

INTERFAITH SOCIAL SERVICES, INC.

QUINCY, MASSACHUSETTS

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

JUNE 30, 2012

CAMPBELL, DEVASTO & ASSOCIATES - CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report
To the Board of Directors of
Interfaith Social Services, Inc.

We have audited the accompanying statement of financial position of Interfaith Social Services, Inc. (the Organization), as of June 30, 2012 and the related statements of activities, cash flows and functional expenditures 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 Interfaith Social Services, 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.

Campbell, DeVasto & Associates
Certified Public Accountants

Brighton, Massachusetts
September 11, 2012

INTERFAITH SOCIAL SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012

Assets:

Cash		\$	60,478
Inventory			53,319
Fees and Pledges Receivable			3,265
Prepaid Insurance			1,878
Prepaid - Other			<u>2,141</u>
 Total Current Assets			 121,081
 Investments			 266,082
Fixed Assets at Cost:			
Land	\$	50,000	
Buildings		467,061	
Building Improvements		201,066	
Office Furniture & Equipment		<u>71,522</u>	
		789,649	
Less: Allowance for Depreciation		<u>(179,391)</u>	<u>610,258</u>
 Total Long Term Assets			 <u>876,340</u>
 Total Assets			 <u><u>\$ 997,421</u></u>

Liabilities and Net Assets:

Liabilities:

Accounts Payable		\$	8,506
Profit Sharing Payable			284
Payroll Taxes Payable			745
Accrued Payroll			<u>14,385</u>
Total Current Liabilities			23,920

Net Assets:

Unrestricted			907,356
Temporarily Restricted			<u>66,145</u>
Total Net Assets			<u>973,501</u>
 Total Liabilities and Net Assets			 <u><u>\$ 997,421</u></u>

See accountants' audit report and accompanying notes

**INTERFAITH SOCIAL SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Changes in Unrestricted Net Assets:

Support:

Individuals	\$ 65,892
Churches	33,077
Organizations & Businesses	980
Foundation Grants	197,140
Pantry Shelf Contributions	22,684
Donated Goods & Services	922,801
Bureau Drawer Thrift Shop	61,249
Fundraising Events Contributions	107,818
Net Assets Released from Restrictions Due to Satisfaction of Program Restrictions	<u>26,920</u>
Total Support	1,438,561

Revenue:

Program Service Fees	50,485
Fundraising Events Revenue	\$ 14,000
Fundraising Events Direct Benefits to Donors	<u>21,453</u>
Interest and Dividends	4,287
Realized and Unrealized Loss on Investments	-2,283
Miscellaneous Income	<u>8,431</u>
Total Revenue	53,467
Total Support & Revenue	1,492,028

Expenditures: (See schedule)

Program Services	
Counseling	134,618
Financial Assistance	92,052
Material Assistance	1,029,614
Bureau Drawer	<u>20,750</u>
Total Program Services	1,277,034

Supporting Services:

Management and General	103,280
Fundraising	<u>78,418</u>
Total Supporting Services	181,698
Total Expenditures	<u>1,458,732</u>
Increase in Unrestricted Net Assets	33,296

Changes in Temporarily Restricted Net Assets:

Grants and Contributions for Future Activities	24,834
Net Assets Released from Restrictions	<u>(26,920)</u>
Increase in Temporarily Restricted Net Assets	<u>(2,086)</u>

Increase (Decrease) in Net Assets	31,210
Net Assets at Beginning of the Year	<u>942,291</u>
Net Assets at End of the Year	<u>\$ 973,501</u>

See accountants' audit report and accompanying notes

**INTERFAITH SOCIAL SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

Cash Flows from Operating Activities

Increase (Decrease) in Net Assets	\$ 31,210
Adjustments to Reconcile Change in Net Assets to Cash Provided by (Used in) Operating Activities:	
Interest Certificates of Deposit and Savings Accounts	(1,597)
Reinvested Dividends	(2,613)
Depreciation	24,415
Uncollectible Accounts	2,541
Unrealized (Gain) Loss on Investments	2,283
Decrease (Increase) in Operating Assets:	
Fees and Pledges Receivable	(58)
Prepaid Expenses	(442)
Inventory	(25,304)
Increase (decrease) in operating liabilities:	
Accounts Payable	(1,354)
Profit Sharing Payable	284
Payroll Taxes Payable	(2,956)
Accrued Payroll	<u>(10,669)</u>
Total Adjustments	<u>(15,470)</u>
Net Cash Provided by (Used in) Operating Activities	15,740

Cash Flows from Investing Activities

Capital Expenditures	(10,031)
Purchase of Investments	(68,253)
Proceeds from Investment Maturities	<u>86,228</u>
Net Cash Provided By (Used In) Investing Activities	7,944

Cash Flows from Financing Activities

Net Cash Provided By (Used In) Financing Activities	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	23,684
Cash and Cash Equivalents Beginning of Year	<u>36,794</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 60,478</u></u>

See accountants' audit report and accompanying notes

**INTERFAITH SOCIAL SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2012**

	FINANCIAL COUNSELING	ASSISTANCE	MATERIAL ASSISTANCE	BUREAU DRAWER	ADMIN	FUND- RAISING	TOTAL
Salaries	\$50,284	\$35,139	\$43,327	3,589	\$37,455	36,760	\$206,554
Payroll Taxes	4,159	2,882	4,081	275	3,666	2,679	17,742
Other Employee Benefits	61	18	94	-	2,200	18	2,391
Health Insurance	1,790	1,145	895	-	4,474	978	9,282
Retirement	3,089	690	2,585	44	2,945	1,355	10,708
Administrative Fees	-	-	165	-	495	-	660
Workers Compensation	68	12	169	97	44	-	390
Professional Fees	58,016	-	-	-	12,568	-	70,584
Professional Liability Ins	-	-	-	-	1,535	-	1,535
Volunteer Services	-	-	150	75	15	-	240
Printing	-	-	-	-	9,836	3,828	13,664
Office Supplies	996	333	2,044	1,326	1,270	-	5,969
Equipment Rentals	-	-	-	-	716	-	716
Telephone	871	131	1,829	1,045	479	-	4,355
Dues & Subscriptions	-	-	-	-	796	-	796
Advertising	1,974	31	529	248	1,231	-	4,013
Postage	73	429	242	324	509	3,475	5,052
Occupancy	5,869	965	16,872	7,575	4,968	-	36,249
Local Transportation	-	-	4,846	-	-	-	4,846
Conferences & Meetings	-	38	-	-	1,274	-	1,312
Purchased Food	-	-	17,429	-	-	-	17,429
Donated Food & Household Items	-	13,996	862,431	-	-	-	876,427
Donated Clothing	-	-	8,940	-	-	-	8,940
Medical Assistance	-	5,031	-	-	-	-	5,031
Donated Toys & Gifts	-	-	49,100	-	-	-	49,100
Housing Assistance	-	30,399	-	-	-	-	30,399
Other Assistance	8	-	-	-	-	-	8
Uncollectible Accounts	2,541	-	-	-	-	-	2,541
Other Expenditures	-	92	73	70	13,956	29,325	43,516
Other Program Costs	-	-	120	110	-	-	230
General Insurance	738	109	1,522	870	399	-	3,638
Subtotal	130,537	91,440	1,017,443	15,648	100,831	78,418	1,434,317
Depreciation	4,081	612	12,171	5,102	2,449	-	24,415
Total	\$134,618	\$92,052	\$1,029,614	\$20,750	\$103,280	\$78,418	\$1,458,732

See accountants' audit report and accompanying notes

INTERFAITH SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Nature of Activities

Interfaith Social Services, Inc. (the Organization) is a multiservice non-profit center for families and individuals in need. Since 1947, the Organization has endeavored to strengthen family life and offer assistance to the South Shore by feeding, clothing, and comforting its impoverished citizens.

Interfaith Social Services, Inc. provides food and clothing for needy families through the Pantry Shelf and Career Closet programs which are staffed by volunteers. The Organization's New Directions Counseling Center provides counseling services on a generous sliding-fee scale to adults, children, couples and families. Homesafe is a homelessness prevention and emergency assistance program. The Bureau Drawer Thrift Shop offers low cost clothing and household goods to the community.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Support and Revenue

Contributions are generally available for unrestricted use in the related fiscal year unless specifically restricted by the donor. Unconditional promises to give are recorded when received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

Grants and other contributions of cash and assets are reported as temporarily restricted support if they are 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 restricted purpose 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.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and reported amounts of revenues and expenses during the reporting period. The principal estimates used in preparing the financial statements are the determination of the fair value of investments, the allowance for bad debts, the allocation of expenses amongst programs, the net asset classification of contributions, and the allocation of the investment return to the various classes of net assets. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Advertising Costs

The Organization has adopted the policy of expensing all advertising costs in the period incurred.

INTERFAITH SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation and Amortization

Property and equipment purchased for \$2,000 or more is capitalized at cost and depreciated using the straight-line method over the estimated useful life. Buildings and improvements are estimated at 30-50 years and furniture and equipment are estimated at 3-10 years.

Financial Statement Presentation

Accounting principles generally accepted in the United States of America require the Organization 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) based upon the existence or absence of donor-imposed restrictions. In addition, the Organization is required to present a statement of cash flows. Accounting principles generally accepted in the United States of America also require that contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support, depending on the existence and/or nature of any donor restrictions. In addition, the Organization has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Basis of Accounting

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

Functional Allocation of Expenses

Expenses are charged to each program based on direct expenditures incurred. Any expenditures not directly chargeable are allocated to a program based on square footage for occupancy costs and direct labor for payroll related costs. Payroll taxes and employee benefits are allocated based on payroll and depreciation, utilities, insurance, interest and repairs & maintenance are allocated to programs and administration based on square footage.

Investment Valuation and Income Recognition

Investments are carried at fair value, as determined by quoted market prices or derived by a computerized valuation model, with the change in market value being reported in the statement of activities. Realized gains or losses on the sale of investment securities are computed by the specific identification method. Interest and dividends are recorded on the accrual basis.

Fair Value Hierarchy

Accounting principles generally accepted in the United States of America have established a hierarchal framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

INTERFAITH SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments held by the Organization are measured using inputs from one of the three levels of the fair value hierarchy. Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are as follows:

Level 1 – Valuation is based on quoted prices in active markets for identical assets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

Level 2 - Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include financial instruments whose value is determined using unobservable inputs to pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The Organization recognizes transfers between levels at the end of the reporting period as if transfers occurred on the last day of the reporting period. There were no transfers in the year ended June 30, 2012.

Income Tax Status

Interfaith Social Services, Inc. is classified by the Internal Revenue Service as a publicly supported organization under Internal Revenue Code Section 509(a) and is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

Accounting principles generally accepted in the United States of America require the Organization to evaluate tax positions taken, including the position that the Organization qualifies as a tax-exempt organization, and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2012, there were no uncertain tax positions that require disclosure in the financial statements. No interest or penalties were recorded in fiscal 2012.

NOTE 3 – FEES & PLEDGES RECEIVABLE

Fees and pledges receivable consisted of counseling fees of \$3,265. A reserve for uncollectible accounts was not required.

INTERFAITH SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 4 – CONCENTRATION OF CREDIT RISK

The Organization's bank deposits do not exceed federally insured limits. The Organization has not experienced losses in such accounts and believes it is not exposed to any significant risks on bank deposits. At June 30, 2012 there were no funds in excess of federally insured limits in the Organization's accounts.

NOTE 5 – BUREAU DRAWER

The "Bureau Drawer" was instituted in 1975 to receive donations of articles which might be sold to provide funds for the operation of the agency. An inventory of such articles was on hand at the beginning and the end of the year but was not carried at a value on the books of the agency. Income is recorded in the Bureau Drawer Fund when such donated articles are sold, and amounted to \$61,249. Volunteer services valued at \$183,560 were not recorded in the financial statements.

NOTE 6 – PANTRY SHELF ACTIVITY

Pantry shelf activity of \$1,006,195 included the following:

Cash Contributions	\$ 22,684
Donated Toys & Gifts	49,100
Foundation Grants	73,924
Donated Food	860,487
Total Pantry Shelf Activity	<u>\$ 1,006,195</u>

Volunteer services valued at \$224,349 were not recorded in the financial statements.

NOTE 7 – RETIREMENT PLAN

Interfaith Social Services, Inc. sponsors a Tax Deferred Annuity retirement plan under code section 403(b) covering employees after a specified period of service. The Organization's policy is to fund at a specified percentage of an employee's earnings. The Organization contributed \$10,708 to the plan in fiscal 2012. Eligible employees may also contribute a portion of their annual compensation. The employees contributed \$17,100 to the plan in fiscal 2012.

NOTE 8 – ADA BACON FUND

Interfaith Social Services, Inc. receives funds from the Ada Bacon Fund for disbursement to persons in need of medical assistance on the South Shore. During the year ended June 30, 2012 additional cash contributions of \$2,650 were received and additional cash distributions of \$5,031 were made.

INTERFAITH SOCIAL SERVICES, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 9 – MAJOR GRANTS AND DONATIONS

In fiscal 2012 the Organization was awarded the following major grants and donations:

Arbella Charitable Foundation	\$ 19,200
Foundation M	7,500
The Grace Brooks Foundation	8,000
The Frederick E. Weber Charities Corporation	8,000
Project Bread	5,000
Ada Bacon	10,000
State Street Foundation	15,000
Reebok International	5,000
Donna Chapman Fund the Future	5,000
George Haseotes	5,000
Copeland Family Foundation	10,000
Mass Womens Home Missionary Union	5,000
Harold Brooks	12,500
Boston Scientific	10,000
John H & H Naomi Tomfohrde	5,000
Boston Evening Clinic Foundation	5,000
Mass Bankers Assocation	5,000
Blue Cross Blue Shield	5,000
Proctor & Gamble	15,000
John & Eunice Morrison	5,000
BJ's	9,000
BJ's In-Kind	104,972
Fruit Center Milton Mkt. Place In-Kind	7,456
Hannaford's In-Kind	196,428
Stop & Shop In-Kind	125,185
TJX Companies	5,000
Alice W. Dorr	10,000
Kris Larsen	10,000
E.F.S National Board Program	24,174
Total Major Grants and Donations	\$ 657,415

INTERFAITH SOCIAL SERVICES, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 10 – DONATED GOODS AND SERVICES

Interfaith Social Services, Inc. records the value of donated goods as there is an objective basis available to estimate their value. Food is valued based on a count of the number of bags and boxes donated and the average weight of each. Weight checks are conducted throughout the year to develop an average weight. The value of food that is donated and purchased through the food bank is reported to us each week. The value of a pound of food is based on America’s Second Harvest annual donated food valuation statistics. The value of all silent auction items and donated clothing to the thrift shop is determined by how much bidders and buyers pay for them. Toys and gifts are valued at retail. Volunteer services are estimated using an accounting of hours donated and a rate of \$21.79 per hour, based on IndependentSector.org’s annual calculations.

Donated goods are reflected as contributions in the accompanying statements. The value of donated goods included in the financial statements for the year ended June 30, 2012 is as follows:

Food - Pantry Shelf	\$ 860,487
Christmas Toys and Gifts	49,100
Feed The Hungry Silent Auction	5,052
South Shore Walk Silent Auction	4,264
Oktoberfest Silent Auction	4,159
South Shore Walk	3,186
Feed the Hungry	10,028
Oktoberfest	1,175
Donated Clothing	<u>61,249</u>
Total Donated Goods	<u>\$ 998,700</u>

Interfaith Social Services, Inc. does not record the value of donated services in the accompanying statements. The value of these donated services for the year ended June 30, 2012 is as follows:

Volunteer Services - Pantry Shelf	\$ 224,349
Volunteer Services - Bureau Drawer	183,560
Volunteer Services - Administrative	56,767
Volunteer Services - Fundraising	5,778
Volunteer Services - Financial Assistance	11,331
Volunteer Services - Career Closet	<u>5,448</u>
Total Donated Services	<u>\$ 487,233</u>

NOTE 11 – SUPPLEMENTAL DISCLOSURES REGARDING CASH FLOWS

Payments made by the Organization for interest and income taxes were as follows

Interest paid	\$0
Income taxes paid	\$0

INTERFAITH SOCIAL SERVICES, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes as of June 30, 2012:

Homesafe Housing Assistance	\$ 63,680
Medical Assistance	<u>2,465</u>
Total Temporarily Restricted Net Assets	<u>\$ 66,145</u>

Net assets of \$61,806 were released from restrictions during the year ended June 30, 2012.

NOTE 13 – INVESTMENTS

Investments at June 30, 2012 are summarized as follows:

Money Market Funds	
Money Market Fund at 0.30%	\$ 26,216
Money Market Fund at 0.90%	52,247
Money Market Fund at 0.15%	<u>18,128</u>
Total Money Market Funds	96,591
Certificates of Deposit	
Certificate of Deposit at .99% with a fifteen month term due 08/26/2012	15,685
Certificate of Deposit at 1.65% with a two year term due 01/11/2013	<u>54,927</u>
Total Certificates of Deposit	70,612
Mutual Funds	
Growth Funds	19,335
International Funds	38,550
Balanced Funds	<u>40,994</u>
Total Mutual Funds	<u>98,879</u>
	<u>\$ 266,082</u>

The composition of the investment return (loss) as reported in the statement of activities for the year ended June 30, 2012 is as follows:

	<u>Unrestricted</u>
Income on Investments Consisting of Dividends and Interest	\$ 4,287
Net Realized and Unrealized Gain (loss)	<u>(2,283)</u>
Return (loss) on Investments	<u>\$ 2,004</u>

INTERFAITH SOCIAL SERVICES, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 13 – INVESTMENTS (concluded)

Fair Value Hierarchy

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2012.

Common and preferred stocks: Valued based on quoted market prices.

Mutual and money market funds: Valued at the net asset value of the shares held at year end.

Debt securities and certificates of deposit: Valued based on pricing models that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, credit spreads and new issue data.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center and its Supporting Organization believe its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments at Fair Value on a Recurring Basis

The following table presents the Organization's fair value hierarchy as described in Note 2 for investments measured at fair value on a recurring basis as of June 30, 2012:

<u>Description</u>	<u>Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds				
Growth Funds	\$ 19,335	\$ 19,335	\$ -	\$ -
International Funds	38,550	38,550	-	-
Balanced Funds	40,994	40,994	-	-
Certificates of Deposit	70,612	70,612	-	-
Money Market Funds	<u>96,591</u>	<u>96,591</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 266,082</u>	<u>\$ 266,082</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 14 – INVENTORY

The inventory at June 30, 2012 consisted of food in the amount of \$37,016 and clothing in the amount of \$16,303. The value of food was estimated using an average unit value and the value of clothing was estimated using standard thrift shop prices.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 11, 2012 which is the date the financial statements were available to be issued. There were no subsequent events that require adjustment to or disclosure in the financial statements.