

CASA OF LOS ANGELES

(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2017

(WITH COMPARATIVE TOTALS FOR 2016)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
CASA of Los Angeles

We have audited the accompanying financial statements of CASA of Los Angeles (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' 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 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 CASA of Los Angeles as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited CASA of Los Angeles' 2016 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the 2016 audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California
October 6, 2017

**CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)**

ASSETS		June 30,	
		2017	2016
CURRENT ASSETS			
Cash and cash equivalents	\$	627,295	\$ 541,476
Pledges receivable, current portion		28,158	84,462
Grants receivable, current portion		90,000	50,000
Contracts receivable		111,310	56,068
Prepaid expenses and other current assets		<u>87,214</u>	<u>62,818</u>
Total current assets		943,977	794,824
NONCURRENT ASSETS			
Pledges and grants receivable, net of current portion		35,000	50,000
Property and equipment, net		<u>617,514</u>	<u>668,505</u>
TOTAL ASSETS	\$	<u>1,596,491</u>	<u>\$ 1,513,329</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$	69,614	\$ 144,470
Accrued wages and benefits		<u>225,771</u>	<u>225,350</u>
Total current liabilities		<u>295,385</u>	<u>369,820</u>
COMMITMENTS AND CONTINGENCIES (Note 6)			
NET ASSETS			
Unrestricted		575,609	590,656
Temporarily restricted		<u>725,497</u>	<u>552,853</u>
Total net assets		<u>1,301,106</u>	<u>1,143,509</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,596,491</u>	<u>\$ 1,513,329</u>

The accompanying notes are an integral part of these financial statements.

**CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)**

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Contributions	\$ 1,414,804	\$ 1,216,139	\$ 2,630,943	\$ 2,111,672
Government grants	192,960	-	192,960	212,746
Donated volunteer services	2,893,702	-	2,893,702	2,220,148
Donated rent and other	160,543	-	160,543	152,513
Gala event	951,421	-	951,421	1,222,872
Other special events	239,236	46,800	286,036	226,258
Other revenue	3,220	-	3,220	17,159
Net assets released from restrictions	<u>1,090,295</u>	<u>(1,090,295)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>6,946,181</u>	<u>172,644</u>	<u>7,118,825</u>	<u>6,163,368</u>
EXPENSES				
Program services	5,576,754	-	5,576,754	4,759,290
Management and general	356,864	-	356,864	385,795
Fundraising	<u>1,027,610</u>	<u>-</u>	<u>1,027,610</u>	<u>1,268,865</u>
Total expenses	<u>6,961,228</u>	<u>-</u>	<u>6,961,228</u>	<u>6,413,950</u>
CHANGE IN NET ASSETS	(15,047)	172,644	157,597	(250,582)
NET ASSETS, BEGINNING OF YEAR	<u>590,656</u>	<u>552,853</u>	<u>1,143,509</u>	<u>1,394,091</u>
NET ASSETS, END OF YEAR	<u>\$ 575,609</u>	<u>\$ 725,497</u>	<u>\$ 1,301,106</u>	<u>\$ 1,143,509</u>

The accompanying notes are an integral part of these financial statements.

**CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)**

	2017				2016
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 1,665,864	\$ 224,151	\$ 522,907	\$ 2,412,922	\$ 2,027,926
Payroll taxes and benefits	250,378	33,690	78,592	362,660	305,452
Total personnel costs	1,916,242	257,841	601,499	2,775,582	2,333,378
Accounting	-	21,250	-	21,250	23,570
Advertising and marketing	95,650	-	43,023	138,673	163,063
Background checks	17,709	999	-	18,708	21,431
Bad debt expenses	-	-	8,000	8,000	6,514
Children support	20,026	-	-	20,026	17,849
Event expenses - Gala	-	-	197,654	197,654	329,178
Event expenses - other	58,650	-	57,679	116,329	89,360
Human resource consulting	70,406	5,153	15,239	90,798	202,533
In-kind goods and rent	134,336	6,622	19,585	160,543	152,513
In-kind volunteer advocates	2,893,702	-	-	2,893,702	2,220,148
Insurance	22,949	1,680	4,967	29,596	22,187
IT and telecommunications	72,039	5,273	15,593	92,905	97,593
Miscellaneous	6,597	2,390	166	9,153	20,538
Office expense	46,277	2,465	9,822	58,564	74,739
Outreach	1,408	500	720	2,628	4,294
Printing	1,546	815	15,176	17,537	21,178
Professional fees	8,446	613	10,340	19,399	37,168
Supplies	10,516	1,692	2,047	14,255	23,109
Temporary help	43,214	37,529	8,847	89,590	357,995
Training expense	45,368	122	1,578	47,068	51,845
Travel and entertainment	9,095	8,561	1,779	19,435	23,382
Volunteer recognition	58,665	145	4,391	63,201	50,439
Depreciation and amortization	43,913	3,214	9,505	56,632	69,946
Total expenses	\$ 5,576,754	\$ 356,864	\$ 1,027,610	\$ 6,961,228	\$ 6,413,950

The accompanying notes are an integral part of these financial statements.

**CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 157,597	\$ (250,582)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	56,632	69,946
Changes in operating assets and liabilities:		
Pledges receivable	71,304	73,273
Grants receivable	(40,000)	(25,000)
Contracts receivable	(55,242)	(29,627)
Prepaid expenses and other current assets	(24,396)	(12,719)
Accounts payable and accrued expenses	(74,856)	15,815
Accrued wages and benefits	421	16,378
Net Cash Provided By (Used In) Operating Activities	<u>91,460</u>	<u>(142,516)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(5,641)</u>	<u>(26,672)</u>
Net Cash Used In Investing Activities	<u>(5,641)</u>	<u>(26,672)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	85,819	(169,188)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>541,476</u>	<u>710,664</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 627,295</u>	<u>\$ 541,476</u>

The accompanying notes are an integral part of these financial statements.

**CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 – Description of Organization and Summary of Significant Accounting Policies

Organization

CASA of Los Angeles ("CASA/LA" or the "Organization") mobilizes community volunteers to advocate for children in the Los Angeles County child welfare system who have experienced abuse and neglect. CASA/LA envisions a system in which every child in foster care has an advocate and the opportunity to thrive.

CASA/LA was established in 1978 by the Los Angeles Superior Court to serve the largest child welfare system in the nation as one of the first in what would become a national network of over 900 local CASA organizations. Since losing court and county funding in 2010, CASA/LA has operated as an independent, private not-for-profit organization funded by community donations. Since 2010, the organization has more than doubled the number of children served each year and shown measurable improvements in the lives of the children CASA/LA serves.

A CASA (Court Appointed Special Advocate) is a volunteer appointed by a dependency court judge to advocate for the best interests of an individual child in foster care. CASA volunteers assist judges by gathering information about the child's permanency, safety and well-being, communicating the child's best interests to the court, and ensuring that the County complies with court orders. In an ever-changing world of attorneys, social workers, teachers, therapists, doctors and foster parents, a CASA volunteer is often the one constant caring adult and role model in the child's life. The impact of CASA the program is such that, in 2009, a California Blue Ribbon Commission on Children in Foster Care recommended that every child in foster care be assigned a CASA.

In the year ended June 30, 2017, 744 volunteers donated 98,922 hours of intense, one-on-one advocacy on behalf of 949 children in the child welfare system. Another 33 volunteers worked with 4,097 children and youth in connection with CASA/LA's Day of Court Advocacy program in the court's Shelter Care program.

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.

**CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE 1 – Description of Organization and Summary of Significant Accounting Policies
(Continued)**

Use of Estimates and Assumptions

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

Prior-Period Information

The financial statements include certain prior-period summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization did not have any permanently restricted net assets at June 30, 2017 or 2016.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or passage of time. As restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. Such income generally includes interest, dividends, and realized and unrealized earnings from the corpus.

**CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE 1 – Description of Organization and Summary of Significant Accounting Policies
(Continued)**

Cash and Cash Equivalents

The Organization classifies all highly liquid investment instruments purchased with an original maturity of three months or less as cash equivalents. From time to time, cash balances may exceed federally insured limits. The Organization has not experienced any previous losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Restricted Cash

Restricted cash is temporarily restricted cash whose use by the Organization has been limited by donor to a specific time period or purpose. The restricted cash balance included as cash and cash equivalents in the statement of financial position was \$572,339 and \$402,853 as of June 30, 2017 and 2016, respectively.

Pledges Receivable

Unconditional promises to give (pledges) are recorded as receivables and contributions, distinguishing between contributions received for each net asset class in accordance with donor-imposed restrictions. An allowance for uncollectible contributions receivable is provided, based on management's judgment, including such factors as prior collection history, type of contribution, nature of fundraising activity and when time requirements are expected to be met. Management believes the remaining outstanding receivables as of June 30, 2017 are collectible in full and, accordingly, no allowance for uncollectible receivables has been provided.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. The Organization provides for depreciation and amortization of its property and equipment using the straight-line method over estimated useful lives of the related assets as follows:

Telephone and computer equipment	3 - 5 years
Furniture and fixtures	5- 10 years
Leasehold improvements	20 years

The leasehold improvements noted above were installed by the Organization at one of the facilities under a month-to-month lease with the state during the year ended June 30, 2015.

**CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE 1 – Description of Organization and Summary of Significant Accounting Policies
(Continued)**

Property and Equipment (Continued)

Although the state could legally require the Organization to vacate the facility at any time, management has elected to amortize the leasehold improvements over their useful lives. This is consistent with the expectations of the parties, whereby the Organization will occupy the facility for a period longer than the useful life of the leasehold improvements, and reflects the historical good relationship between them.

The Organization capitalizes assets costing \$5,000 and over that meet its capitalization criteria. Repairs and maintenance are expensed as incurred.

Contributions

Contributions are recorded in unrestricted net assets and are considered to be available for use unless specifically restricted by the donor. Conditional contributions are recognized as revenue and recorded in unrestricted net assets when the conditions on which they depend upon have been substantially met.

Contract Grant Revenue

Revenue from contracts is generally recorded to the extent of expenses incurred applicable to the underlying contract. Any difference between expenses incurred and the total funds received (not to exceed the contract maximum) is recorded as a receivable or an advance, whichever is applicable. Revenue from other grants is recognized on an accrual basis as earned according to the provisions of the grant. Provisions for potential disallowances and overruns are established when appropriate. No such provision has been recorded as of June 30, 2017 and 2016.

In-kind Contributed Facilities, Goods and Services

The value of significant donated services and materials is reflected in the accompanying statement of activities. Management estimates the fair value of such services at the date of donation. Materials and use of facilities contributions to the Organization are recognized and recorded at fair value as of the contribution date.

**CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE 1 – Description of Organization and Summary of Significant Accounting Policies
(Continued)**

In-kind Contributed Facilities, Goods and Services (Continued)

The Organization's facilities are located in the Ed Edelman Children's Court building in Monterey Park and the Alfred J. McCourtney Juvenile Justice Center in Lancaster. The facilities, including utilities, are provided by the state of California at no cost to CASA/LA. Management estimates the fair value of materials and facilities to be approximately \$153,543 and \$145,128 for the years ended June 30, 2017 and 2016, respectively.

The organization received gift cards that are used by and on behalf of the children in its caseload, for living or other related expenses. The face value of the cards received was \$7,000 and \$7,385 for the years ended June 30, 2017 and 2016, respectively.

The Organization's program services rely upon the extensive use of volunteer time. These volunteers receive specialized initial training and must fulfill ongoing continuing education requirements. For the year ended June 30, 2017, management estimates the fair value of those donated services to be \$2,893,702, consisting of \$2,815,329 for volunteer advocates and \$78,373 for shelter care/court assistant volunteers. For the year ended June 30, 2016, management estimated the value of donated service for volunteer time to be at \$2,220,148, consisting of \$2,124,466 for volunteer advocates and \$95,682 for shelter care/court assistant volunteers.

The advocates and assistant volunteers' amounts have been calculated using the Independent Sector Volunteer Rate of \$28.46 and \$27.59 per hour for the years ended June 30, 2017 and 2016, respectively.

Gala and Other Special Events

During the years ended June 30, 2017 and 2016, the Organization held a gala event and certain other smaller special events which generated revenues from sponsorships, ticket sales and donations, as well as through a silent and live auction. Revenues and direct expenses for these events were as follows:

**CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE 1 – Description of Organization and Summary of Significant Accounting Policies
(Continued)**

Gala and Other Special Events (Continued)

	June 30,	
	2017	2016
Gala		
Revenue	\$ 951,421	\$ 1,222,872
Net assets released from restriction	<u>50,000</u>	<u>50,000</u>
	1,001,421	1,272,872
Direct expenses	<u>(197,654)</u>	<u>(329,178)</u>
	<u>803,767</u>	<u>943,694</u>
Other special events		
Revenue	286,036	226,258
Direct expenses	<u>(116,329)</u>	<u>(89,405)</u>
	<u>169,707</u>	<u>136,853</u>
Net special event income	<u>\$ 973,474</u>	<u>\$ 1,080,547</u>

Revenue for the gala reported above includes amount that was pledged in a prior year and is reported in the statement of activities as part of the net assets released from restriction.

Functional Allocation of Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on reasonable allocation methods determined by management.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Organization is subject to income taxes on any net income that is derived from trade or business regularly carried on and not in the furtherance of the purposes for which it was granted exemption. Management believes that the Organization has not received income from any unrelated trade or business and, as such, no income tax provision has been recorded on the Organization's financial statements.

**CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

**NOTE 1 – Description of Organization and Summary of Significant Accounting Policies
(Continued)**

Income Taxes (Continued)

The Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. To date, the Organization has not recorded any uncertain tax positions. The Organization recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the years ended June 30, 2017 and 2016, the Organization did not recognize any amount in potential interest and penalties associated with uncertain tax positions. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California is four years.

Recently Issued Accounting Pronouncements

In August 2016, the FASB released ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The update amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes relate to: (a) presentation of classes of net assets, (b) the presentation of underwater endowment funds and related disclosures, (c) recognition of the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) statement of functional expense, (e) disclosure of quantitative and qualitative information regarding liquidity and availability of resources; and a few smaller items. The ASU is effective for fiscal years beginning after December 15, 2017. The Organization is currently evaluating the impact of the adoption of the new standard on the financial statements.

Subsequent Events

Subsequent events have been evaluated through October 6, 2017, which is the date the financial statements were available to be issued.

**CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 – Pledges, Grants, and Contracts Receivable

Pledges, grants and contracts receivable are expected to be received as follows:

	June 30,	
	2017	2016
Amounts due in:		
Less than one year	\$ 229,468	\$ 190,530
More than one year	<u>35,000</u>	<u>50,000</u>
Total	<u>\$ 264,468</u>	<u>\$ 240,530</u>

NOTE 3 – Property and Equipment

Property and equipment consisted of the following at June 30, 2017 and 2016:

	June 30,	
	2017	2016
Telephone and computer equipment	\$ 145,209	\$ 139,568
Furniture and fixtures	179,881	179,881
Leasehold improvements	<u>512,911</u>	<u>512,911</u>
	838,001	832,360
Less accumulated depreciation and amortization	<u>(220,487)</u>	<u>(163,855)</u>
Property and equipment, net	<u>\$ 617,514</u>	<u>\$ 668,505</u>

Depreciation and amortization expense totaled \$56,632 and \$69,946 for the fiscal years ended June 30, 2017 and 2016, respectively.

**CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 – Line of Credit

In September of 2012, the Organization entered into a line of credit agreement with a financial institution, which was revised in November 2014. The revised line of credit's borrowing limit is \$250,000 and accrues interest at the prime rate (4.25% as of June 30, 2017) plus 1.25% and is secured by substantially all of the assets of the Organization. The line of credit has no set expiration date. As of June 30, 2017 and 2016, the Organization did not carry a balance on this line of credit.

NOTE 5 – Temporarily Restricted Net Assets

The activity for temporarily restricted net assets restricted for the following purposes were as follows:

<u>Purpose</u>	<u>June 30, 2016</u>	<u>Additions</u>	<u>Release</u>	<u>June 30, 2017</u>
Dillon's Special Needs Fund	\$ 37,866	\$ 3,500	\$ (7,589)	\$ 33,777
Early Childhood Initiative	66,668	120,000	(151,665)	35,003
Glamour Gowns	41,655	46,800	(58,397)	30,058
Educational Advocacy	12,500	21,750	(34,250)	-
Time restricted	129,584	109,000	(161,919)	76,665
Transition Age Youth	143,746	814,000	(457,752)	499,994
Volunteer programs	120,834	133,300	(204,134)	50,000
Ruben's Scholarship Fund	-	14,589	(14,589)	-
	<u>\$ 552,853</u>	<u>\$ 1,262,939</u>	<u>\$(1,090,295)</u>	<u>\$ 725,497</u>

NOTE 6 – Commitments and Contingencies

Litigation

From time to time, the Organization is involved in certain legal proceedings and claims which arise in the normal course of business. Management does not believe that the outcome of these matters will have a material effect on the Organization's statements of financial position or activities.