

BOYS AND GIRLS CLUBS OF ANAHEIM, INC.

**CERTIFIED PUBLIC ACCOUNTANTS'
AUDITED FINANCIAL STATEMENTS**

DECEMBER 31, 2011 AND 2010

BOYS AND GIRLS CLUBS OF ANAHEIM, INC.

December 31, 2011 and 2010

Table of Contents

Independent Auditor's Report on the Financial Statements	1
Financial Statements	
Statement of Financial Position.....	2
Statements of Activities.....	3-4
Statements of Functional Expenses.....	5-6
Statement of Cash Flows.....	7
Notes to Financial Statements.....	8-14
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	16-17

Stephens, Reidinger & Beller LLP

Certified Public Accountants

1301 Dove Street, Suite 890

Newport Beach, CA 92660

Telephone 949 752 7400

Facsimile 949 752 1883

www.srbcpa.com

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Directors
Boys & Girls Club of Anaheim, Inc.
Anaheim, California

We have audited the accompanying statement of financial position of Boys & Girls Club of Anaheim, Inc. (a California non-profit corporation) as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Boys and Girls Clubs of Anaheim, Inc. as of December 31, 2011 and 2010, 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.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated July 31, 2012, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Stephens, Reidinger + Beller LLP

Newport Beach, California
July 31, 2012

BOYS & GIRLS CLUB OF ANAHEIM, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2011 and 2010

ASSETS	<u>2011</u>	<u>2010</u>
Current assets		
Cash and cash equivalents	\$ 442,378	\$ 561,063
Investment securities	549,315	559,497
Accounts receivable	153,216	73,760
Prepaid expenses	6,700	4,700
Total current assets	<u>1,151,609</u>	<u>1,199,020</u>
Property and equipment, net of accumulated depreciation	<u>370,703</u>	<u>365,854</u>
Total assets	<u><u>\$ 1,522,312</u></u>	<u><u>\$ 1,564,874</u></u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 7,592	\$ 15,105
Accrued expenses	12,005	13,376
Deferred revenue	50,000	-
Total liabilities	<u>69,597</u>	<u>28,481</u>
Net assets		
Unrestricted	1,452,715	1,364,686
Temporarily restricted	-	171,707
Total net assets	<u>1,452,715</u>	<u>1,536,393</u>
Total liabilities and net assets	<u><u>\$ 1,522,312</u></u>	<u><u>\$ 1,564,874</u></u>

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

BOYS & GIRLS CLUB OF ANAHEIM, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, grants and other support			
Grants	\$ 429,828	\$ -	\$ 429,828
Contributed facilities	12,000	-	12,000
Donations	57,211	-	57,211
United way	6,941	-	6,941
Memberships	4,617	-	4,617
Interest	1,307	-	1,307
Realized and unrealized net loss on investments	(5,172)	-	(5,172)
Net assets released from restrictions	184,259	(184,259)	-
Total revenues and support	690,991	(184,259)	506,732
Fundraising events			
Revenues	362,514	12,552	375,066
Expenses	(80,406)	-	(80,406)
Net support from fundraising events	282,108	12,552	294,660
Total revenues, grants and other support	973,099	(171,707)	801,392
Expenses			
Program services	728,713	-	728,713
Support services	156,357	-	156,357
Total expenses	885,070	-	885,070
Increase (decrease) in net assets	88,029	(171,707)	(83,678)
Net assets at beginning of year	1,364,686	171,707	1,536,393
Net assets at end of year	\$ 1,452,715	\$ -	\$ 1,452,715

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

BOYS & GIRLS CLUB OF ANAHEIM, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, grants and other support			
Grants	\$ 429,875	\$ -	\$ 429,875
Contributed facilities	12,000	-	12,000
Donations	29,332	-	29,332
United way	14,791	-	14,791
Memberships	3,054	-	3,054
Interest	1,537	-	1,537
Realized and unrealized net gains on investments	39,192	-	39,192
Total revenues and support	<u>529,781</u>	<u>-</u>	<u>529,781</u>
 Fundraising events			
Revenues	287,053	219,712	506,765
Expenses	<u>(71,799)</u>	<u>(48,005)</u>	<u>(119,804)</u>
Net support from fundraising events	<u>215,254</u>	<u>171,707</u>	<u>386,961</u>
 Total revenues, grants and other support	 745,035	 171,707	 916,742
 Expenses			
Program services	646,225	-	646,225
Support services	<u>151,437</u>	<u>-</u>	<u>151,437</u>
 Total expenses	 <u>797,662</u>	 <u>-</u>	 <u>797,662</u>
 Increase (decrease) in net assets	 (52,627)	 171,707	 119,080
 Net assets at beginning of year	 <u>1,417,313</u>	 <u>-</u>	 <u>1,417,313</u>
 Net assets at end of year	 <u>\$ 1,364,686</u>	 <u>\$ 171,707</u>	 <u>\$ 1,536,393</u>

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

BOYS & GIRLS CLUB OF ANAHEIM, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2011

	<u>Program Services</u>	<u>Management and general</u>	<u>Total</u>
Salaries	\$ 493,399	\$ 80,321	\$ 573,720
Payroll services	3,074	501	3,575
Employee benefits	24,481	3,985	28,466
Advertising/Marketing	-	1,575	1,575
Utilities	11,591	2,898	14,489
Insurance	35,440	8,860	44,300
Repairs and maintenance	13,921	3,480	17,401
Office expenses	4,045	1,011	5,056
Dues and subscriptions	7,502	1,876	9,378
Rent	9,600	2,400	12,000
Taxes and licenses	50,804	8,270	59,074
Telephone	8,787	2,197	10,984
Transportation	27,171	1,734	28,905
Training	987	987	1,974
Supplies	12,142	6,413	18,555
Professional fees	5,810	6,988	12,798
Program expenses	5,204	-	5,204
Conference	-	5,211	5,211
Bank charges	-	3,551	3,551
Miscellaneous	-	7,775	7,775
Depreciation	14,755	6,324	21,079
	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 728,713</u>	<u>\$ 156,357</u>	<u>\$ 885,070</u>

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

BOYS & GIRLS CLUB OF ANAHEIM, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010

	Program Services	Management and general	Total
Salaries	\$ 448,321	\$ 79,116	\$ 527,437
Payroll services	2,716	479	3,195
Employee benefits	26,268	4,635	30,903
Advertising/Marketing	-	1,533	1,533
Utilities	9,508	2,377	11,885
Insurance	25,848	6,462	32,310
Repairs and maintenance	2,847	8,543	11,390
Office expenses	2,926	732	3,658
Dues and subscriptions	7,895	1,974	9,869
Rent	9,600	2,400	12,000
Taxes and licenses	42,474	7,496	49,970
Telephone	9,934	2,483	12,417
Transportation	13,147	839	13,986
Training	-	2,812	2,812
Supplies	19,688	4,658	24,346
Professional fees	7,038	8,464	15,502
Program expenses	1,048	-	1,048
Conference	-	6,311	6,311
Bank charges	-	2,232	2,232
Miscellaneous	-	620	620
Depreciation	16,967	7,271	24,238
	<u>\$ 646,225</u>	<u>\$ 151,437</u>	<u>\$ 797,662</u>
Total Expenses	<u>\$ 646,225</u>	<u>\$ 151,437</u>	<u>\$ 797,662</u>

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

BOYS & GIRLS CLUB OF ANAHEIM, INC.

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
(Decrease) increase in net assets	\$ (83,678)	\$ 119,080
Adjustments to reconcile change in net assets		
Depreciation	21,079	24,238
Increase in operating assets		
Accounts receivable	(79,456)	(34,216)
Prepaid expenses	(2,000)	(4,000)
Increase (decrease) in operating liabilities		
Accounts payable	(7,513)	14,503
Accrued expenses	(1,371)	4,698
Unearned revenue	50,000	-
Net cash flows (used) provided from operating activities	<u>(102,939)</u>	<u>124,303</u>
Cash flows from investments activities		
Purchase of investments	5,009	(38,332)
Realized and unrealized loss (gains) on investments	5,172	(39,192)
Purchase of fixed assets	(25,927)	(1,420)
Net cash used by investment activities	<u>(15,746)</u>	<u>(78,944)</u>
Net (decrease) increase in cash and cash equivalents	(118,685)	45,359
Cash and cash equivalents at beginning of year	<u>561,063</u>	<u>515,704</u>
Cash and cash equivalents at end of year	<u>\$ 442,378</u>	<u>\$ 561,063</u>

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

BOYS & GIRLS CLUB OF ANAHEIM, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011 and 2010

NOTE 1: ORGANIZATION AND NATURE OF SERVICES

The Boys and Girls Clubs of Anaheim, Inc. (the "Club") is a non-profit corporation operating in Orange County, California. The Organization was incorporated on May 30, 1989 to provide school-age children and young adults between the ages of 6 to 18 low cost educational and recreational programs after school and throughout summers and holidays. As of December 31, 2011 there were four centers operating in the Anaheim City area.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are presented on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Management has evaluated subsequent events through July 31, 2012, the date which the financial statements were available for issue.

Boys & Girls Club of Anaheim, Inc. reports financial information regarding its financial position and activities according to three classes of assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had no temporarily restricted net assets at December 31, 2011. Temporarily restricted net assets were \$171,707 at December 31, 2010. There were no permanently restricted net assets at December 31, 2011 and 2010.

Donated Services and Materials

Donated materials have been included in the accompanying financial statements where estimates of market value were available to measure the value of such materials. Donated services are recognized when a nonfinancial asset is created or specialized skills are required and the Club would otherwise need to purchase the services. In addition a substantial number of volunteers have donated their time to the Club. The value of this time and related expense has not been included in the accompanying financial statements except to the extent such services meet the criteria set forth above.

Cash Equivalents

For purposes of the statement of cash flows, the Club considers all cash and other highly liquid investments with maturities of six months or less to be cash equivalents.

BOYS & GIRLS CLUB OF ANAHEIM, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2011 AND 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

The Club has cash balances in a bank that at times may be in excess of the Federal Deposit Insurance Corporation's (FDIC) insurance limit. The Club has not incurred losses related to carrying cash balances in excess of the FDIC insurance limit and maintains its cash with high quality financial institutions which the Club believes limits these risks.

Investments Securities

Investments in marketable securities which are available for sale are carried in the financial statements at fair value. Realized and unrealized gains and losses are included in the Statement of Activities.

Accounts Receivable

Accounts receivables of \$153,216 at December 31, 2011 are all receivable in one year or less and in the opinion of management are fully collectable. Therefore, no allowance for doubtful accounts has been provided.

Property and Equipment

Property and equipment purchased by the Club are carried at cost. Major renewals and betterments are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and gains or losses are credited or charged to income.

Contributed property and equipment are reported as support and carried at fair value at the time of donation. Assets donated with restrictions regarding their use and contributions of cash that must be used for property or equipment are reported as restricted support. Absent donor stipulations regarding how long their donated assets must be maintained, the Club reports expirations of restrictions when the donated or acquired assets are placed into service.

Depreciation is recorded on the straight-line basis over the estimated useful lives of the related assets.

BOYS & GIRLS CLUB OF ANAHEIM, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2011 AND 2010

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Club is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue Taxation code. No provision for income tax liability is therefore required.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Club that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Club uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience, management's analysis of specific promises made and other receivable collections.

Use of Estimates

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

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs services, supporting services and fund raising benefited.

BOYS & GIRLS CLUB OF ANAHEIM, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2011 AND 2010

NOTE 3: CASH

	<u>2011</u>	<u>2010</u>
Citibank - Checking Account	\$ 61,925	\$ 45,877
Citibank - Payroll Account	13,004	(3,973)
Pacific Western Bank	28,080	3,065
Pacific Western Bank – Caterina’s	-	106,554
Citibank – Money Market Account	140,700	215,983
Pacific Western Bank – Capital	40,789	40,617
Orange Community Bank CD	147,738	147,093
Genworth Financial Trust Account	9,442	5,847
Petty Cash	<u>700</u>	<u>-</u>
Total	<u>\$ 442,378</u>	<u>\$ 561,063</u>

NOTE 4: INVESTMENTS IN MARKETABLE SECURITIES

The cost, unrealized gains and losses, and fair value of marketable debt and equity securities at December 31, 2011 and 2010 is as follows:

<u>December 31, 2011</u>	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Debt securities	\$ 299,512	\$ 4,180	\$ 3,995	\$ 299,697
Equity securities	<u>231,044</u>	<u>21,110</u>	<u>2,536</u>	<u>249,618</u>
Total marketable securities	<u>\$ 530,556</u>	<u>\$ 25,290</u>	<u>\$ 6,531</u>	<u>\$ 549,315</u>

BOYS & GIRLS CLUB OF ANAHEIM, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2011 AND 2010

NOTE 4: INVESTMENTS IN MARKETABLE SECURITIES (continued)

<u>December 31, 2010</u>	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
Debt securities	\$ 340,417	\$ 12,692	\$ 1,845	\$ 351,264
Equity securities	<u>179,001</u>	<u>30,622</u>	<u>1,390</u>	<u>208,233</u>
Total marketable securities	<u>\$ 519,418</u>	<u>\$ 43,314</u>	<u>\$ 3,235</u>	<u>\$ 559,497</u>

As described in Note 2, these investments are included in the accompanying statement of financial position at fair value and the unrealized gains or losses are reported in the statement of activities. The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. Investments in marketable securities are considered to have the highest "Level 1" priority and are valued at quoted prices in active markets for identical assets. Investments using observable inputs other than quoted prices for identical assets are classified as "Level 2" measurement. Assets valued using unobservable data represent "Level 3" valuations. The Club's investments are all considered Level 1.

The fair value and measurement level of marketable debt and equity securities at December 31, 2011 and 2010 are as follows:

<u>December 31, 2011</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Quoted Prices for Similar Assets or Unobservable Data (Level 2 or 3)</u>
Debt securities	\$ 299,697	\$ 299,697	\$ -
Equity securities	<u>249,618</u>	<u>249,618</u>	<u>-</u>
Total marketable securities	<u>\$ 549,315</u>	<u>\$ 549,315</u>	<u>\$ -</u>

BOYS & GIRLS CLUB OF ANAHEIM, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2011 AND 2010

NOTE 4: INVESTMENTS IN MARKETABLE SECURITIES (continued)

<u>December 31, 2010</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Quoted Prices for Similar Assets or Unobservable Data (Level 2 or 3)</u>
Debt securities	\$ 351,264	\$ 351,264	\$ -
Equity securities	<u>208,233</u>	<u>208,233</u>	<u>-</u>
Total marketable securities	<u>\$ 559,497</u>	<u>\$ 59,497</u>	<u>\$ -</u>

NOTE 5: ACCOUNTS RECEIVABLE

The accounts receivable balance of \$153,216 and \$73,760 at December 31, 2011 and 2010, respectively, consists of the following:

	<u>2011</u>	<u>2010</u>
Anaheim Family YMCA	\$ 10,373	\$ 18,566
Anaheim Achieves	-	19,137
Boys and Girls Clubs of America	-	13,320
Community Development Block Grant (CDBG)	12,983	16,667
Jordon Brandon	-	200
Office of Juvenile Justice	10,824	-
Paseo Village	8,333	4,167
Santos Family Foundation	-	1,000
Caterina	110,000	-
Other	<u>703</u>	<u>703</u>
Total	<u>\$ 153,216</u>	<u>\$ 73,760</u>

BOYS & GIRLS CLUB OF ANAHEIM, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2011 AND 2010

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment for the Club as of December 31, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Building facilities	\$ 642,644	\$ 642,644
Office Equipment	108,242	104,454
Furniture & Fixtures	30,472	30,472
Transportation Equipment	<u>153,087</u>	<u>130,948</u>
	934,445	908,518
Less: Accumulated Depreciation	<u>(563,742)</u>	<u>(542,664)</u>
	<u>\$ 370,703</u>	<u>\$ 365,854</u>

Depreciation expense was \$21,079 and \$24,238 for the years ended December 31, 2011 and 2010, respectively

NOTE 7: CONTRIBUTED FACILITIES

Two of the centers of the Club are in facilities provided by the City of Anaheim. The estimated rental value of the property is reported as support and an expense in the period in which the facilities are used by the Club. The rental value of the contributed facilities is estimated at \$12,000 annually.

BOYS AND GIRLS CLUBS OF ANAHEIM, INC.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

For the Years Ended December 31, 2011 and 2010

Stephens, Reidinger & Beller LLP

Certified Public Accountants

1301 Dove Street, Suite 890

Newport Beach, CA 92660

Telephone 949 752 7400

Facsimile 949 752 1883

www.srbcpa.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Boys and Girls Clubs of Anaheim, Inc.
Anaheim, CA

We have audited the financial statements of the Boys and Girls Clubs of Anaheim, Inc. (a California non-profit corporation) as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated July 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected or corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurances about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management within the Organization, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stephens, Reidinger + Beller LLP

Newport Beach, California
July 31, 2012