Greater Opportunities for the Developmentally Disabled

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

June 30, 2013
(with comparative totals for June 30, 2012)

CONTENTS

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 financial statements of Greater Opportunities for the Developmentally Disabled (a California nonprofit public benefit corporation), which comprise the statements of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our 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 Greater Opportunities for the Developmentally Disabled , as of June 30, 2013 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited the Greater Opportunities for the Developmentally Disabled's 2011 financial statements, and our reported dated December 27, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Boman Accounting Group, Inc.

Boman Accounting Group, Inc.
Campbell, California
October 22, 2013

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED

STATEMENT OF FINANCIAL POSITION

June 30, 2013

(With Comparative Totals for 2012)

	2013	2012
ASSETS		
Current assets		
Cash and equivalents	$ 1,599,517	$ 1,649,957
Accounts receivable	284,538	276,074
Prepaid expenses	98,951	76,620
Total current assets	1,983,006	2,002,651
Fixed assets		
Property and equipment - net	376,760	373,466
Other assets		
Deposits	12,202	12,202
Total Assets	$ 2,371,968	$ 2,388,319
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 3,288	$ 20,034
Accrued liabilities	203,933	195,541
Custodial deposits	2,520	2,590
Total current liabilities	209,741	218,165
Long-term debt, net of current portion	50,000	50,000
Total liabilities	259,741	268,165
Net assets		
Unrestricted net assets	2,112,227	2,120,154
Temporarily restricted net assets	-	-
Total net assets	2,112,227	2,120,154
Total Liabilities and Net Assets	$ 2,371,968	$ 2,388,319

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, 2013

(With Comparative Totals for 2012)

	Unrestricted	Temporarily Restricted	2013 Total	2012 Total
Revenues, gains and other support				
Supported living	$ 1,918,086	$ -	$ 1,918,086	$ 1,806,047
Independent living skills	801,631	-	801,631	819,370
Day program	461,057	-	461,057	494,652
Rent	38,785	-	38,785	54,737
Interest and dividend income	4,400	-	4,400	3,877
Other income	30,824	-	30,824	6,267
Contributions	650	-	650	183
Loss on disposal of equipment	(1,681)		(1,681)	-
	3,253,752	-	3,253,752	3,185,133
Net assets released from restriction	-	-	-	-
Total revenues, gains and other support	3,253,752	-	3,253,752	3,185,133
Expenses				
Program Services:				
Supported Living	1,704,814	-	1,704,814	1,519,652
Independent Living Skills	492,365	-	492,365	457,025
Day Program	426,207	-	426,207	442,411
Autism Program	-	-	-	169,397
Cortez Facility Program	183,895	-	183,895	187,093
Supporting Services:				
Management and general	441,734	-	441,734	265,143
Fundraising	-		-	-
Total expenses	3,249,016	-	3,249,016	3,040,722
Change in net assets	4,736	-	4,736	144,411
Net assets at beginning of year, as previously stated	2,120,154	-	2,120,154	1,975,743
Prior Period Adjustment (Note I)	(12,663)	-	(12,663)	-
Net assets at beginning of year, as restated	2,107,491	-	2,107,491	1,975,743
Net assets at end of year	$ 2,112,227	$ -	$ 2,112,227	$ 2,120,154

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, 2013

(With Comparative Totals for 2012)

	Program Services	Supporting Services				
	Total	Management and General	Fund-Raising	Total	2013 Total Expenses	2012 Total Expenses
Expenses:						
Salaries and wages	$ 2,038,266	$ 265,559	$ -	$ 265,559	$ 2,303,825	$ 2,158,969
Payroll taxes and benefits	318,717	45,311	-	45,311	364,028	346,814
Total salaries and related expenses	2,356,983	310,870	-	310,870	2,667,853	2,505,784
					-	
Occupancy	182,513	24,898	-	24,898	207,411	216,714
Transportation	65,683	565	-	565	66,248	78,186
Supplies	39,535	300	-	300	39,835	54,406
Professional fees	64,421	62,614	-	62,614	127,035	81,025
Insurance	29,515	4,571	-	4,571	34,086	31,279
Telephone	7,920	8,108	-	8,108	16,028	14,495
Interest	16,000	67	-	67	16,067	4,391
Payroll services	4,006	1,885	-	1,885	5,891	5,993
Equipment maintenance	-	-	-	-	-	173
Dues and subscriptions	-	1,788	-	1,788	1,788	375
Staff training and conferences	2,526	1,415	-	1,415	3,941	2,039
Office	5,892	18,959	-	18,959	24,851	11,559
Other Expense	-	-	-	-	-	-
Taxes and licenses	1,408	2,817	-	2,817	4,225	3,392
Total expenses before depreciation	2,776,402	438,857	-	438,857	3,215,259	3,009,811
Depreciation	30,880	2,877		2,877	33,757	30,910
Total expenses	$ 2,807,282	$ 441,734	$ -	$ 441,734	$ 3,249,016	$ 3,040,722
Percentage of total	86.40%	13.60%	0.00%	13.60%	100.00%	

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, 2013
(With Comparative Totals for 2012)

	Supported Living Program	Independent Living Skills Program	Day Program	Cortez Facility Program	2013 Total Program Services	2012 Total Program Services
Expenses:						
Salaries and wages	$ 1,358,411	$ 321,840	$ 279,861	$ 78,154	$ 2,038,266	$ 2,158,969
Payroll taxes and benefits	208,532	57,422	46,115	6,648	318,717	346,814
Total salaries and related expenses	1,566,943	379,262	325,976	84,802	2,356,983	2,505,784
Occupancy	67,081	17,618	64,672	33,142	182,513	216,714
Transportation	33,298	25,493	3,265	3,627	65,683	78,186
Program supplies / expenses	14,546	15,702	7,020	2,267	39,535	54,406
Professional fees	6,130	33,375	16,121	8,795	64,421	81,025
Insurance	5,732	14,654	1,368	7,761	29,515	31,279
Telephone	1,689	1,556	3,717	958	7,920	14,495
Interest	-	-	-	16,000	16,000	4,391
Payroll services	2,945	707	177	177	4,006	5,993
Equipment maintenance	-	-	-	-	-	173
Dues and subscriptions	-	-	-	-	-	375
Staff training and conferences	2,526	-	-	-	2,526	2,039
Office	2,487	2,560	545	300	5,892	11,559
Taxes and licenses	-	-	1,055	353	1,408	3,392
Total expenses before depreciation	1,703,377	490,927	423,916	158,182	2,776,402	3,009,811
Depreciation	1,438	1,438	2,291	25,713	30,880	30,910
Total expenses	$ 1,704,814	$ 492,365	$ 426,207	$ 183,895	$ 2,807,282	$ 3,040,722

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, 2013

(With Comparative Totals for 2012)

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ 4,736	$ 144,411
Noncash items included in revenues and expenses:		
Depreciation	33,757	30,910
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	(8,464)	(3,901)
Prepaid expenses	(22,331)	16,656
Deposits	-	-
Accounts payable	(16,746)	(22,710)
Accrued liabilities	8,392	(12,007)
Custodial deposits	(70)	(35)
Net cash provided by (used in) operating activities	(726)	153,324
Cash flows from investing activities:		
Purchase of property and equipment	(51,395)	(2,042)
Loss on disposal of assets	1,681	
Net cash provided by (used in) investing activities	(49,714)	(2,042)
Cash flows from financing activities:		
Payments on long-term debt	-	(163,404)
Net cash provided by (used in) financing activities	-	(163,404)
Net change in cash and cash equivalents	(50,440)	(12,122)
Beginning cash and cash equivalents	1,649,957	1,662,079
Ending cash and cash equivalents	$ 1,599,517	$ 1,649,957
Supplemental disclosure of cash flow information		
Interest paid	$ 16,067	$ 4,391

The accompanying notes are an integral part of these statements

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

The Supported Living Services (SLS) Program provides services directly to consumers in their own homes, with goals and levels of support determined jointly by consumers and their circles of support (friends, family members, partners). Supported living services provided by the Program Assistant range from minimal assistance to 24-hour care, depending on the type and severity of the individual's disability and needs. These services are provided for persons with any level of ability/disability.

The Day Services Program (Greater Opportunities' "Adult Development and Activity Center") provides facility-based and community-based instruction and supervision to individuals and groups that is tailored to the needs, strengths, interests and preferences of consumers, in order to further their independence through the development of occupational and self-care skills, and enrich their lives through community integration and self-advocacy. Assigned activities support adult development needs and skills such as using the computer and Internet; public transit, cooking and nutrition, growing vegetables; creative expression through music, dance, art, crafts, and photography; social recreational and physical fitness activities such as exercise, golf, swimming and bowling; and use of community resources such as the library, parks and recreation centers.

The Independent Living Services (ILS) Program provides individually tailored one-to-one assistance to consumers residing in their own townhouses and apartments, to maintain their independent lifestyle. Areas of support include assistance with cooking and nutrition, shopping, finances, relationships with roommates and neighbors, travel training, housekeeping, accessing medical care, telephone and Internet communications, social opportunities, and more.

The Cortez Apartments Semi-Independent Living Skills Program provides residential ILS training to consumers who participate for an initial two-year period, attend evening classes and meet with individual instructors. Consumers learn to make responsible and informed choices, and gain the skills necessary to enjoy an independent lifestyle. Upon graduation, the transition period includes assistance in finding a house or apartment in the consumer's community of choice.

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Autism Program was merged into the other core programs of the Organization during the fiscal year ending June 30, 2013.

3. Basis of Accounting

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

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, 2012 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.

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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, 2013 and is included in "accrued liabilities" in the statement of financial position. The accrued vacation balance as of June 30, 2013 and 2012 was $79,999 and $73,294 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.

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 a ratio of program revenue less direct labor burden.

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, 2013, 2012 and 2011 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, 2013, 2012, 2011 and 2010 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, 2013 and 2012.

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

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2013 there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

16. Subsequent Events

Management of the Organization has evaluated events and transactions subsequent to June 30, 2013 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, 2013. Subsequent events have been evaluated through the date the financial statements became available to be issued, October 22, 2013.

NOTE B — CASH AND CASH EQUIVALENTS

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

	2013	2012
Cash in Banks and Money Market Accounts	$ 424,407	$ 1,475,866
Cash in CD's	1,175,110	174,090
Total Cash and Cash Equivalents	$ 1,599,517	$ 1,649,957

NOTE C — PROPERTY AND EQUIPMENT

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

	2013	2012
Building	$ 348,228	$ 348,228
Building Improvements	386,212	378,440
Land	121,923	121,923
Furniture and Equipment	98,878	144,795
Automobile	70,685	49,685
	1,025,926	1,043,071
Less accumulated depreciation	(649,166)	(669,605)

Property and Equipment, Net	$	376,760	$	373,466

Depreciation expense for the years ended June 30, 2013 and 2012 was $33,757 and $30,910 respectively.

NOTE D — MORTGAGES AND NOTES PAYABLE

Mortgages and notes payable as of June 30, 2013 and 2012 consisted of the following:

Cortez Facility		2013		2012
City of Mountain View #1 Note - Secured by Second Deed of Trust	$	50,000	$	50,000
Total mortgages and notes payable		50,000		50,000
Current portion		-		-
Total Mortgages and Notes Payable, Net of current portion	$	50,000	$	50,000

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 currently is in the process of being paid in full and an interest payment of $16,000 has been made in anticipation of the retirement of the note.. Upon the retirement of the note, there will be a use restriction placed on the property which will require that it be used for affordable housing until 2025.

NOTE D — MORTGAGES AND NOTES PAYABLE - CONTINUED

Maturities of mortgages and notes payable are as follows:

Year ending June 30,		Amount
2014	$	-
Thereafter		50,000
Total mortgages and notes payable	$	50,000

NOTES TO FINANCIAL STATEMENTS

NOTE E — OPERATING LEASE COMMITMENTS

The Agency operated under several operating leases. Rent for the Lafayette Street Office space was $4,575 each month through May 31, 2006 and increased 3.5% each year until the lease expired on July 31, 2012. All other operating leases are on a month to month basis. Rental expense for the years ended June 30, 2013 and 2012 was $169,744 and $183,145 respectively.

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,	Amount
2014	$ 67,889
2015	69,247
2016	70,632
2017	72,045
2018	72,163
Thereafter	-
Total future minimum lease payments	$ 351,976

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, 2013 and 2012. The agency made no contributions for these years.

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, 2013 and 2012 was 99% and 98% respectively.

NOTE H — RELATED PARTY TRANSACTIONS

During the year ended June 30, 2013, 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, 2013 and 2012 was $46,880 and $56,618 respectively.

NOTE I – PRIOR PERIOD ADJUSTMENT – DEPRECIATION EXPENSE

Depreciation expense and accumulated depreciation of $12,663 was not recorded for the period ending June 30, 2012.