

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2012
(with comparative totals for June 30, 2011)

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF FUNCTIONAL EXPENSES (DETAIL)	7
STATEMENT OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



Boman Accounting Group, Inc.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greater Opportunities for the Developmentally Disabled
Santa Clara, California

We have audited the accompanying statement of financial position of Greater Opportunities for the Developmentally Disabled (a California nonprofit public benefit corporation) as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of Greater Opportunities for the Developmentally Disabled. Our responsibility is to express an opinion on these financial statements based on the 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 of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

BOMAN ACCOUNTING GROUP, INC.
Campbell, California
December 27, 2012

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED

STATEMENT OF FINANCIAL POSITION

June 30, 2012

(With Comparative Totals for 2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets		
Cash and equivalents	\$ 1,649,957	\$ 1,662,079
Accounts receivable	276,074	272,173
Prepaid expenses	<u>76,620</u>	<u>93,276</u>
Total current assets	<u>2,002,651</u>	<u>2,027,528</u>
Fixed assets		
Property and equipment - net	<u>373,466</u>	<u>402,334</u>
Other assets		
Deposits	<u>12,202</u>	<u>12,202</u>
Total Assets	\$ <u><u>2,388,319</u></u>	\$ <u><u>2,442,064</u></u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 20,034	\$ 42,744
Accrued liabilities	195,541	207,548
Custodial deposits	2,590	2,625
Current portion of mortgage and notes payable	<u>-</u>	<u>12,828</u>
Total current liabilities	218,165	265,745
Long-term debt, net of current portion	<u>50,000</u>	<u>200,576</u>
Total liabilities	<u>268,165</u>	<u>466,321</u>
Net assets		
Unrestricted net assets	2,120,154	1,975,743
Temporarily restricted net assets	<u>-</u>	<u>-</u>
Total net assets	<u>2,120,154</u>	<u>1,975,743</u>
Total Liabilities and Net Assets	\$ <u><u>2,388,319</u></u>	\$ <u><u>2,442,064</u></u>

The accompanying notes are an integral part of these financial statements

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2012

(With Comparative Totals for 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>	<u>2011 Total</u>
Revenues, gains and other support				
Supported living	\$ 1,806,047	\$ -	\$ 1,806,047	\$ 1,927,304
Independent living skills	819,370	-	819,370	798,838
Day program	494,652	-	494,652	478,252
Rent	54,737	-	54,737	70,842
Interest and dividend income	3,877	-	3,877	3,547
Contributions in-kind	-	-	-	-
Other income	6,267	-	6,267	2,944
Contributions	183	-	183	764
	<u>3,185,133</u>	<u>-</u>	<u>3,185,133</u>	<u>3,282,491</u>
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	3,185,133	-	3,185,133	3,282,491
Expenses				
Program Services:				
Supported Living	1,519,652	-	1,519,652	1,604,792
Independent Living Skills	457,025	-	457,025	472,023
Day Program	442,411	-	442,411	426,536
Autism Program	169,397	-	169,397	187,799
Cortez Facility Program	187,093	-	187,093	211,959
Supporting Services:				
Management and general	265,143	-	265,143	265,609
Fundraising	-	-	-	-
Total expenses	<u>3,040,722</u>	<u>-</u>	<u>3,040,722</u>	<u>3,168,718</u>
Change in net assets	144,411	-	144,411	113,773
Net assets at beginning of year	<u>1,975,743</u>	<u>-</u>	<u>1,975,743</u>	<u>1,861,970</u>
Net assets at end of year	<u>\$ 2,120,154</u>	<u>\$ -</u>	<u>\$ 2,120,154</u>	<u>\$ 1,975,743</u>

The accompanying notes are an integral part of these financial statements

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2012

(With Comparative Totals for 2011)

	Program Services	Supporting Services			2012 Total Expenses	2011 Total Expenses
	Total	Management and General	Fund- Raising	Total		
Expenses:						
Salaries and wages	\$ 2,000,656	\$ 158,313	\$ -	\$ 158,313	\$ 2,158,969	\$ 2,232,926
Payroll taxes and benefits	<u>323,895</u>	<u>22,921</u>	<u>-</u>	<u>22,921</u>	<u>346,814</u>	<u>307,481</u>
Total salaries and related expenses	2,324,550	181,234	-	181,234	2,505,784	2,540,406
Occupancy	198,212	18,502	-	18,502	216,714	238,471
Transportation	74,087	4,099	-	4,099	78,186	101,992
Supplies	54,406	-	-	-	54,406	51,522
Professional fees	47,361	33,664	-	33,664	81,025	82,975
Insurance	27,614	3,665	-	3,665	31,279	40,612
Telephone	8,229	6,266	-	6,266	14,495	15,499
Interest	3,433	958	-	958	4,391	7,218
Payroll services	4,075	1,918	-	1,918	5,993	5,672
Equipment maintenance	173	-	-	-	173	435
Dues and subscriptions	82	293	-	293	375	846
Staff training and conferences	1,821	218	-	218	2,039	3,499
Office	5,257	6,302	-	6,302	11,559	7,238
Other Expense	-	-	-	-	-	20,034
Taxes and licenses	<u>1,085</u>	<u>2,307</u>	<u>-</u>	<u>2,307</u>	<u>3,392</u>	<u>2,327</u>
Total expenses before depreciation	2,750,385	259,426	-	259,426	3,009,811	3,118,748
Depreciation	<u>25,193</u>	<u>5,717</u>	<u>-</u>	<u>5,717</u>	<u>30,910</u>	<u>49,970</u>
Total expenses	\$ <u>2,775,578</u>	\$ <u>265,143</u>	\$ <u>-</u>	\$ <u>265,143</u>	\$ <u>3,040,722</u>	\$ <u>3,168,718</u>
Percentage of total	<u>91.28%</u>	<u>8.72%</u>	<u>0.00%</u>	<u>8.72%</u>	<u>100.00%</u>	

The accompanying notes are an integral part of these financial statements

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED

STATEMENT OF FUNCTIONAL EXPENSES (DETAILS OF PROGRAM SERVICES)

Year Ended June 30, 2012
(With Comparative Totals for 2011)

	Supported Living Program	Independent Living Skills Program	Day Program	Autism Program	Cortez Facility Program	2012 Total Program Services	2011 Total Program Services
Expenses:							
Salaries and wages	\$ 1,163,914	\$ 303,411	\$ 297,297	\$ 131,468	\$ 104,566	\$ 2,000,656	\$ 2,057,490
Payroll taxes and benefits	<u>167,682</u>	<u>54,828</u>	<u>63,826</u>	<u>20,952</u>	<u>16,606</u>	<u>323,895</u>	<u>291,118</u>
Total salaries and related expenses	1,331,597	358,239	361,123	152,420	121,172	2,324,550	2,348,608
Occupancy	78,084	19,732	63,542	8,471	28,383	198,212	221,235
Transportation	33,372	30,582	3,484	1,656	4,993	74,087	100,159
Program supplies / expenses	18,147	27,149	4,470	427	4,213	54,406	51,522
Professional fees	37,588	5,263	2,255	-	2,255	47,361	52,276
Insurance	10,019	8,176	1,244	353	7,822	27,614	34,145
Telephone	1,973	1,543	3,212	397	1,104	8,229	10,648
Interest	-	-	-	-	3,433	3,433	7,218
Payroll services	2,876	719	180	120	180	4,075	3,857
Equipment maintenance	-	-	-	-	173	173	386
Dues and subscriptions	82	-	-	-	-	82	377
Staff training and conferences	1,248	473	100	-	-	1,821	3,499
Office	1,809	2,291	609	129	419	5,257	5,363
Other expense	-	-	-	-	-	-	20,034
Taxes and licenses	<u>-</u>	<u>-</u>	<u>739</u>	<u>-</u>	<u>346</u>	<u>1,085</u>	<u>1,534</u>
Total expenses before depreciation	1,516,794	454,167	440,957	163,974	174,493	2,750,385	2,860,861
Depreciation	<u>2,858</u>	<u>2,858</u>	<u>1,454</u>	<u>5,423</u>	<u>12,600</u>	<u>25,193</u>	<u>42,248</u>
Total expenses	\$ <u>1,519,652</u>	\$ <u>457,025</u>	\$ <u>442,411</u>	\$ <u>169,397</u>	\$ <u>187,093</u>	\$ <u>2,775,578</u>	\$ <u>2,903,109</u>

The accompanying notes are an integral part of these financial statements

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED

STATEMENT OF CASH FLOWS

Year Ended June 30, 2012

(With Comparative Totals for 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 144,411	\$ 113,773
Noncash items included in revenues and expenses:		
Depreciation	30,910	49,970
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	(3,901)	6,155
Prepaid expenses	16,656	10,297
Deposits	-	1,000
Accounts payable	(22,710)	42,744
Accrued liabilities	(12,007)	(8,902)
Custodial deposits	<u>(35)</u>	<u>(260)</u>
Net cash provided by (used in) operating activities	153,324	214,777
 Cash flows from investing activities:		
Purchase of property and equipment	<u>(2,042)</u>	<u>(21,632)</u>
Net cash provided by (used in) investing activities	(2,042)	(21,632)
 Cash flows from financing activities:		
Payments on long-term debt	<u>(163,404)</u>	<u>(12,204)</u>
Net cash provided by (used in) financing activities	<u>(163,404)</u>	<u>(12,204)</u>
Net change in cash and cash equivalents	(12,122)	180,941
Beginning cash and cash equivalents	<u>1,662,079</u>	<u>1,481,138</u>
Ending cash and cash equivalents	<u><u>\$ 1,649,957</u></u>	<u><u>\$ 1,662,079</u></u>

The accompanying notes are an integral part of these statements

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Agency's significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Greater Opportunities for the Developmentally Disabled (the "Agency") is a California nonprofit public benefit corporation that was incorporated in California in 1983 for the purpose of providing housing and programs for adult persons with developmental disabilities.

2. Program Services

Supported Living Program meets the particular and special needs of the developmentally disabled person served by the program and adapts services as needs and goals change.

Independent Living Skills Program is an independent living program with participants who are given ongoing education and support.

Day Program is located at 2842 Story Road, Suite 50, San Jose, California. The program is designed to enrich the lives and enhance learning experiences of the developmentally disabled adults.

Cortez Facility Program is provided to developmentally disabled persons living at 1215 Cortez Drive in Sunnyvale, California. The Agency owns the Cortez Drive building. Developmentally disabled persons are housed, trained and guided toward independent living in this program.

Autism Program. Greater Opportunities provides Independent Living Services (ILS) and Supported Living Services (SLS), to adults who have developmental disabilities, due to diagnosis within the Autism Spectrum. Where barriers to a consumer's success (in ILS or SLS) are present, and directly related to symptoms of Autism or Asperger, ancillary services may be rendered. Such services may include, but not be limited to: occupational therapy, mobility training, behavioral services or communication/socialization.

3. Basis of Accounting

The accompanying financial statements for the Agency have been prepared on the accrual basis of accounting.

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Basis of Presentation

Net Assets are classified based on the existence or absence of donor-imposed restrictions. Net assets are defined as follow:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency and/or the passage of time.

5. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2011 from which the summarized information was derived.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue, and expenses during the period. Accordingly, actual results could differ from those estimates.

7. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

8. Accounts Receivable

The Agency considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Property and Equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$1,000 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, which range from 3 to 27.5 years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

10. Accrued Vacation

Accrued vacation represents vacation earned, but not taken as of June 30, 2012 and is included in "accrued liabilities" in the statement of financial position. The accrued vacation balance as of June 30, 2012 and 2011 was \$73,294 and \$92,189 respectively.

11. Revenue Recognition

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization.

The Organization reports gifts of cash and other assets as restricted revenue if they are received with donor stipulations that limit the use of the donated net assets. 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.

12. Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect functional expenses are allocated to program and supporting services based on an analysis of personnel time and space utilized.

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Income Taxes

Greater Opportunities for the Developmentally Disabled is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Agency in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

The Agency's federal returns for the years ended June 30, 2012, 2011 and 2010 could be subject to examination by federal taxing authorities, generally for three years after they are filed. The Agency's state returns for the three years ended June 30, 2012, 2011, 2010 and 2009 could be subject to examination by state taxing authorities, generally for four years after they are filed.

14. Advertising

The Agency's policy is to expense advertising costs as the costs are incurred. There were no advertising expenses for the years ended June 30, 2012 and 2011.

15. Impairment of Long-Lived Assets

The Agency reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. For the year ended June 30, 2012 there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

16. Subsequent Events

Management of the Organization has evaluated events and transactions subsequent to June 30, 2012 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition of disclosure in the financial statements for the fiscal year ended June 30, 2012. Subsequent events have been evaluated through the date the financial statements became available to be issued, December 27, 2012.

NOTE B — CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30 consisted of the following:

	2012	2011
Cash in Banks and Money Market Accounts	\$ 1,475,866	\$ 1,477,676
Cash in CD's	174,090	184,403
Total Cash and Cash Equivalents	<u>\$ 1,649,956</u>	<u>\$ 1,662,079</u>

NOTE C — PROPERTY AND EQUIPMENT

The cost and related accumulated depreciation of the property and equipment as of June 30, consisted of the following:

	2012	2011
Building	\$ 348,228	\$ 348,228
Building Improvements	378,440	372,441
Land	121,923	121,923
Furniture and Equipment	144,795	148,752
Automobile	49,685	49,685
	<u>1,043,071</u>	<u>1,041,029</u>
Less accumulated depreciation	<u>(669,605)</u>	<u>(638,695)</u>
Property and Equipment, Net	<u>\$ 373,466</u>	<u>\$ 402,334</u>

Depreciation expense for the years ended June 30, 2012 and 2011 was \$30,910 and \$49,970 respectively.

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE D — MORTGAGES AND NOTES PAYABLE

Mortgages and notes payable as of June 30, 2012 and 2011 consisted of the following:

<u>Cortez Facility</u>	2012	2011
Citibank #1 Note - Secured by First Deed of Trust	\$ -	\$ 111,404
City of Mountain View #1 Note - Secured by Second Deed of Trust	50,000	50,000
City of Sunnyvale #1 Note - Secured by Third Deed of Trust	-	26,000
City of Sunnyvale #2 Note - Secured by Fourth Deed of Trust	-	26,000
	50,000	213,404
Total mortgages and notes payable		
Current portion	-	(12,828)
	\$ 50,000	\$ 200,576
Total Mortgages and Notes Payable, Net of current portion		

The note payable to Citibank #1 was executed on October 1, 1988, requiring monthly installments of approximately \$1,489 and bearing annual interest at 4.769%. The note is secured by a first deed of trust on an independent housing unit located in Sunnyvale, California. The note was paid off on January 31, 2012.

The note payable to the City of Mountain View #1 was executed on October 19, 1988, is non-interest bearing and is secured by a second deed of trust on an independent housing unit located in Sunnyvale, California. The note, due on demand upon the sale of the related property, is the greater of the sum of \$50,000 or 11% of the total proceeds, value, or consideration, which sum may be declared due and payable at the option of the City.

The note payable to the City of Sunnyvale #1 was executed on January 2, 1990, requiring payment of principal and accrued interest at an annual interest rate of 3% after one year. Effective January 12, 1996, the City converted the note to a loan bearing interest at 3%, payable in equal monthly installments of \$66 for interest only beginning February 15, 1996. The note is secured by a third deed of trust on an independent housing unit located in Sunnyvale, California. The note was paid off on March 15, 2012.

The note payable to the City of Sunnyvale #2 was executed on January 2, 1990, requiring payment of principal and accrued interest at an annual interest rate of 3% after five years. Effective January 12, 1996, the City converted the note to a loan bearing interest at 3%, payable in equal monthly installments of \$78 for interest only beginning February 15, 1996. The note is secured by a fourth deed of trust on an independent housing unit located in Sunnyvale, California. The note was paid off on March 15, 2012.

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE D — MORTGAGES AND NOTES PAYABLE (Continued)

Maturities of mortgages and notes payable are as follows:

Year ending June 30,	<u>Amount</u>
2013	\$ -
Thereafter	<u>50,000</u>
Total mortgages and notes payable	<u>\$ 50,000</u>

NOTE E — OPERATING LEASE COMMITMENTS

The Agency operated under several operating leases. Rent for the Lafayette Street Office space is \$4,575 each month through May 31, 2006 and increases 3.5% each year until the lease expires on July 31, 2012. All other operating leases are on a month to month basis. Rental expense for the years ended June 30, 2012 and 2011 was \$183,145 and \$202,609 respectively.

Subsequent to June 30, 2012, the Agency entered into a new lease agreement covering the period from August 1, 2012 through July 31, 2017 with a monthly lease of \$5,556.

Future minimum payments are as follows:

Year ending June 30,	<u>Amount</u>
2013	\$ 66,994
2014	67,889
2015	69,247
2016	76,528
2017	78,058
Thereafter	<u>-</u>
Total future minimum lease payments	<u>\$ 358,716</u>

NOTE F — PENSION PLAN

The Agency is a member of a defined contribution retirement plan, which is a tax deferred annuity administered by ING Life Insurance and Annuity Company. The participating employees made contributions for the fiscal years ended June 30, 2012 and 2011. The agency made no contributions for these years.

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE G — CONCENTRATIONS

The Agency relies on the San Andreas Regional Center (SARC) to provide funds for its programs. The Agency's total support and revenue provided by SARC for the years ended June 30, 2012 and 2011 was 98% and 98% respectively.

NOTE H — RELATED PARTY TRANSACTIONS

During the year ended June 30, 2012, the Agency leased property which is the site of its Day Program. The property is managed by a company in which a principal of the company is also the Board President of the Agency. Rental expense for this property for the years ended June 30, 2012 and 2011 was \$56,618 and \$78,453 respectively.

NOTE I – EXCESS BILLINGS – PAYABLE TO SAN ANDREAS REGIONAL CENTER (SARC)

During the fiscal year ended June 30, 2011, the Agency overbilled on their contract with San Andreas Regional Center (SARC) in the amount of \$20,034. This amount was determined subsequent to the fiscal year ended June 30, 2011 and has been reflected as a liability in the financial statements.