



Certified Public Accountants
and Financial Advisors

Invisible Children, Inc.
Financial Statements
June 30, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Invisible Children, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Invisible Children, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and 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 misstatement, whether due to fraud or error.

Auditor's 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 audit 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 Invisible Children, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for each of the two years then ended in accordance with accounting principles generally accepted in the United States of America.

SQUAR, MILNER, PETERSON, MIRANDA & WILLIAMSON, LLP

Squar Milner Peterson Miranda & Williamson, LLP

San Diego, California
November 1, 2013

INVISIBLE CHILDREN, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current Assets		
Cash	\$ 6,559,807	\$ 15,554,716
Receivables	447,331	553,186
Awareness product inventory, net	370,776	826,403
Prepaid expenses and other assets	668,719	209,440
Total current assets	8,046,633	17,143,745
Property and Equipment, Net	835,500	585,184
Total assets	\$ 8,882,133	\$ 17,728,929
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 645,757	\$ 274,989
Other liabilities	1,660,764	363,511
Total current liabilities	2,306,521	638,500
Net Assets		
Unrestricted	6,575,612	16,968,889
Temporarily restricted	-	121,540
Total net assets	6,575,612	17,090,429
Total liabilities and net assets	\$ 8,882,133	\$ 17,728,929

INVISIBLE CHILDREN, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES			
Awareness products	\$ 823,879	\$ –	\$ 823,879
Foundation grants and partnerships	298,917	24,473	323,390
General donations	3,834,524	491,270	4,325,794
Other income	142,401	25,912	168,313
Net assets released from restriction	663,195	(663,195)	–
Total support and revenues	<u>5,762,916</u>	<u>(121,540)</u>	<u>5,641,376</u>
Cost of awareness products	<u>(691,862)</u>	<u>–</u>	<u>(691,862)</u>
NET SUPPORT AND REVENUES	<u>5,071,054</u>	<u>(121,540)</u>	<u>4,949,514</u>
EXPENSES			
Program services			
Media	1,650,797	–	1,650,797
Mobilization	2,489,562	–	2,489,562
Protection	3,961,609	–	3,961,609
Recovery	3,816,040	–	3,816,040
Total program services	<u>11,918,008</u>	<u>–</u>	<u>11,918,008</u>
Supporting services			
Fundraising	620,152	–	620,152
General and administrative	2,926,171	–	2,926,171
Total supporting services	<u>3,546,323</u>	<u>–</u>	<u>3,546,323</u>
TOTAL EXPENSES	<u>15,464,331</u>	<u>–</u>	<u>15,464,331</u>
CHANGE IN NET ASSETS	<u>(10,393,277)</u>	<u>(121,540)</u>	<u>(10,514,817)</u>
NET ASSETS – BEGINNING OF YEAR	<u>16,968,889</u>	<u>121,540</u>	<u>17,090,429</u>
NET ASSETS – END OF YEAR	<u>\$ 6,575,612</u>	<u>\$ –</u>	<u>\$ 6,575,612</u>

INVISIBLE CHILDREN, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
Awareness campaign fundraising	\$ 1,407,735	\$ 673,363	\$ 2,081,098
Awareness products	20,334,946	-	20,334,946
Foundation grants and partnerships	230,607	357,252	587,859
General donations	8,670,933	14,114	8,685,047
Other income	21,099	229,950	251,049
Net assets released from restriction	2,269,232	(2,269,232)	-
Total support and revenues	32,934,552	(994,553)	31,939,999
Cost of awareness products	(5,453,355)	-	(5,453,355)
NET SUPPORT AND REVENUES	27,481,197	(994,553)	26,486,644
EXPENSES			
Program services			
Media	1,455,585	-	1,455,585
Mobilization	5,629,706	-	5,629,706
Protection	1,658,079	-	1,658,079
Recovery	4,277,312	-	4,277,312
Total program services	13,020,682	-	13,020,682
Supporting services			
Fundraising	884,361	-	884,361
General and administrative	2,075,983	-	2,075,983
Total supporting services	2,960,344	-	2,960,344
TOTAL EXPENSES	15,981,026	-	15,981,026
CHANGE IN NET ASSETS	11,500,171	(994,553)	10,505,618
NET ASSETS - BEGINNING OF YEAR	5,468,718	1,116,093	6,584,811
NET ASSETS - END OF YEAR	\$ 16,968,889	\$ 121,540	\$ 17,090,429

INVISIBLE CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2013

	<u>PROGRAM SERVICES</u>					<u>SUPPORTING SERVICES</u>			<u>Total</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>	
EXPENSE									
Communications	\$ 152,591	\$ 39,564	\$ 3,810	\$ 12,560	\$ 208,525	\$ 42,409	\$ 51,897	\$ 94,306	\$ 302,831
Event production	–	386,633	–	–	386,633	–	–	–	386,633
Equipment	47,310	53,352	1,004	4,206	105,872	6,177	70,371	76,548	182,420
Fees and licenses	4,537	98,020	1,896	1,433	105,886	198,023	36,038	234,061	339,947
Film production	39,545	47,861	374	–	87,780	3,401	20	3,421	91,201
Insurance	38,010	38,842	5,778	43,860	126,490	4,759	158,155	162,914	289,404
International support	–	–	3,524,426	3,029,639	6,554,065	–	2,191	2,191	6,556,256
Inventory adjustments	–	44,698	–	–	44,698	–	132,265	132,265	176,963
Office expenses	30,218	72,576	4,974	23,280	131,048	4,767	65,573	70,340	201,388
Professional services	161,829	65,578	63,209	30,371	320,987	12,755	549,201	561,956	882,943
Rent	121,281	227,186	1,100	26,372	375,939	39,266	271,653	310,919	686,858
Salaries	790,483	518,000	255,852	351,598	1,915,933	212,780	1,000,764	1,213,544	3,129,477
Shipping and handling	596	72,077	1,657	92,682	167,012	19,274	127,515	146,789	313,801
Taxes and employee benefits	71,923	54,741	14,208	46,514	187,386	11,207	107,807	119,014	306,400
Transportation	99,095	513,554	73,321	131,331	817,301	35,147	77,658	112,805	930,106
Utilities	428	64,876	9,512	10,541	85,357	5,499	127,752	133,251	218,608
Volunteer support	7,410	111,513	–	11,497	130,420	22,728	18,360	41,088	171,508
TOTAL EXPENSES - BEFORE DEPRECIATION	1,565,256	2,409,071	3,961,121	3,815,884	11,751,332	618,192	2,797,220	3,415,412	15,166,744
Depreciation	85,541	80,491	488	156	166,676	1,960	128,951	130,911	297,587
TOTAL EXPENSES	\$ 1,650,797	\$ 2,489,562	\$ 3,961,609	\$ 3,816,040	\$ 11,918,008	\$ 620,152	\$ 2,926,171	\$ 3,546,323	\$ 15,464,331

INVISIBLE CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

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

INVISIBLE CHILDREN, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (10,514,817)	\$ 10,505,618
Loss on disposal of property and equipment	(15,241)	–
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation expense	297,587	211,777
Decrease/(Increase) in receivables	105,855	(385,414)
Decrease/(Increase) in awareness product inventory	455,626	(629,236)
(Increase) in prepaid expenses and other assets	(459,279)	(85,669)
Increase in accounts payable and other liabilities	1,668,021	292,026
Net cash (used in) provided by operating activities	(8,462,248)	9,909,102
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(532,661)	(391,189)
Net cash used in operating activities	(532,661)	(391,189)
Net (decrease) increase in cash	(8,994,909)	9,517,913
CASH – beginning of year	15,554,716	6,036,803
CASH – end of year	\$ 6,559,807	\$ 15,554,716

INVISIBLE CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

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 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 and families 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 East and central Africa are carried out by regional partners.

Liquidity

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Management believes that it will have sufficient liquidity to continue operations for the next 12 months based on the Organization's existing net assets plus revenues it expects to raise from its core fundraising activities, sale of products, grants and general donations. Although spending levels in fiscal year 2013

INVISIBLE CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

1. ORGANIZATION (continued)

Liquidity (continued)

were planned and budgeted based on the influx of revenue generated from Kony 2012, the Organization has begun implementation of a plan to closely monitor fiscal year 2014 spending, to ensure that spending levels are properly adjusted based on levels of new revenues generated. The accompanying financial statements do not include any adjustments that would be necessary should the Organization be unable to continue as a going concern.

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. As of June 30, 2013, there are no temporarily restricted net assets. Temporarily restricted net assets at June 30, 2012 were \$121,540.

INVISIBLE CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2013 and 2012, there were no permanently restricted net assets.

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 \$180,665 and \$490,172, respectively, as of June 30, 2013 and 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 \$266,666 and \$63,014, respectively, as of June 30, 2013 and 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, 2013.

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. At June 30, 2013 and 2012, the allowance for obsolete awareness product inventory was \$0 and \$488,854, respectively. During the year ended June 30, 2013 the Organization wrote off additional awareness product inventory of \$176,963 which is reflected in the cost of awareness products on the statement of activities and changes in net assets.

Prepaid Expenses

Expense items represent expenditures which will benefit future periods. Such expenditures are recorded as prepaid expenses and are amortized as expenses over actual periods benefited (See Note 3).

INVISIBLE CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 three 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. Cash received for specific events that have not occurred is deferred until the event occurs.

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 Goods and Services

The Organization recognizes the value of donated goods and services by recording the goods and services at fair value. To qualify for recognition, donated goods and services must create a nonfinancial asset or must require specialized skills that would have been purchased if not donated. During the years ended June 30, 2013 and 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, the majority of these services did not meet the criteria for recognition as contributed services. During the year ended June 30, 2013, revenue of \$3,616 was recognized as donated goods and revenue of \$95,930 was recognized as donated services. These donated goods and services are reflected in the statement of activities and change in net assets as general donations. No such specialized services or products were donated during the year ended June 30, 2012.

Film Production

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

INVISIBLE CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Organization expenses advertising costs as incurred. Advertising expenses for the years ended June 30, 2013 and 2012 were \$302,831 and \$329,821, respectively.

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 \$167,012 and \$2,366,269, respectively, for the years ended June 30, 2013 and 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, 2013, 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 2008 and 2007, respectively.

INVISIBLE CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

3. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Prepaid event costs	\$ 350,860	\$ –
Prepaid insurance	59,459	39,359
Prepaid rent	43,442	25,479
Prepaid marketing costs	20,000	15,000
Prepaid medical	–	32,927
Security deposits	136,407	36,845
Other	58,551	59,800
	<u>\$ 668,719</u>	<u>\$ 209,440</u>

4. PROPERTY AND EQUIPMENT, NET

Major categories of property and equipment as of June 30, 2013 and 2012 are summarized as follows:

	<u>2013</u>	<u>2012</u>
Computer equipment	\$ 1,480,511	\$ 886,960
Transportation equipment	459,120	390,506
Video and camera equipment	187,351	180,280
Work in progress	–	148,330
Furniture and fixtures	59,759	48,005
	<u>2,186,741</u>	<u>1,654,081</u>
Accumulated depreciation	<u>(1,351,241)</u>	<u>(1,068,897)</u>
	<u>\$ 835,500</u>	<u>\$ 585,184</u>

INVISIBLE CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

5. OTHER LIABILITIES

Other liabilities consisted of the following as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Deferred revenue	\$ 828,971	\$ -
Accrued program costs	400,000	-
Accrued vacation	175,626	138,672
Accrued payroll	144,205	103,960
Deferred rent	50,075	-
Accrued benefits	12,169	9,525
Other	49,718	111,354
	<u>\$ 1,660,764</u>	<u>\$ 363,511</u>

6. 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 years ended June 30, 2013 and 2012:

	<u>June 30, 2013</u>		
	<u>Program</u>	<u>Fundraising</u>	<u>Total Cost</u>
National Tour	\$ 940,092	\$ 64,905	\$ 1,004,997
Film	\$ 787,117	\$ 7,257	\$ 794,374
Web	\$ 205,060	\$ 15,894	\$ 220,954
	<u>June 30, 2012</u>		
	<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

INVISIBLE CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

7. COMMITMENTS

The Organization has various agreements to lease residential properties. These leases are noncancelable and expire between August 2013 and November 2013.

The Organization signed a lease for new office space commencing in January 2013 and ending in January 2018.

The Organization has agreements to lease office equipment. The operating leases are noncancelable and expire in July 2015.

Minimum future payments under the noncancelable leases for the years ended June 30 are as follows:

2014	\$ 440,425
2015	440,335
2016	451,684
2017	469,278
2018	279,138
Thereafter	<u>—</u>
	<u>\$ 2,080,860</u>

The total expense for facilities and equipment rentals for the years ended June 30, 2013 and 2012 were \$694,981 and \$524,157, respectively.

8. 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 years ended June 30, 2013 and 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.

9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 1, 2013 the date which the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements.