THE RAISE FOUNDATION

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

THE RAISE FOUNDATION
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Suarez Accountancy Corporation

Richard Suarez, Jr. CPA
(licensed in CA and NV)

Independent Auditors' Report

Board of Directors
The Raise Foundation
Santa Ana, California

We have audited the accompanying statement of financial position of The Raise Foundation (a California nonprofit corporation) as of June 30, 2012 and 2011, and the related statements of activities, cash flows and functional expenses 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 audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Raise Foundation's internal control over financial reporting. Accordingly, we express no such opinion. 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 audits provide 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 The Raise Foundation (a California nonprofit corporation) as of June 30, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2012 on our consideration of the Raise Foundation's internal control over financial reporting and on 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 considered in assessing the results of our audit.

Suarez Accountancy Corporation

November 28, 2012

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THE RAISE FOUNDATION
(A California Non-Profit Corporation)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

ASSETS

	2012	2011
Current assets:		
Cash and cash equivalents	$ 6,738	$ 1,974
Accounts and contracts receivable	276,085	302,660
Prepaid expenses	13,046	8,597
Deposits	6,000	6,000
Total current assets	301,869	319,231
Restricted cash	45	183
Property and equipment, net	21,980	33,759
Total assets	$ 323,894	$ 353,173

LIABILITIES AND NET ASSETS

	2012	2011
Current liabilities:		
Accounts payable	$ 55,915	$ 41,675
Accrued expenses	48,553	44,851
Total current liabilities	104,468	86,526
Net assets:		
Unrestricted	133,091	204,202
Temporarily restricted	86,335	62,445
Total net assets	219,426	266,647
Total liabilities and net assets	$ 323,894	$ 353,173

See accompanying notes.

THE RAISE FOUNDATION
(A California Non-Profit Corporation)
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2012 AND 2011

	Unrestricted	Temporarily Restricted	2012 Totals	2011 Totals
SUPPORT AND REVENUE				
Support:				
Contributions	$ 25,860	$ -	$ 25,860	43,874
Governmental service contracts	-	982,930	982,930	997,615
Corporate and foundation grants	88,007	100,490	188,497	188,216
Fundraising events	12,731	-	12,731	1,014
In-kind contributions	663,792	-	663,792	612,209
Revenue:				
Client fees	5,936	-	5,936	7,428
Interest income	-	-	-	3
Miscellaneous	2,676	-	2,676	302
Sales	-	-	-	107
Net assets released from restriction	1,059,530	(1,059,530)	-	-
Total support and revenue	1,858,532	23,890	1,882,422	1,850,768
EXPENSES				
Program services	1,673,901	-	1,673,901	1,636,495
Support services	198,752	-	198,752	149,863
Fundraising	56,990	-	56,990	17,462
Total expenses	1,929,643	-	1,929,643	1,803,820
Change in net assets	(71,111)	23,890	(47,221)	46,948
Net assets, beginning of year	204,202	62,445	266,647	219,699
Net assets, end of year	$ 133,091	$ 86,335	$ 219,426	$ 266,647

See accompanying notes.

THE RAISE FOUNDATION
(A California Non-Profit Corporation)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (47,221)	$ 46,948
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,779	12,862
(Increase) decrease in:		
Accounts and contracts receivable	26,575	(58,134)
Prepaid expenses	(4,450)	(8,596)
Restricted cash	138	13,099
Inventory	-	12,666
Increase (decrease) in:		
Accounts payable	14,241	(41,170)
Accrued expenses	3,702	5,023
Deferred revenue	-	(1,454)
Net cash provided by/(used in) operating activities	4,764	(18,756)
NET INCREASE/(DECREASE) IN CASH	4,764	(18,756)
Cash and cash equivalents, beginning of the year	1,974	20,730
Cash and cash equivalents, end of the year	$ 6,738	$ 1,974
Supplemental disclosure of cash flow information:		
In-kind contributions	$ 663,792	$ 612,209

See accompanying notes.

THE RAISE FOUNDATION
(A California Non-Profit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2012 AND 2011

	Program Services	Support Services	Fundraising	2012 Total	2011 Total
Salaries and other related expenses					
Salaries	$ 632,232	$ 92,897	$ 33,580	$ 758,709	$ 683,949
Payroll taxes	48,863	7,064	2,944	58,871	58,062
Employee benefits	57,459	8,308	3,461	69,228	53,788
Total salaries and other related expenses	738,554	108,269	39,985	886,808	795,799
Other expenses					
Legal and professional fees	3,003	6,381	-	9,384	8,904
Bank service charges	-	1,480	-	1,480	1,362
Community outreach	-	4,994	-	4,994	3,432
Conferences and meetings	245	3,207	-	3,452	5,522
Consultant	3,253	4,682	-	7,935	7,380
Education and training	465	1,997	-	2,462	310
Fundraising expenses	-	-	16,830	16,830	15,176
In-kind services	663,792	-	-	663,792	612,209
Insurance expense	13,134	5,364	-	18,498	25,453
Interest expense	77	775	-	852	1,014
Mileage and travel	15,058	152	-	15,210	17,091
Other expenses	-	-	-	-	291
Office equipment and computer expense	3,119	20,870	-	23,989	21,680
Office supplies	9,556	4,923	-	14,479	11,693
Postage and shipping	473	1,843	174	2,490	2,181
Program expenses	171,234	1,730	-	172,964	184,242
Rent	23,923	24,900	-	48,823	36,594
Repairs and maintenance	2,163	1,843	-	4,006	2,602
Subcontractors/outside services	-	-	-	-	21,652
Taxes and licenses	-	338	-	338	211
Telephone	15,620	1,735	-	17,355	13,397
Utilities	1,516	207	-	1,723	2,763
Total other expenses	926,631	87,420	17,004	1,031,056	995,159
Total expenses before depreciation	1,665,185	195,689	56,990	1,917,864	1,790,958
Depreciation	8,716	3,063	-	11,779	12,862
Total expenses	$ 1,673,901	$ 198,752	$ 56,990	$ 1,929,643	$ 1,803,820

See accompanying notes.

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Nature of Activities

The Raise Foundation (the Foundation) was incorporated pursuant to the general nonprofit corporation laws of California and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701u of the California Franchise Tax Board.

The Raise Foundation was formed in 1974 to work toward the prevention of child abuse, to increase and maintain public and professional awareness of the needs of abused children and their families, and to improve the quality of available services through ongoing education programs and training. The Foundation is Orange County's official child abuse prevention organization.

2. Basis of Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

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 action of the Foundation and/or the passage of time.

Permanently restricted net assets – Net assets to be held in perpetuity as directed by donors. The income from the contribution is available to support activities as designated by the donors.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restriction or by law.

3. Significant Accounting Policies

a. Accounting Basis

The financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America.

b. Property and Equipment

Property and equipment are recorded at cost when purchased or at fair market value at the date of donation. Depreciation of furniture, equipment, and vehicles is provided over the estimated useful lives of the related assets, which range from 5 to 7 years, on a straight-line basis. Fully depreciated assets are retained in the accounts until their retirement.

Depreciation expense for the years ended June 30, 2012 and 2011 was $11,779 and $12,862.

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

3. Significant Accounting Policies (continued)

c. Revenue Recognition
Revenue from contributions and grants is recognized when contracts or pledges become enforceable and are classified as unrestricted, temporarily restricted, or permanently restricted based on donor specifications. Revenues from receivables from private and governmental service contracts are recognized when services are provided and related expenses have been incurred. Amounts advanced in excess of contract expenditures are reflected as deferred revenue.

d. Donated Goods and Services

Donated goods and services are reflected as contributions in the accompanying statements at their estimated fair values at date of receipt.

e. Functional Expense Allocations
The costs of providing services of the Foundation have been summarized on a functional basis in the statement of activities. Such costs have been allocated among the program and supporting services using estimates based upon time records and other activity bases.

f. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalent.

g. Use of Estimates

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

h. Fair Value of Financial Instruments
For certain of the Foundation's financial instruments, including cash and cash equivalents, and accounts receivable, the carrying amounts approximate fair value due to their short maturities.

i. Concentrations of Credit Risk
The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE B – PROPERTY AND EQUIPMENT

The balances consist of the following:	2012	2011
Computers and website	$ 67,921	$ 67,921
Furniture and equipment	5,528	5,528
Vehicle	47,500	47,500
	120,949	120,949
Less: accumulated depreciation	(98,969)	(87,190)
Property, net	$ 21,980	$ 33,759

NOTE C – ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of contract receivables due from governmental entities. Management closely monitors outstanding accounts receivable and charges to expense any balances that are determined to be uncollectible or establishes an allowance for doubtful accounts. As of June 30, 2012 and 2011, the allowance for doubtful accounts amounted to $2,550.

Accounts receivable include approximately $129,064 from two contractors.

NOTE D – BANK LINE OF CREDIT

The Foundation has a bank revolving line of credit agreement which allows for maximum borrowings of $50,000, bearing interest at prime plus 1.5% per annum. The agreement was renewed through February 1, 2013. As of June 30, 2012 and 2011, no amounts were outstanding on the line of credit.

NOTE E – RESTRICTED CASH

Restricted cash consists of $45 of temporarily restricted funds to be used for the Outreach to Parents Team Project for parenting guidebooks. (See Note G)

NOTE F – ACCRUED EXPENSES

Accrued expenses consist of the following:

	2012	2011
Payroll and payroll taxes	$ 15,738	$ 10,932
Vacation	32,815	33,919
	$ 48,553	$ 44,851

NOTE G – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2012:

Outreach to Parents Team program	$ 12,445
Summer Soiree	1,650
Caring for Kids program	2,240
Resources in Motion program	10,000
Capacity building	60,000
Total temporarily restricted net assets	$ 86,335

There are no permanently restricted net assets.

NOTE H – CONTRACTS WITH COUNTY OF ORANGE

The Foundation has contracts with the County of Orange to provide services related to child abuse intervention and prevention. The contracts are renewed annually on June 30th and require the Foundation to disburse the funds received from the County for direct and indirect expenses of the program. The revenues and expenses related to these contracts are included in the accompanying statement of functional expenses.

NOTE I – IN-KIND CONTRIBUTIONS

The Foundation collects merchandise and food, donated by corporations through a Gifts in Kind Program, to be distributed to social service agencies in the Caring for Kids program to help needy individuals, families, and schools.

The in-kind contributions amounted to $663,792 and $612,209 at June 30, 2012 and 2011.

NOTE J – INCOME TAXES

Under Section 501(c)(3) of the Internal Revenue Code, the Foundation is exempt from the payment of taxes on income other than unrelated business income. Effective July 1, 2009, the Foundation adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Foundation performed an evaluation of uncertain tax positions for the year ended June 30, 2012, and determined that there were no matters that would require recognition in the financial statements or which may have any affect on its tax-exempt status. As of June 30, 2012, the statute of limitations for tax years 2009 through 2011 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Foundation files tax returns. It is the Foundation's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2012, no provision for income taxes was made as they had no significant net taxable unrelated business income.

NOTE K – COMMITMENTS AND CONTINGENCIES

Government contracts
Costs claimed under certain grants and contracts from governmental sources may be subject to disallowance upon final audit by such funding agencies.

Operating lease
The Foundation leases its office facilities under an operating lease, which expires on August 1, 2014.

The Foundation is sub-leasing half the office space to Human Options for the duration of the 5-year lease. The rental income is netted against the rent expense for half the monthly lease payment amount of $5,545. The future minimum total rentals to be received under noncancelable subleases is $72,343.

Rent expense for the facilities for the years ended June 30, 2012 and 2011 was $45,523 and $36,594.

The future minimum obligations under these leases are as follows:

Year ending June 30,	Lease Amount	Sublease Rent Payments
2013	$ 68,377	$ (34,188)
2014	70,425	(35,213)
2015	5,883	(2,942)
	$ 144,685	$ (72,343)

NOTE L – SUBSEQUENT EVENTS

The Foundation evaluated subsequent events after November 28, 2012, which was the date the financial statements were issued, and concluded that no additional adjustments or disclosures to the financial statements are required.

SUPPLEMENTAL INFORMATION

Suarez Accountancy Corporation

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

Board of Directors
The Raise Foundation
Santa Ana, California

We have audited the financial statements of The Raise Foundation as of and for the year ended June 30, 2012, and have issued our report thereon dated November 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in Government Auditing Standards, issued by the U.S. Comptroller General.

Internal Control Over Financial Reporting
In planning and performing our audit, we considered the Foundation'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 Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a 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 and 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. 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 assurance about whether the Foundation's financial statements are free of material misstatements, we pe rformed 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.

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This report is intended solely for the information and use of the audit committee, management, board of directors, and 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.

Suarez Accountancy Corporation

November 28, 2012 | Certified Public Accountants
San Pedro, California