SOUTHSIDE EARLY CHILDHOOD CENTER

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2012

TABLE OF CONTENTS

Page

BROWN SMITH WALLACE LLC 6 CITYPLACE DRIVE SUITE 900 ST. LOUIS, MO 63141 PH 314.983.1200 FX 314.983.1300 WWW.BSWLLC.COM

A MEASURABLE DIFFERENCE™

Independent Auditor's Report

Board of Directors
SouthSide Early Childhood Center
St. Louis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of SouthSide Early Childhood Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, 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 audits 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 Organization'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 Organization'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 SouthSide Early Childhood Center as of December 31, 2012 and 2011, 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.

Brown Smith Wallace, L.L.C.

St. Louis, Missouri
May 24, 2013

SOUTHSIDE EARLY CHILDHOOD CENTER

Statements of Financial Position
December 31, 2012 and 2011

	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents - Operating	**$ 495,444**	$ 388,702
Cash and cash equivalents - Capital Campaign	**1,192,921**	433,376
United Way receivable	**244,884**	241,829
Grants receivable	**127,180**	113,188
Capital Campaign pledges receivable, current portion	**925,768**	119,537
Accounts receivable - other	**-**	93,479
Prepaid expenses	**20,969**	12,372
Total Current Assets	**3,007,166**	1,402,483
Capital Campaign Pledges Receivable, less current portion	**575,584**	453,989
Property and Equipment:		
Land - new building	**600,521**	498,329
Property and Equipment, net	**55,931**	83,800
Total Property and Equipment	**656,452**	582,129
Property Held for Sale	**172,500**	326,500
TOTAL ASSETS	**$ 4,411,702**	$ 2,765,101
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	**$ 12,203**	$ 44,142
Accrued expenses	**64,950**	32,567
Other liability	**12,674**	-
Total Current Liabilities	**89,827**	76,709
Notes Payable	**418,952**	342,772
NET ASSETS		
Unrestricted	**609,478**	722,783
Temporarily restricted	**3,293,445**	1,622,837
Total Net Assets	**3,902,923**	2,345,620
TOTAL LIABILITIES AND NET ASSETS	**$ 4,411,702**	$ 2,765,101

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

SOUTHSIDE EARLY CHILDHOOD CENTER

Statement of Activities
Year ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Contributions	**$ 141,667**	**$ -**	**$ 141,667**
Contributions in-kind	**40,518**	**-**	**40,518**
Fees and grants from governmental agencies	**567,347**	**-**	**567,347**
Private foundations and grants	**51,295**	**358,144**	**409,439**
Program service fees	**22,894**	**-**	**22,894**
United Way of Greater St. Louis, Inc.	**534**	**244,884**	**245,418**
Special events, net of direct expenses of $91,214	**193,622**	**-**	**193,622**
Capital Campaign	**-**	**1,666,705**	**1,666,705**
Rental income	**31,385**	**-**	**31,385**
Other income	**24,531**	**-**	**24,531**
Net assets released from restrictions	**599,125**	**(599,125)**	**-**
Total support and revenue	**1,672,918**	**1,670,608**	**3,343,526**
Expenses and Losses:			
Program services	**1,125,336**	**-**	**1,125,336**
Management and general	**239,021**	**-**	**239,021**
Fundraising	**267,866**	**-**	**267,866**
Total expenses	**1,632,223**	**-**	**1,632,223**
Change in net assets before impairment loss and loss on disposition	**40,695**	**1,670,608**	**1,711,303**
Impairment loss on property held for sale	**154,000**	**-**	**154,000**
Loss on disposition of building	**-**	**-**	**-**
Total impairment loss and loss on disposition	**154,000**	**-**	**154,000**
CHANGE IN NET ASSETS	**(113,305)**	**1,670,608**	**1,557,303**
Net assets at beginning of year	**722,783**	**1,622,837**	**2,345,620**
Net assets at end of year	**$ 609,478**	**$ 3,293,445**	**$ 3,902,923**

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

SOUTHSIDE EARLY CHILDHOOD CENTER

Statement of Activities
Year ended December 31, 2011

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Contributions	$ 198,122	$ -	$ 198,122
Contributions in-kind	12,766	149,942	162,708
Fees and grants from governmental agencies	590,580	-	590,580
Private foundations and grants	318,213	194,088	512,301
Program service fees	43,017	-	43,017
United Way of Greater St. Louis, Inc.	39,883	241,829	281,712
Special events, net of direct expenses of $30,834	144,810	-	144,810
Capital Campaign	-	1,024,807	1,024,807
Rental income	32,585	-	32,585
Other income	1,534	-	1,534
Net assets released from restrictions	292,396	(292,396)	-
Total support and revenue	1,673,906	1,318,270	2,992,176
Expenses and Losses:			
Program services	1,075,493	-	1,075,493
Management and general	281,467	-	281,467
Fundraising	216,925	-	216,925
Total expenses	1,573,885	-	1,573,885
Change in net assets before impairment loss and loss on disposition	100,021	1,318,270	1,418,291
Impairment loss on property held for sale	56,046	-	56,046
Loss on disposition of building	34,747	-	34,747
Total impairment loss and loss on disposition	90,793	-	90,793
CHANGE IN NET ASSETS	9,228	1,318,270	1,327,498
Net assets at beginning of year	713,555	304,567	1,018,122
Net assets at end of year	$ 722,783	$ 1,622,837	$ 2,345,620

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

SOUTHSIDE EARLY CHILDHOOD CENTER

Statement of Functional Expenses

Year ended December 31, 2012

	Program Services	Supporting Services: Management And General	Supporting Services: Fund-Raising	Total Expenses
Salaries	$ 511,054	$ 71,226	$ 103,748	$ 686,028
Employee benefits	66,465	9,263	13,493	89,221
Payroll taxes and workmen's comp	51,891	7,232	10,534	69,657
Total salaries and related expenses	629,410	87,721	127,775	844,906
Program supplies	199,919	-	-	199,919
Professional fees	136,774	113,231	111,639	361,644
Supplies	12,424	1,255	247	13,926
Telephone	13,064	187	949	14,200
Postage and shipping	3,876	1,008	3,182	8,066
Occupancy	39,464	1,724	1,922	43,110
Maintenance and repairs	39,579	2,104	903	42,586
Equipment rental	8,361	364	364	9,089
Conferences, conventions, and meetings	6,597	3,460	926	10,983
Printing and publications	75	16,192	13,340	29,607
Dues and subscriptions	2,430	554	475	3,459
Miscellaneous	10,548	10,229	5,152	25,929
Interest and real estate taxes	-	-	-	-
Total expenses before depreciation and amortization	1,102,521	238,029	266,874	1,607,424
Depreciation and amortization	22,815	992	992	24,799
	$ 1,125,336	$ 239,021	$ 267,866	$ 1,632,223

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

SOUTHSIDE EARLY CHILDHOOD CENTER

Statement of Functional Expenses

Year ended December 31, 2011

	Program Services	Supporting Services: Management And General	Supporting Services: Fund-Raising	Total Expenses
Salaries	$ 518,949	$ 116,554	$ 88,253	$ 723,756
Employee benefits	74,511	16,734	12,672	103,917
Payroll taxes and workmen's comp	45,724	10,269	7,776	63,769
Total salaries and related expenses	639,184	143,557	108,701	891,442
Program supplies	151,649	-	-	151,649
Professional fees	53,473	74,231	74,622	202,326
Supplies	20,500	16,768	636	37,904
Telephone	13,340	1,220	-	14,560
Postage and shipping	-	4,122	5,519	9,641
Occupancy	55,109	4,792	-	59,901
Maintenance and repairs	54,492	4,738	-	59,230
Equipment rental	6,065	527	-	6,592
Conferences, conventions, and meetings	4,351	3,680	1,351	9,382
Printing and publications	691	1,912	15,508	18,111
Dues and subscriptions	695	1,422	-	2,117
Miscellaneous	12,780	18,683	10,588	42,051
Interest and real estate taxes	-	322	-	322
Total expenses before depreciation and amortization	1,012,329	275,974	216,925	1,505,228
Depreciation and amortization	63,164	5,493	-	68,657
	$ 1,075,493	$ 281,467	$ 216,925	$ 1,573,885

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

SOUTHSIDE EARLY CHILDHOOD CENTER

Statements of Cash Flows
Years ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Change in net assets	**$ 1,557,303**	$ 1,327,498
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**24,799**	68,657
Contribution of restricted property	**-**	(149,942)
Impairment loss on property held for sale	**154,000**	56,046
Loss on disposition of building	**-**	34,747
Present value adjustment for promises to give	**39,352**	53,446
Allowance for doubtful accounts	**110,000**	-
(Increase) decrease in operating assets:		
Contributions restricted for long term purposes	**(1,666,705)**	(1,078,253)
Accounts receivable - other	**93,479**	(82,188)
United Way receivable	**(3,055)**	(14,000)
Grants receivable	**(13,992)**	(49,844)
Prepaid expenses	**(8,597)**	31,562
Decrease in operating liabilities:		
Accounts payable	**(31,939)**	(2,339)
Accrued expenses	**32,383**	(5,799)
Other liability	**12,674**	(10,180)
Net cash provided by operating activities	**299,702**	179,411
Cash flows from investing activities:		
Proceeds from sale of property	**-**	42,000
Purchases of property and equipment	**(22,942)**	(53,385)
Net cash used in investing activities	**(22,942)**	(11,385)
Cash flows from financing activities:		
Payments on line-of-credit	**-**	(50,000)
Proceeds from contributions restricted for long term purposes	**589,527**	451,281
Net cash provided by investing activities	**589,527**	401,281
INCREASE IN CASH AND CASH EQUIVALENTS	**866,287**	569,307
Cash and cash equivalents at beginning of year	**822,078**	252,771
Cash and cash equivalents at end of year	**$ 1,688,365**	$ 822,078

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

Note A - Nature of the Organization

SSDN (the "Organization") was founded in 1886 as South Side Day Nursery by 15 Unitarian women with the mission to "prevent pauperism by assisting breadwinners with young children on their hands, to earn an honest living." Today the Organization's mission is to nurture, educate, and inspire children and families with limited resources, fostering healthy development and a strong foundation for success. The Organization is in the process of changing its name and is doing business as SouthSide Early Childhood Center.

The primary goal of the Organization is to give economically disadvantaged children access to quality child care and education while their families work toward financial stability. The affordable preschool programs offered are a critically important first "block" in building a strong foundation for success in school. Full-day, full-year early childhood education and child care is provided for 97 children, ages six weeks through five years of age. The program improves language and literacy skills, increasing the likelihood that children will read at grade level by the end of their kindergarten year; and increases the probability a child will graduate from high school and have increased earning power as an adult. Social-emotional skill development is a focus of the program and results in increased readiness for the routine and social environment of elementary school.

The Organization also provides much-needed family support services to parents and guardians, including monthly support meetings, nutrition education, and connections to health, employment, housing and legal services through community partnerships.

The Organization receives funding through Head Start and Early Head Start partnerships, state child care subsidy and parent fees (charged on a sliding fee scale). To bridge the gap between the cost of services and revenue the Organization receives, the Organization raises contributions annually from individuals, corporations and foundations.

Note B - Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements have been prepared using the accrual basis of accounting. Additionally, financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205-05, *Not for Profit Entities* under which the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted as follows:

Note B - Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Presentation (Continued)

Unrestricted – Those resources over which the Board has discretionary control. Designated amounts represent those resources that the Board has set aside for a particular purpose. The Organization's Board had not designated any net assets at December 31, 2012 and 2011.

Temporarily Restricted – Those resources subject to donor-imposed or time restrictions that will be satisfied by actions of the Organization or the passage of time.

Permanently Restricted – Those resources subject to donor-imposed restrictions that will be maintained permanently by the Organization. The Organization had no permanently restricted net assets at December 31, 2012 and 2011.

Use of Estimates in Financial Statement Preparation

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted and Unrestricted Revenue and Support

Grants, unconditional promises to give cash, and other assets are accrued at estimated fair value at the date each promise is received. Gifts are reported as temporarily or permanently restricted support if they are received with donor-imposed stipulations that limit the use of the donated assets. When a donor-imposed restriction is satisfied, temporarily restricted net assets are released and reported as an increase in unrestricted net assets. When donor-restricted contributions are received and used for the purpose and/or time-period intended during the same year, they are reported as an increase in unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization's cash and cash equivalents are on deposit with two major domestic financial institutions. At times, bank deposits may be in excess of federally insured limits.

Note B - Summary of Significant Accounting Policies (Continued)

United Way, Grants and Other Receivables

United Way, grants and other receivables are expected to be collected within one year; therefore, management does not consider an allowance for uncollectible receivables to be necessary.

Property and Equipment

Purchases of property and equipment with a value of $1,500 or more are capitalized, while all other purchases are recorded as an expense in the year purchased.

Property and equipment is recorded at cost, if purchased, or estimated fair value on date of receipt, if donated. Depreciation and amortization is provided on the straight-line method over the estimated useful lives of each asset, which range from three to forty years. Depreciation expense was $24,799 and $68,657 for the years ended December 31, 2012 and 2011, respectively.

Functional Allocation of Expenses

Expenses are charged to each program based on the direct costs incurred. Shared costs are distributed proportionally and equitably to applicable funding sources based upon management's evaluation of the expense incurred.

Income Taxes

The Organization constitutes a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes.

The Organization has addressed the provisions of FASB ASC 740, *Accounting for Income Taxes*. In that regard, the Organization has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provisions for income taxes is necessary at this time to cover any uncertain tax positions. The Organization's federal Form 990 for tax years 2008 and later remain subject to examination by taxing authorities.

Note B - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, applies to all financial instruments that are measured and reported on a fair value basis. FASB ASC 820-10 defines fair value and establishes a framework for measuring fair value and expands disclosures about fair value measurements. FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities; 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 or liabilities.

Level 3 – Unobservable inputs that are significant and reflect substantial management judgment or estimation, including the use of pricing models, discounted cash flow methodologies or similar techniques.

Donated Services and Goods

The Organization records donated services and goods in accordance with FASB ASC 958-605, *Revenue Recognition*. As such, donated services are recognized when the service either creates or enhances a non-financial asset or requires specialized skill that would be purchased if the service was not donated. During the years ended December 31, 2012 and 2011, the Organization received donated services and goods valued at $40,518 and $12,766, respectively.

Additionally, the Organization tracks donated volunteer time received that neither enhances a non-financial asset or requires a specialized skill. Because these donations do not meet the criteria under FASB ASC 958-605, they are not recorded for financial statement purposes. These donations have an estimated fair value of $104,937 and $95,837 for the years ended December 31, 2012 and 2011, respectively.

Note B - Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 presentation.

Subsequent Events

The Organization evaluated all subsequent events through May 24, 2013, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

Note C - Conditional Promise to Give

The Organization was selected in 2008 to be a member of the Deaconess Impact Partnership. The partnership is a four year capacity building commitment from the Deaconess Foundation (the "Foundation") to fund items outside normal operations. Future commitments are subject to the annual approval of the Foundation. As a result, no amount has been reflected in these financial statements for the conditional promise to give.

The following is a reconciliation of total Management and General and Fundraising expenses ("Supporting Services") from the Statements of Functional Expenses less Foundation funded expenses for the years ended December 31:

	2012	2011
Total Supporting Services	**$ 526,797**	$ 498,392
Less Foundation funded expenses	**(192,676)**	(143,317)
Total Supporting Services less Foundation funded expenses	**$ 334,121**	$ 355,075

As a percentage of total expenses, Supporting Services, excluding Foundation funded expenses, as of December 31, 2012 and 2011 were 20.1% and 22.6%, respectively.

The Organization also received a conditional promise to give as part of their capital campaign (see Note D).

Note D - Capital Campaign

In February 2011, the Organization started a Capital Campaign for a new facility. The campaign goal is $3.5 million for construction of a new facility. As of December 31, 2012, 81% has been achieved in pledges, including a matching conditional promise to give of $295,874 and a conditional promise to give of $350,000. The matching conditional pledges fundraising targets have been met. The conditional pledge requires obtaining building and utility permits and is expected to be met in Quarter 2, 2013. The campaign is expected to be completed in 2014.

Note E - Promises to Give

Promises to give represent temporarily restricted unconditional promises which have been made by donors but not yet received by the Organization. Promises which will be received in the subsequent years have been discounted using an estimated rate of return which could be earned if such contributions had been made in the current year, if such amount is material to the financial statements.

Promises to give consist of pledges related to the capital campaign. Balances at December 31, 2012 and 2011 are as follows:

	2012	2011
Unconditional promises to give		
Due in less than one year	**$ 925,588**	$ 119,537
Due in one to five years	**778,562**	507,435
Unconditional promises to give	**1,704,150**	626,972
Less present value component	**(92,798)**	(53,446)
Less allowance for uncollectible pledges	**(110,000)**	-
Unconditional promises to give, net	**$ 1,501,352**	$ 573,526

Fair value for promises to give is determined by calculating the discount at a rate that approximates the Organization's incremental borrowing rate. The present value calculation shown above was calculated using a discount rate of 3.50% and 3.25% for the years ended December 31, 2012 and 2011, respectively.

Note F - Property Held for Sale

Assets and liabilities reported at fair value consist of property held for sale. The portion of these properties under contract are reported as Level 2 values pending the sale of the property; the remaining properties are reported as Level 3 values using a market approach with similar real estate property values.

The following table sets forth by level, within the fair value hierarchy, the Company's properties held for sale at fair value as of December 31, 2012 and 2011:

Properties Held for Sale at Fair Value
As of December 31, 2012

	Total	Level 1	Level 2	Level 3
Beginning Balance	$ 326,500	$ -	$ -	$ 326,500
Additions	-	-	-	-
Transfers	-	-	109,500	(109,500)
Write-offs	(154,000)	-	(60,000)	(94,000)
Ending Balance	$ 172,500	$ -	$ 49,500	$ 123,000

Properties Held for Sale at Fair Value
As of December 31, 2011

	Total	Level 1	Level 2	Level 3
Beginning Balance	$ -	$ -	$ -	$ -
Additions	417,292	-	-	417,292
Transfers	-	-	-	-
Write-offs	(90,792)	-	-	(90,792)
Ending Balance	$ 326,500	$ -	$ -	$ 326,500

Note G - Property and Equipment

Property and equipment consist of the following at December 31, 2012 and 2011:

	2012	2011
Land	$ 600,521	$ 503,094
Furniture, equipment and vehicles	577,384	575,689
	1,177,905	1,078,783
Less accumulated depreciation and amortization	(521,453)	(496,654)
Property and equipment, net	$ 656,452	$ 582,129

Interest expense capitalized was $21,247 and $4,765 for the years ended December 31, 2012 and 2011, respectively.

Note H - Line-of-Credit

The Organization has a $75,000 line-of-credit available, which matures on June 19, 2013. When funds are drawn on this line, interest is payable monthly at the prime rate, but no less than 5.0% (prime rate was 3.25% at December 31, 2012). The note is secured by property held for sale. At both December 31, 2012 and 2011, there was no balance outstanding on this line.

Note I - Notes Payable

	2012	2011
5.50% note payable to IFF; interest due monthly with the principal balance due September 2014; collateralized by Jefferson property.	$ 418,952	$ 342,772
Less current maturities	-	-
Total notes payable, less current maturities	$ 418,952	$ 342,772

Note I - Notes Payable (Continued)

Maturities of notes payable are as follows:

December 31,	Amount
2013	$ -
2014	418,952
Total notes payable	$ 418,952

Note J - Contingency

In August 2011, the Organization signed a promissory note with the City of St. Louis, Missouri for land adjacent to the property on Jefferson Avenue in the amount of $149,942 to be used for the development of a new facility. The note is expected to be forgiven upon the development of a new facility at that location. The Organization has recorded the land as a temporarily restricted in-kind contribution in the amount of $149,942 for the year ended December 31, 2011.

Note K - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2012 and 2011:

	2012	2011
Time restrictions	**$ 244,884**	$ 241,829
Program restrictions	**207,106**	206,259
Capital Campaign restrictions	**2,841,454**	1,174,749
	$ 3,293,444	$1,622,837
Net assets released as of December 31:		
Time restrictions	**$ 241,829**	$ 233,829
Programs restrictions	**357,296**	58,567
Total net assets released	**$ 599,125**	$ 292,396

Note L- Supplemental Disclosure of Cash Flow Information

Interest paid during 2012 and 2011 amounted to $21,247 and $5,087, respectively.

During the year ended December 31, 2012, the Organization had the following non-cash transactions:

- Pursuant to the purchase of land, the Organization financed $76,180 under notes payable.

Note M - Benefit Plan

The Organization has a 401(k) profit sharing plan where eligible employees can contribute a percentage of their annual compensation not to exceed federal limits. The Organization made no contribution to the Plan for the years ended December 31, 2012 and 2011.

Note N - Concentration of Income Sources

In 2012 and 2011, the Organization received approximately 33% and 37% of its total program revenue from services provided under contracts with three and four sources, respectively.