net Assets</b>                  |                      |                     |
| Unrestricted                       | 16,968,889           | 5,468,718           |
| Temporarily restricted             | 121,540              | 1,116,093           |
|                                    | <u>17,090,429</u>    | <u>6,584,811</u>    |
| Total Liabilities and Net Assets   | <u>\$ 17,728,929</u> | <u>\$ 6,931,285</u> |

**INVISIBLE CHILDREN, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2012**  
**(with comparative summarized totals for the year ended June 30, 2011)**

|                                       | <u>2012</u>         |                                   |                     | <u>2011</u>         |
|---------------------------------------|---------------------|-----------------------------------|---------------------|---------------------|
|                                       | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        | <u>Total</u>        |
| <b>SUPPORT AND REVENUES</b>           |                     |                                   |                     |                     |
| Awareness campaign fundraising        | \$ 1,407,735        | \$ 673,363                        | \$ 2,081,098        | \$ 2,251,438        |
| Awareness products                    | 20,334,946          | –                                 | 20,334,946          | 3,295,722           |
| Foundation grants and partnerships    | 230,607             | 357,252                           | 587,859             | 3,171,068           |
| General donations                     | 8,670,933           | 14,114                            | 8,685,047           | 4,676,436           |
| Other income                          | 21,099              | 229,950                           | 251,049             | 370,514             |
| Net assets released from restriction  | 2,269,232           | (2,269,232)                       | –                   | –                   |
| Total support and revenues            | <u>32,934,552</u>   | <u>(994,553)</u>                  | <u>31,939,999</u>   | <u>13,765,178</u>   |
| Cost of awareness products            | <u>(5,453,355)</u>  | –                                 | <u>(5,453,355)</u>  | <u>(850,050)</u>    |
| <b>NET SUPPORT AND REVENUES</b>       | <u>27,481,197</u>   | <u>(994,553)</u>                  | <u>26,486,644</u>   | <u>12,915,128</u>   |
| <b>EXPENSES</b>                       |                     |                                   |                     |                     |
| Program services                      |                     |                                   |                     |                     |
| Media                                 | 1,455,585           | –                                 | 1,455,585           | 1,404,423           |
| Mobilization                          | 5,629,706           | –                                 | 5,629,706           | 1,605,683           |
| Protection                            | 1,658,079           | –                                 | 1,658,079           | 422,730             |
| Recovery                              | 4,277,312           | –                                 | 4,277,312           | 2,880,498           |
| Total program services                | <u>13,020,682</u>   | –                                 | <u>13,020,682</u>   | <u>6,313,334</u>    |
| Supporting services                   |                     |                                   |                     |                     |
| Fundraising                           | 884,361             | –                                 | 884,361             | 286,678             |
| General and administrative            | 2,075,983           | –                                 | 2,075,983           | 1,444,568           |
| Total supporting services             | <u>2,960,344</u>    | –                                 | <u>2,960,344</u>    | <u>1,731,246</u>    |
| <b>TOTAL EXPENSE</b>                  | <u>15,981,026</u>   | –                                 | <u>15,981,026</u>   | <u>8,044,580</u>    |
| <b>CHANGE IN NET ASSETS</b>           | <u>11,500,171</u>   | <u>(994,553)</u>                  | <u>10,505,618</u>   | <u>4,870,548</u>    |
| <b>NET ASSETS - BEGINNING OF YEAR</b> | <u>5,468,718</u>    | <u>1,116,093</u>                  | <u>6,584,811</u>    | <u>1,714,263</u>    |
| <b>NET ASSETS - END OF YEAR</b>       | <u>\$16,968,889</u> | <u>\$ 121,540</u>                 | <u>\$17,090,429</u> | <u>\$ 6,584,811</u> |

**INVISIBLE CHILDREN, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2012**  
**(with comparative summarized totals for the year ended June 30, 2011)**

|   | <u>PROGRAM SERVICES</u> |                     |                     |                     |                               | <u>SUPPORTING SERVICES</u> |                                   |                                  | <u>Total 2012</u>    | <u>Total 2011</u>   |
|---|-------------------------|---------------------|---------------------|---------------------|-------------------------------|----------------------------|-----------------------------------|----------------------------------|----------------------|---------------------|
|   | <u>Media</u>            | <u>Mobilization</u> | <u>Protection</u>   | <u>Recovery</u>     | <u>Total program services</u> | <u>Fundraising</u>         | <u>General and administrative</u> | <u>Total supporting services</u> |                      |                     |
| <b>EXPENSE</b>                              |                         |                     |                     |                     |                               |                            |                                   |                                  |                      |                     |
| Communications                              | \$ 70,277               | \$ 340,298          | \$ 1,409            | \$ 1,961            | \$ 413,945                    | \$ 21,364                  | \$ 128,080                        | \$ 149,444                       | \$ 563,389           | \$ 138,865          |
| Direct support                              | –                       | 96,629              | –                   | 29,909              | 126,538                       | 10,588                     | –                                 | 10,588                           | 137,126              | 146,603             |
| Equipment                                   | 13,910                  | 105,138             | 6,325               | 8,058               | 133,431                       | 9,175                      | 26,352                            | 35,527                           | 168,958              | 122,562             |
| Fees and licenses                           | 3,932                   | 626,940             | –                   | 1,450               | 632,322                       | 454,983                    | 65,967                            | 520,950                          | 1,153,272            | 229,482             |
| Film production                             | 24,758                  | 43,699              | 2,986               | –                   | 71,443                        | 7,973                      | –                                 | 7,973                            | 79,416               | 357,610             |
| Insurance                                   | 30,504                  | 44,786              | 2,911               | 50,783              | 128,984                       | 7,083                      | 91,712                            | 98,795                           | 227,779              | 157,567             |
| International support                       | –                       | –                   | 1,521,258           | 3,741,394           | 5,262,652                     | –                          | –                                 | –                                | 5,262,652            | 2,810,681           |
| Office expenses                             | 10,045                  | 91,827              | 146                 | 10,613              | 112,631                       | 5,365                      | 146,254                           | 151,619                          | 264,250              | 126,104             |
| Professional services                       | 237,583                 | 294,770             | 1,014               | 22,569              | 555,936                       | 34,337                     | 107,273                           | 141,610                          | 697,546              | 243,141             |
| Rent  | 60,939                  | 212,284             | –                   | 5,082               | 278,305                       | 22,767                     | 194,956                           | 217,723                          | 496,028              | 398,729             |
| Salaries                                    | 753,090                 | 319,692             | 71,492              | 240,435             | 1,384,709                     | 196,436                    | 787,574                           | 984,010                          | 2,368,719            | 1,561,059           |
| Shipping and handling                       | 775                     | 2,365,494           | –                   | –                   | 2,366,269                     | 2,796                      | 318,004                           | 320,800                          | 2,687,069            | 187,501             |
| Taxes and employee benefits                 | 67,375                  | 33,148              | 5,259               | 18,124              | 123,906                       | 10,692                     | 83,662                            | 94,354                           | 218,260              | 163,932             |
| Transportation                              | 98,944                  | 892,446             | 39,946              | 144,909             | 1,176,245                     | 77,667                     | 40,423                            | 118,090                          | 1,294,335            | 1,074,272           |
| Utilities                                   | 1,243                   | 77,849              | 5,333               | 2,025               | 86,450                        | 7,622                      | 56,378                            | 64,000                           | 150,450              | 108,454             |
| <b>TOTAL EXPENSES - BEFORE DEPRECIATION</b> | <b>1,373,375</b>        | <b>5,545,000</b>    | <b>1,658,079</b>    | <b>4,277,312</b>    | <b>12,853,766</b>             | <b>868,848</b>             | <b>2,046,635</b>                  | <b>2,915,483</b>                 | <b>15,769,249</b>    | <b>7,826,562</b>    |
| Depreciation                                | 82,210                  | 84,706              | –                   | –                   | 166,916                       | 15,513                     | 29,348                            | 44,861                           | 211,777              | 218,018             |
| <b>TOTAL EXPENSES</b>                       | <b>\$ 1,455,585</b>     | <b>\$ 5,629,706</b> | <b>\$ 1,658,079</b> | <b>\$ 4,277,312</b> | <b>\$ 13,020,682</b>          | <b>\$ 884,361</b>          | <b>\$ 2,075,983</b>               | <b>\$ 2,960,344</b>              | <b>\$ 15,981,026</b> | <b>\$ 8,044,580</b> |

**INVISIBLE CHILDREN, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2012 and 2011**

|  | <b>2012</b>          | <b>2011</b>         |
|--|----------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                      |                     |
| Changes in net assets  | \$ 10,505,618        | \$ 4,870,548        |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities: |                      |                     |
| Depreciation expense   | 211,777              | 218,018             |
| (Increase) Decrease in receivables   | (385,414)            | 36,483              |
| (Increase) in awareness product inventory  | (629,236)            | (79,877)            |
| (Increase) in prepaid expenses and other assets  | (85,669)             | (29,777)            |
| Increase in accounts payable and other liabilities   | 292,026              | 48,272              |
| <b>Net cash provided by operating activities</b>   | <b>9,909,102</b>     | <b>5,063,667</b>    |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                      |                     |
| Purchases of property and equipment  | (391,189)            | (140,527)           |
| <b>Net cash used in operating activities</b>   | <b>(391,189)</b>     | <b>(140,527)</b>    |
| <br><b>Net increase in cash</b>  | <b>9,517,913</b>     | <b>4,923,140</b>    |
| <br><b>CASH – Beginning of year</b>  | <b>6,036,803</b>     | <b>1,113,663</b>    |
| <br><b>CASH – Ending of year</b>   | <b>\$ 15,554,716</b> | <b>\$ 6,036,803</b> |
| <br><b>SUPPLEMENTAL DISCLOSURES</b>  |                      |                     |
| Interest paid  | \$ –                 | \$ 365              |

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**INVISIBLE CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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**1. ORGANIZATION**

Joseph Kony and the Lord's Resistance Army (the "LRA") have been abducting, killing, and displacing civilians in East and Central Africa since 1987. The founders of Invisible Children were three young filmmakers from Southern California who first encountered these atrocities in northern Uganda in 2003 when they met a boy named Jacob who feared for his life and a woman named Jolly who had a vision for a better future. Together, Jolly and the three young filmmakers promised Jacob that they would do whatever they could to stop Joseph Kony and the LRA.

The three founders made a documentary about what they had seen called *Invisible Children: The Rough Cut*. The film sparked a youth-driven grassroots movement that led to the establishment of Invisible Children, Inc. (the "Organization") as a registered California 501(c) (3) in 2004. Today, Invisible Children focuses exclusively on the LRA conflict through an integrated four-part model that addresses the problems in their entirety: immediate needs and long-term effects.

***Media***

Invisible Children creates films to document LRA atrocities, introduce new audiences to the conflict, and inspire global action.

***Mobilization***

Invisible Children mobilizes massive groups of people to support and advance international efforts to end LRA atrocities.

***Protection***

Invisible Children works with regional partners to build and expand systems that warn remote communities of LRA attacks and encourage members of the LRA to peacefully surrender.

***Recovery***

Invisible Children works to rehabilitate children directly affected by the LRA and invest in education and economic recovery programs in the post-conflict region to promote lasting peace.

Most of the Organization's programs in Central Africa are carried out by independent regional partners.

The Organization experienced a significant increase of revenues near fiscal year end 2012, which is reflected in unrestricted net assets at June 30, 2012. The Organization's management is working with its Board of Directors to develop a plan for how the funds can best be used to amplify the future impact of programs and help ensure medium to long-term sustainability.



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**INVISIBLE CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting*

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

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Basis of Presentation*

Under accounting standards applicable to financial statements of not-for-profit organizations, 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.

*Unrestricted Net Assets*

Unrestricted amounts consist of assets which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services. Unrestricted net assets also include amounts designated for certain purposes by the Board of Directors.

*Temporarily Restricted Net Assets*

Temporarily restricted amounts are those which are restricted by donors for specific operating purposes and are not currently available for use in the Organization's operations until commitments regarding their use have been fulfilled.

*Permanently Restricted Net Assets*

Permanently restricted amounts are those which are restricted by donors that neither expire by the passage of time nor can be fulfilled or removed by the actions of the Organization. At June 30, 2012, there were no permanently restricted net assets.

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**INVISIBLE CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

*Comparative Information*

The accompanying statement of activities and changes in net assets and statement of functional expenses for the year ended June 30, 2011 include certain prior-year comparative information in total, but not by net asset class or functional expense category. 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 June 30, 2011, from which the summarized information was derived.

*Cash*

The Organization maintains its cash accounts at three national commercial banks, which at times exceed the federally insured deposit limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant risk on cash.

*Receivables*

Receivables consist of contributions receivable and pledges receivable.

Contributions receivable consist of amounts initiated by donors that have not been realized as cash by the Organization. Contributions receivable were \$490,172 as of June 30, 2012.

Pledges receivable consist of unconditional promises to give, which are recorded at the net realizable value at the time the promises are received. Pledges receivable were \$63,014 as of June 30, 2012.

Management assesses the collectability of all receivables at the close of each period and records an allowance for doubtful accounts based on specific identification. Management has determined all receivables to be collectible at June 30, 2012.

*Awareness Product Inventory, net*

Awareness product inventory consists of awareness products and is valued at lower of cost or market, determined using the first in, first out method. Management has recorded an allowance for obsolete awareness product inventory of \$488,854 at June 30, 2012.

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**INVISIBLE CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

*Prepaid Expenses*

Expense items of a nature which will benefit future periods are charged to the prepaid expense account and are amortized over actual periods benefited.

*Property and Equipment*

Property and equipment are carried at cost. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives of five to seven years. Maintenance and repairs are charged to the expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income.

*Support and Revenue Recognition*

Support and revenue is recognized when earned, which may be when cash is received, unconditional promises made, in-kind donations received or when products are sold.

*Donor Imposed Restrictions*

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

*Donated Services*

The Organization recognizes the value of donated services by recording the services at fair value. To qualify for recognition, donated services must create a nonfinancial asset or must require specialized skills that would have been purchased if not donated. During the year ending June 30, 2012, the Organization had many individuals volunteer substantial time and effort in order to perform a variety of tasks in the United States and Africa to assist the Organization in its mission. However, these services do not meet the criteria for recognition as contributed services.

*Film Production*

Costs related to the production of films to raise awareness are expensed as incurred.

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**INVISIBLE CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

*Advertising*

The Organization expenses advertising costs as incurred. Advertising expenses for the year ended June 30, 2012 were \$329,821.

*Shipping and Handling*

The Organization includes costs related to shipping and handling of awareness products on the Statement of Functional Expenses as shipping and handling. These costs totaled \$2,366,269 for the year ended June 30, 2012.

*Functional Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Income Taxes*

Invisible Children is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, no provision has been made for federal income taxes in the accompanying financial statements.

The Organization has adopted accounting standards which clarify the accounting for uncertainty in income taxes recognized in the financial statements which prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. They also provide guidance on derecognition and measurement of a tax position taken or to be taken in a tax return. The adoption of these standards did not have a material effect on the Organization. As of June 30, 2012, the Organization has not accrued interest or penalties related to uncertain tax positions. The Organization files tax returns in the U.S. Federal jurisdiction and the State of California. The Organization is no longer subject to examination by U.S. and California tax authorities for years before 2007 and 2006, respectively.

*Reclassifications*

Certain reclassifications have been made to prior years financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported activities or net assets.

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**INVISIBLE CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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**3. PROPERTY AND EQUIPMENT**

Major categories of property and equipment as of June 30, 2012 are summarized as follows:

|                            |                    |
|----------------------------|--------------------|
| Computer equipment         | \$ 886,960         |
| Transportation equipment   | 390,506            |
| Video and camera equipment | 180,280            |
| Work in progress           | 148,330            |
| Furniture and fixtures     | 48,005             |
|                            | <u>1,654,081</u>   |
| Accumulated depreciation   | <u>(1,068,897)</u> |
|                            | <u>\$ 585,184</u>  |

**4. JOINT COSTS**

The Organization conducts activities that include both fundraising appeals and program components. The costs of conducting these joint activities are included in the total program services and supporting services expenses in the statement of functional expenses. These joint costs were allocated between fundraising and program costs as follows for the year ended June 30, 2012:

|               | <u>Program</u> | <u>Fundraising</u> | <u>Total Cost</u> |
|---------------|----------------|--------------------|-------------------|
| National Tour | \$ 1,038,235   | \$ 106,409         | \$ 1,144,644      |
| Kony 2012     | \$ 2,807,905   | \$ 19,314          | \$ 2,827,219      |
| 4th Estate    | \$ 278,647     | \$ 11,307          | \$ 289,954        |
| Film          | \$ 75,226      | \$ 4,189           | \$ 79,415         |
| Web           | \$ 356,373     | \$ 17,488          | \$ 373,861        |

**5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2012 were \$121,540 and relate to the Organization's Legacy Fund. The Legacy Fund consists of funds raised to provide scholarships and mentoring programs in Central Africa.

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**INVISIBLE CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

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**6. COMMITMENTS**

The Organization has various agreements to lease office space and residential properties. These leases are non-cancelable and expire between August 2012 and July 2013.

Subsequent to year end, the Organization signed a lease for new office space commencing in January 2013 and ending in January 2018. During July 2012, the Organization paid \$119,630 and \$34,041 at lease signing for the security deposit and first month's rent, respectively.

The Organization has an agreement to lease office equipment. The operating lease is non-cancelable and expires in June 2015.

Minimum future payments under the non-cancelable leases for the years ended June 30 are as follows:

|            |                     |
|------------|---------------------|
| 2013       | \$ 481,932          |
| 2014       | 384,905             |
| 2015       | 437,190             |
| 2016       | 451,422             |
| 2017       | 469,278             |
| Thereafter | <u>279,138</u>      |
|            | <u>\$ 2,503,865</u> |

The total expense for facilities and equipment rentals for the year ended June 30, 2012 was \$524,157.

**7. RETIREMENT PLAN**

The Organization sponsors a 401(K) retirement plan which covers all eligible employees. Contributions to the profit sharing plan are at the discretion of the employees. The Organization may make a discretionary contribution. No contributions were made by the Organization during the year ended June 30, 2012.

While the Organization expects to continue the plan indefinitely, it has reserved the right to modify, amend, or terminate the plan. In the event of termination, the entire amount contributed under the plan must be applied to the payment of benefits to the participants or their beneficiaries.

**8. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through November 28, the date which the financial statements were available to be issued.