ANY BABY CAN CHILD AND FAMILY RESOURCE CENTER

Financial Statements
(With Independent Auditors' Report Thereon)

August 31, 2013 and 2012

PMB Helin Donovan
CERTIFIED PUBLIC ACCOUNTANTS

PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
Any Baby Can Child and Family Resource Center
Austin, TX

Report on the Financial Statements

We have audited the accompanying financial statements of Any Baby Can Child and Family Resource Center ("Any Baby Can-Austin") (the "Organization"), which comprise the statements of financial position as of August 31, 2013 and 2012, and the related statements of activities 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. 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 Any Baby Can-Austin as of August 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2013 on our consideration of Any Baby Can Child and Family Resource Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Any Baby Can Child and Family Resource Center's internal control over financial reporting and compliance.

PMB HELIN DONOVAN, LLP

PMB Helin Donovan, LLP

December 11, 2013
Austin, Texas

ANY BABY CAN CHILD AND FAMILY RESOURCE CENTER
Statements of Financial Position
As of August 31, 2013 and 2012

	2013	2012
Assets		
Cash and cash equivalents	$ 468,113	$ 553,448
Accounts receivable		
Grants	831,422	793,682
Pledges, net	223,896	257,258
Prepaid expenses and other	1,367	1,961
Beneficial interest in assets held by other	170,949	159,887
Property and equipment, net	1,320,084	1,391,689
Total assets	$ 3,015,831	$ 3,157,925
Liabilities and Net Assets		
Accounts payable	$ 44,171	$ 68,343
Accrued expenses	195,016	214,933
Line of credit	150,000	-
Mortgage payable	377,054	396,028
Total liabilities	766,241	679,304
Net assets		
Unrestricted:		
Operating	(194,164)	(87,441)
Property and equipment	1,320,084	1,391,689
Total Unrestricted	1,125,920	1,304,248
Temporarily restricted	956,364	1,017,069
Permanently restricted	167,306	157,304
Total net assets	2,249,590	2,478,621
Total liabilities and net assets	$ 3,015,831	$ 3,157,925

See accompanying notes and independent auditors' report.

ANY BABY CAN CHILD AND FAMILY RESOURCE CENTER
Statement of Activities
Year Ended August, 31 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support				
Donations	$ 280,112	$ 130,022	$ -	$ 410,134
Foundation contributions	-	977,096	-	977,096
In-kind contributions	169,962	-	-	169,962
Special events, net of donor direct benefit expense of $31,858	311,000	27,433	-	338,433
Government grants	2,565,590	-	-	2,565,590
Medical billing	31,673	1,389,472	-	1,421,145
Investment Income	1,060	-	10,002	11,062
Miscellaneous income	19,392	-	-	19,392
Net assets released from restrictions	2,584,728	(2,584,728)	-	-
Total Revenue and Other Support	5,963,517	(60,705)	10,002	5,912,814
Expenses				
Program services	5,421,039	-	-	5,421,039
Management and general	112,248	-	-	112,248
Fundraising	608,558 -	-	-	608,558
Total Expenses	6,141,845	-	-	6,141,845
Change in Net Assets	(178,328)	(60,705)	10,002	(229,031)
Net assets at beginning of year	1,304,248	1,017,069	157,304	2,478,621
Net assets at end of year	$ 1,125,920	$ 956,364	$ 167,306	$ 2,249,590

See accompanying notes and independent auditors' report.

ANY BABY CAN CHILD AND FAMILY RESOURCE CENTER
Statement of Activities
Year Ended August 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support				
Donations	$ 267,629	$ 203,500	$ -	$ 471,129
Foundation contributions	116,494	1,098,207	-	1,214,701
In-kind contributions	194,505	-	-	194,505
Special events, net of donor direct benefit expense of $11,870	312,433	46,530	-	358,963
Government grants	2,476,902	-	-	2,476,902
Medical billing	1,384,480	-	-	1,384,480
Investment income	10,732	-	-	10,732
Miscellaneous income	22,734	-	-	22,734
Net assets released from restrictions	1,473,559	(1,473,559)	-	-
Total Revenue and Other Support	6,259,468	(125,322)	-	6,134,146
Expenses				
Program services	5,551,357	-	-	5,551,357
Management and general	76,242	-	-	76,242
Fundraising	536,512	-	-	536,512
Total Expenses	6,164,111	-	-	6,164,111
Change in Net Assets	95,357	(125,322)	-	(29,965)
Net assets at beginning of year	1,208,891	1,142,391	157,304	2,508,586
Net assets at end of year	$ 1,304,248	$ 1,017,069	$ 157,304	$ 2,478,621

See accompanying notes and independent auditors' report.

ANY BABY CAN CHILD AND FAMILY RESOURCE CENTER
Statements of Cash Flow
As of August 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ (229,031)	$ (29,965)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operations:		
Depreciation	84,447	81,931
Appreciation on beneficial interest in assets held by others	(11,062)	(10,646)
(Increase) decrease in operating assets:		
Grants receivable	(37,740)	164,789
Pledge receivable	33,362	68,228
Prepaid expenses and other	594	(1,742)
Increase (decrease) in operating liabilities:		
Accounts payable	(24,172)	(56,253)
Accrued expenses	(19,917)	127,335
Net cash (used in) provided by operating activities	(203,519)	343,677
Cash flows from investing activities:		
Purchase of fixed assets	(12,842)	(46,094)
Net cash used in investing activities	(12,842)	(46,094)
Cash flows from financing activities:		
Proceeds from line of credit	150,000	-
Principal payments on mortgage	(18,974)	(17,617)
Net cash provided by (used in) financing activities	131,026	(17,617)
Net change in cash and cash equivalents	(85,335)	279,966
Cash and cash equivalents at beginning of year	553,448	273,482
Cash and cash equivalents at end of year	$ 468,113	$ 553,448
Supplemental Disclosures		
Cash paid for interest	$ 27,603	$ 28,582
In-kind contributions	$ 169,962	$ 194,505

See accompanying notes and independent auditors' report.

(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Any Baby Can of Austin, Inc. d/b/a Any Baby Can and Family Resource Center (the "Organization") is a Texas non-profit corporation chartered in 1993 as a comprehensive family service organization. The Organization's primary mission is to ensure that all children reach their potential through education, therapy and family support services.

The Organization founded as Any Baby Can of Austin in 1993 was at the direction of and with funding from the Texas Department of Health and focused on children with special health care needs. In 2000, this Organization merged with the Center for Development, Education, and Nutrition Family Resource Center (CEDEN), which was founded in 1979 as a resource center to promote and strengthen families in need of prenatal, early childhood and parenting education. In November 2003, the Candlelighters Childhood Cancer Foundation of the Austin Area, a grassroots, parent-driven nonprofit, which worked with children and families battling childhood cancer, became part of the Organization and in 2008, the Children's Hearing Aid Texas, an project with the purpose of providing hearing devices and auditory services to children in need was merged into the Organization.

The Organization is exempt from federal income tax under the Internal Revenue Code Section 501 (c) (3) for income related to its exempt purpose. The Organization is classified by the Internal Revenue Service as an organization other than a private Organization.

Summary of Significant Accounting Policies

(a) Basis of Presentation - The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). For financial statement purposes, the Organization distinguishes between contributions of unrestricted assets, temporarily restricted assets, and permanently restricted assets.

(b) Net Asset Classifications - In accordance with GAAP, the Organization classifies its net assets into three categories as follows:

Permanently Restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Temporarily Restricted - Net assets the use of which is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. Temporarily restricted net assets include the portion of donor-restricted endowment funds that have not been appropriated for expenditure by the Organization.

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be used for any purpose or designated for specific purposes by action of the Board of Governors.

In August 2008, the Financial Accounting Standards Board (FASB) issued FASB Accounting Standards Codification (ASC) Topic 958-205 (*formerly FASB Staff Position (FSP) 117-1, Endowments of Not-For-Profit Organizations Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds*). ASC Topic 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC Topic 958-205 also improved disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The state of Texas adopted UPMIFA effective September 2007. The Organization has determined that the majority of its net assets do not meet the definition of endowments under UPMIFA. While not UPMIFA-defined endowments, the Organization intends many of its funds to be permanent and manages them accordingly. Further references to "endowment", "endowment fund", or "endowed assets" in these notes relate to those intentions of the Organization.

(c) Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly liquid investments with purchased maturities of 90 days or less.

(d) Contributions - Contributions received (including unconditional promises to give) are recorded as unrestricted, temporarily restricted, or permanently restricted support in the period received depending on the existence and/or nature of any donor restrictions. Contributions received which are part of the Organization's ongoing major or central activities are recognized as revenue, while contributions which are peripheral or incidental are recognized as gains. Conditional promises to give (grants) are recognized as the conditions upon which they depend are substantially met. Promises to give are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received.

The Organization reports contributions as restricted support if the support is received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets in the reporting period in which the support is recognized. Donated assets are recorded at their estimated fair market values at the date of receipt.

Pledges with maturity dates due within 12 months are recorded at net realizable value, while pledges with maturity dates in subsequent years are recorded at the present value of their net realizable value using a risk free interest rate.

(e) Allowance for Doubtful Accounts - Governmental grants included in receivables are individually analyzed for purposes of determining collectability at year end and an allowance was not deemed necessary for the years ended August 31, 2013 and 2012. The Organization evaluates the collectability of its pledges and adequacy of its allowance for doubtful accounts on a periodic basis. The evaluation includes historical loss experience, length of time the pledges are past due and adverse situations that may affect the donor's ability to honor its pledge. The Organization records and adjusts its allowance for bad debt balance as necessary.

(f) Contributed Services and Assets - During the years ended August 31, 2013 and 2012, the value of contributed services meeting the requirements for recognition in the financial statements was not material and no amounts have been recorded. Although individuals volunteer their time and perform a variety of tasks that assist the organization, these services do not meet the criteria for recognition as contributed services.

Contributed assets are recorded at their estimated fair value on the date of donation. The Organization received in-kind contributions of baby furniture, clothing, supplies and toys for the years ended August 31, 2013 and 2012 of $169,962 and $194,505, respectively.

The Organization reports contributions of land, buildings, and equipment as unrestricted, unless explicit donor stipulations specify how the donated assets must be used. Gifts of assets with explicit restrictions that specify how the assets are to be used are accounted for as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(g) Property and Equipment - Property and equipment purchased for or exceeding $1,000 is recorded at cost. Property and equipment are depreciated using the straight-line method over the useful lives of the assets as follows: buildings and improvements 5 - 37 years; furniture and equipment 3 -5 years; and vehicles 3 - 5 years.

(h) Investments - Investments in equity securities with readily determinable fair values are based on quoted market values while the time deposits are estimated at fair value by summing the principal investment plus accrued interest. Investment income and unrealized gains and losses are reported as increases in unrestricted net assets unless the donor placed restrictions on the income's use. The change in fair value between years is reflected in the statement of activities in the year of the change as depreciation or appreciation in investments.

(i) Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, of which the Organization had no significant amounts for the years ended August 31, 2013 and 2012, is subject to federal income taxes. Accordingly, there is no provision or liability for federal income taxes in the accompanying financial statements.

The Organization recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the taxing authorities, based on the technical merits of the positions. The tax benefits recognized in the consolidated financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The Organization is generally no longer subject to tax examinations relating to US federal tax returns for years prior to fiscal year ended August 31, 2010.

(j) Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

(k) Functional Expenses - The expense information contained in the statements of activities and functional expenses is presented on a functional basis. Accordingly, certain expenses are allocated between functional categories based on management's estimates.

(l) Concentration of Credit Risk - Financial instruments which potentially subject the Organization to concentrations of credit risk consists principally of cash and cash equivalents, investments and pledges receivable. There were no cash and cash equivalents held by one institution that exceeded the maximum federal deposit insurance corporation limits at August 31, 2013 and 2012, respectively. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statements of financial position. For pledges receivable, the Organization performs ongoing credit evaluations of the donor's financial condition.

(m) Subsequent Events - The Organization evaluates events that occur subsequent to the statement of financial position date of periodic reports, but before financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Organization's financial statements are issued. For the financial statements as of and for the year ending August 31, 2013, this date was December 11, 2013.

(2) PLEDGES RECEIVABLE

Pledges are stated at their realizable value net of a discount on long-term pledges and an allowance for uncollectible pledges. Interest rate of 0.50% was used to determine the present value of the long-term pledges at August 31, 2013 and 2012, respectively. At August 31, 2013 and 2012 the discount on pledges was approximately $1,200 and $1,300, respectively, and the allowance for uncollectible pledges totaled $24,404 and $27,543, respectively. Approximately $169,000 of the pledge receivable balance at August 31, 2013 is receivable within one year with the remaining amount of $75,017 due within five years.

(3) BENEFICIAL INTEREST IN ASSETS HELD AT A COMMUNITY FOUNDATION

During 2009, the Organization transferred endowment funds totaling $157,304 to the Austin Community Foundation ("ACF") to take advantage of ACF's investment expertise and to allow these funds to gain synergies with other funds held by ACF. ACF does not hold variance power over these endowed funds; therefore the Organization can request distribution at any point in time. The Organization has classified these funds as permanently restricted. As discussed in Note 9 income earned that exceeds 8% of the value of the funds is available for expenditure by the Organization.

(4) PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2013 and 2012 included:

	2013	2012
Buildings and improvements	$ 1,566,949	$ 1,566,949
Land	233,198	233,198
Furniture and equipment	390,002	377,163
Vehicles	81,709	102,205
	2,271,858	2,279,515
Accumulated depreciation	(951,774)	(887,826)
Total property and equipment	$ 1,320,084	$ 1,391,689

Depreciation expense was $84,447 and $81,931 for the years ended August 31, 2013 and 2012, respectively.

(5) LONG-TERM DEBT

On September 29, 2005, Any Baby Can of Austin, Inc. entered into a mortgage agreement with a financial institution in the principal amount of $495,200 that is collateralized by the building and land of the Organization maturing on October 1, 2020 with a fixed interest rate of 6.93%. Monthly payments are $3,850 beginning October 1, 2005, with a final balloon payment of approximately $198,147 due upon maturity.

Future minimum principal payments on long-term debt as of August 31, 2013 are as follows:

2014	20,720
2015	22,203
2016	23,791
2017	25,493
2018 and thereafter	284,847
Total	$ 377,054

(6) LINE OF CREDIT

On September 22, 2005, Any Baby Can of Austin, Inc. obtained a line of credit agreement with a financial institution with a $200,000 limit that matures on September 22, 2025 and bears interests at a variable interest rate, based upon the prime rate. As of August 31, 2013 and 2012, there was an outstanding balance of $150,000 and $0, respectively, on the line of credit.

(7) TEMPORARILY RESTRICTED NET ASSETS

The part of the net assets of a not-for-profit organization resulting from contributions whose use by the Organization is limited by donor-imposed restrictions that either expire by passage of time or the purpose of which is fulfilled are considered temporarily restricted net assets.

Temporarily restricted net assets consisted of the following at August 31, 2013 and 2012:

	2013	2012
Program use restrictions	$ 485,927	$ 494,634
Time restrictions	470,437	522,435
Total temporarily restricted net assets	$ 956,364	$ 1,017,069

Net assets released from temporary restrictions due to the satisfaction of requirements consisted of the following at August 31, 2013 and 2012:

	2013	2012
Program use restrictions	$ 2,212,021	$ 931,436
Time restrictions	372,707	542,123
Total temporarily restricted net assets	$ 2,584,728	$ 1,473,559

(8) PERMANENTLY RESTRICTED NET ASSETS

The part of the net assets of a not-for-profit organization resulting from contributions whose use by the Organization is limited by donor-imposed restrictions that are not expected to expire are considered permanently restricted net assets.

At August 31, 2013 and 2012, the Organization had permanently restricted net assets restricted of:

	2013	2012
Investment in perpetuity, the income from which is expendable	$ 167,306	$ 157,304

(9) ENDOWMENTS

The Organization has interpreted Texas UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by Texas UPMIFA.

In accordance with Texas UPMIFA, the Organization considers the following factors in making a determination on the amount, if any, to be available for distribution from each endowment fund:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization.

The Organization's endowment consists of one fund established for the benefit of children in the Austin community and includes donor-restricted funds. Net assets associated with this endowment are classified and reported based on the existence or absence of donor-imposed restrictions. This endowment requires the original endowment of $157,304 to remain in perpetuity with any income from the investment which exceeds 8% of the value of the endowment to be available for expenditure by the Organization. As discussed in Note 3 during 2009 the Organization transferred these endowed funds to ACF.

The summary of changes in endowment assets for the year ended August 31, 2013 and 2012 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets as of August 31, 2012	$ -	$ -	$ 159,887	$ 159,887
Contributions	-	-	-	-
Investment earnings, net	1,060	-	10,002	11,062
Endowment assets as of August 31, 2013	$ 1,060	$ -	$ 169,889	$ 170,949

\

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or Board of Directors requires the Organization to retain as a fund of perpetual duration. There were no funds with deficiencies as of August 31, 2013 and August 31, 2012.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that produce a yield that preserves the endowment's purchasing power by meeting the Organization's Spending Policy, expenses and inflation over a long time horizon, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year approximately eight percent of its endowment fund's market value above the original gift as determine on the valuation date of January 31 and will be distributed monthly based on the donor's instructions. Any return on investment in excess of the distribution amount is to be added back to the original gift and is recorded as an increase in permanently restricted net assets.

(10) RETIREMENT PLAN

The Organization has a defined contribution pension plan that was established on January 1, 2004 for the benefit of its employees. The plan was established under Internal Revenue Code Section 401(k). An employee must work at least 1,000 hours per year and have a minimum of one year of service to be eligible for employer contributions and six months of service to be eligible for employee contributions. All contributions made and any earnings thereon are 100% vested at all times. No employer contributions were made to the plan for 2013 and 2012.

(11) COMMITMENTS AND CONTINGENCIES

Leases

The Organization has various equipment leases for copiers. Lease expense was approximately $34,965 and $33,813 for the years ended August 31, 2013 and 2012, respectively.

Minimum future rentals for the equipment leases as of August 31, 2013 are as follows:

Year Ending August 31,		
2014		32,166
2015		19,208
Total	$	51,374

Contracts with Grantors:

The Organization is funded by contracts that are subject to review and audit by grantor agencies. These contracts have certain compliance requirements and if audits by the grantor agencies disclose any areas of substantial noncompliance, the Organization may be required to refund any disallowed costs. Management believes the Organization has complied with applicable requirements.

(12) CONCENTRATIONS

During the years ended August 31, 2013 and 2012, the Organization received 46% and 40% of total revenue from contracts funded through federal, state and local governments, respectively. It is reasonably possible that at some time these contracts could cease, or funding could be reduced, which would have a severe impact on the Organization. However, the Organization does not expect these contracts will be lost in the near future. The Organization also relies on private contributions to provide matches towards grants and also to provide supplemental funds for programs and other expenses not funded by federal awards.

(13) SPECIAL EVENTS

Special events revenue, net of expenses for the years ended August 31, 2013 and 2012 consisted of the following:

	2013	2012
Harvest Classic	$ 60,000	$ 57,425
Bailey Tennis Tournament	12,987	18,598
Rockin Round Up	193,024	212,898
Season for Caring	27,433	46,530
Other	44,989	23,512
Total	$ 338,433	$ 358,963

(14) RELATED PARTY

During the year ended August 31, 2013 and 2012, the Organization received contributions of $61,652 and $77,702 respectively from various members of the board. These amounts represent actual cash contributions received and are included in contributions in the accompanying statement of activities.

(15) FUNCTIONAL CLASSIFCIATION OF EXPENSES

Functional expenses for the year ended August 31, 2013 with comparative totals for 2012 are as follows:

	Program Services	Management and General	Fundraising	Total 2013	2012
Salaries	$ 3,814,445	$ 59,690	$ 340,513	$ 4,214,648	$ 4,201,577
Employee benefits	393,644	4,437	32,599	430,680	400,270
Payroll taxes	281,978	4,075	25,203	311,256	307,979
Total salaries and fringe benefit	4,490,067	68,202	398,315	4,956,584	4,909,826
Communication	50,084	2,393	10,344	62,821	55,676
Staff professional development	27,100	2,675	5,656	35,431	41,360
Travel	162,905	1,345	271	164,521	153,797
Professional fees and contracts	117,300	16,176	24,016	157,492	130,815
Office and program supplies	23,916	3,171	9,218	36,305	53,331
Printing and duplication	13,950	912	31,614	46,476	39,568
Subscriptions and dues	-	48	1,055	1,103	191
Equipment rental and maintenance	31,867	188	2,910	34,965	33,813
Equipment and technology purchases	12,603	139	1,420	14,162	16,869
Occupancy	123,863	5,021	11,628	140,512	137,553
Client assistance	136,488	-	-	136,488	189,456
Events expenses	-	-	51,952	51,952	59,600
Business expense	23,958	10,183	14,483	48,624	65,820
Depreciation expense	73,426	1,795	9,226	84,447	81,931
In-kind expense	133,512	-	36,450	169,962	194,505
Total other expenses	930,972	44,046	210,243	1,185,261	1,254,285
Total expenses	$ 5,421,039	$ 112,248	$ 608,558	$ 6,141,845	$ 6,164,111