SUSTAINABLE CONSERVATION

FINANCIAL STATEMENTS
FOR THE
YEARS ENDED DECEMBER 31, 2013
AND DECEMBER 31, 2012

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DZH PHILLIPS
Certified Public Accountants & Advisors

INDEPENDENT AUDITORS' REPORT

Board of Directors
Sustainable Conservation
San Francisco, California

We have audited the accompanying financial statements of Sustainable Conservation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, 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

The management of Sustainable Conservation 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 preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sustainable Conservation as of December 31, 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.

Prior Period Financial Statements

The financial statements as of December 31, 2012, were audited by Ghaffari Accountancy, Inc., who merged with DZH Phillips LLP as of February 1, 2014, and whose report dated May 6, 2013, expressed an unmodified opinion on those statements.

DZH Phillips LLP

Oakland, California
May 9, 2014

SUSTAINABLE CONSERVATION

Statements of Financial Position
At December 31, 2013 and 2012

	2013	2012
Assets		
Current assets		
Cash and cash equivalents (Note 3)	$1,808,141	$1,340,873
Certificates of deposit	584,968	349,365
Contracts receivable	82,061	90,116
Pledge receivable (Notes 3 & 4)	113,000	162,000
Grants receivable (Notes 3 & 5)	1,087,000	349,000
Other receivables	1,639	7,026
Prepaid expenses	47,791	45,703
Total Current Assets	3,724,600	2,344,083
Pledge receivable beyond one year (Notes 3 & 4)	163,968	150,831
Grants receivable beyond one year (Notes 3 & 5)	1,660,395	129,174
Investments restricted for long-term purposes (Note 6)	1,215,650	1,032,538
Deposits	12,055	12,055
Property and equipment, net (Note 7)	5,676	7,569
Total Assets	$6,782,344	$3,676,250
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	$ 69,284	$ 86,226
Accrued compensated absences	100,092	94,513
Deferred support (Note 8)	140,109	141,709
Total Current Liabilities and Total Liabilities	309,485	322,448
Net Assets		
Unrestricted	1,773,229	1,275,754
Temporarily restricted (Note 9)	3,979,848	1,361,466
Permanently restricted (Note 10)	719,782	716,582
Total Net Assets	6,472,859	3,353,802
Total Liabilities and Net Assets	$6,782,344	$3,676,250

See notes to financial statements

SUSTAINABLE CONSERVATION

Statements of Activities
Years Ended December 31, 2013 and 2012

	Year Ended December 31, 2013				Year Ended December 31, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Government grants and contracts	$ 189,502	$ -	$ -	$ 189,502	$ 214,514	$ -	$ -	$ 214,514
Foundation and community grants	795,000	3,907,021	-	4,702,021	66,148	1,698,873	-	1,765,021
Contributions	1,454,529	141,870	3,200	1,599,599	1,288,031	350,331	200	1,638,562
In-kind contributions (Note 11)	38,811	-	-	38,811	54,952	-	-	54,952
Client services	61,301	-	-	61,301	34,679	-	-	34,679
Interest	1,452	-	-	1,452	1,998	-	-	1,998
Other income	3,450	-	-	3,450	3,200	-	-	3,200
Net assets released from restriction:								
Purpose accomplished and time restriction expired	1,590,985	(1,590,985)	-	-	1,867,034	(1,867,034)	-	-
Total Support and Revenue	4,135,030	2,457,906	3,200	6,596,136	3,530,556	182,170	200	3,712,926
Expenses								
Program services	2,651,867	-	-	2,651,867	2,259,363	-	-	2,259,363
Supporting services:								
Management and general	382,162	-	-	382,162	378,392	-	-	378,392
Fundraising	624,432	-	-	624,432	554,722	-	-	554,722
Total Expenses	3,658,461	-	-	3,658,461	3,192,477	-	-	3,192,477
Change in net assets before income from long-term investments	476,569	2,457,906	3,200	2,937,675	338,079	182,170	200	520,449
Net income from long-term investments	20,906	160,476	-	181,382	40,629	68,244	-	108,873
Change in net assets	497,475	2,618,382	3,200	3,119,057	378,708	250,414	200	629,322
Net Assets at beginning of year	1,275,754	1,361,466	716,582	3,353,802	897,046	1,111,052	716,382	2,724,480
Net Assets at end of year	$ 1,773,229	$ 3,979,848	$ 719,782	$ 6,472,859	$ 1,275,754	$ 1,361,466	$ 716,582	$ 3,353,802

See notes to financial statements

SUSTAINABLE CONSERVATION

Statement of Functional Expenses
Year Ended December 31, 2013

		Supporting Services			
	Program Services	Management and General	Fundraising	Common Costs	Total
Salaries	1,368,079	216,124	376,253	55,062	$ 2,015,518
Payroll taxes	104,117	16,290	31,120	5,510	157,037
Employee benefits (Note 12)	239,192	38,016	70,816	11,894	359,918
Professional fees	582,101	36,971	23,996	37,004	680,072
Occupancy	13,200	-	-	144,814	158,014
Travel	54,285	994	6,910	35	62,224
Conference & meetings	37,994	4,789	18,751	-	61,534
Supplies	13,843	1,150	1,823	23,430	40,246
Printing & reproduction	6,159	9,073	13,284	6,273	34,789
Legal fees	9,524	10,944	-	-	20,468
Telephone & internet	6,798	280	479	10,601	18,158
Dues, subscriptions & publications	6,244	238	6,197	413	13,092
Insurance	-	4,454	-	5,596	10,050
Recruitment & staff development	3,873	769	3,015	299	7,956
Bank charges	9	3,869	2,322	-	6,200
Postage & delivery	1,656	1,694	1,893	355	5,598
Equipment rental & maintenance	220	300	-	4,574	5,094
Depreciation	-	-	-	1,893	1,893
Licenses, fees & miscellaneous	600	-	-	-	600
Common cost allocation	203,973	36,207	67,573	(307,753)	-
Total	$ 2,651,867	$ 382,162	$ 624,432	$ -	$ 3,658,461

See Notes to Financial Statements

SUSTAINABLE CONSERVATION

Statement of Functional Expenses
Year Ended December 31, 2012

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Common Costs	Total
Salaries	$ 1,186,165	$ 200,756	$ 296,777	$ 17,568	$ 1,701,266
Payroll taxes	89,415	15,074	23,883	1,661	130,033
Employee benefits (Note 12)	203,234	33,291	54,440	4,093	295,058
Professional fees	465,640	64,849	81,085	24,466	636,040
Occupancy	7,729	-	-	136,973	144,702
Travel	53,405	1,475	9,428	-	64,308
Legal fees	54,234	-	-	-	54,234
Supplies	7,445	7,960	5,757	15,840	37,002
Conference & meetings	13,819	6,713	15,171	-	35,703
Printing & reproduction	6,028	7,031	10,698	9,361	33,118
Telephone & internet	7,719	150	551	9,213	17,633
Insurance	-	3,637	-	5,313	8,950
Dues, subscriptions & publications	4,634	336	2,708	717	8,395
Recruitment & staff development	4,003	2,022	1,623	-	7,648
Postage & delivery	2,330	1,741	1,887	449	6,407
Bank charges	924	3,849	570	-	5,343
Equipment rental & maintenance	201	-	-	4,243	4,444
Depreciation	-	-	-	1,893	1,893
Licenses, fees & miscellaneous	300	-	-	-	300
Common cost allocation	152,138	29,508	50,144	(231,790)	-
Total	$ 2,259,363	$ 378,392	$ 554,722	$ -	$ 3,192,477

See Notes to Financial Statements

SUSTAINABLE CONSERVATION

Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ 3,119,057	$ 629,322
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,893	1,893
Loss from disposal of fixed assets	-	5,447
Net (gain) loss from investments	(151,610)	(83,653)
Contributions restricted for long-term purposes	(1,600)	(100)
(Increase) decrease in operating assets:		
Receivables	(2,219,916)	(290,942)
Prepaids	(2,088)	(15,927)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(11,363)	46
Deferred revenue	(1,600)	(100)
Net cash provided by operating activities	732,773	245,986
Cash flows from investing activities:		
Purchase of securities	(229,654)	(28,332)
Net change in certificates of deposit	(235,603)	(798)
Sales and maturities of investments	198,152	73,286
Net cash provided (used) by investing activities	(267,105)	44,156
Cash flows from financing activities:		
Contributions restricted for long term purposes	1,600	100
Net cash provided by financing activities	1,600	100
Net increase (decrease) in cash and cash equivalents	467,268	290,242
Cash and cash equivalents at beginning of the year	1,340,873	1,050,631
Cash and cash equivalents at end of the year	$ 1,808,141	$ 1,340,873

See notes to financial statements

Note 1 – Organization

Sustainable Conservation (the Organization) partners with business, agriculture, and government leaders to find practical ways that the private sector can protect air and water, and ensure healthy ecosystems through collaborations and producing solutions to critical environmental problems. The Organization's work has spanned rural and urban environmental issues, ranging from dairy farming to automobile brake pads. The Organization works with farmers to identify ways that producers can protect the environment, improve their bottom lines, and keep land in production. The Organization also works with people to overcome the time, complexity, and costs associated with voluntary restoration projects on their lands and lastly, works with businesses and regulatory agencies to stop pollution at the source by instituting environmentally and economically sound practices.

The Organization has offices in San Francisco and Modesto, California and supports its activities primarily through public and private grants and contributions.

Note 2 – Summary of Significant Accounting Policies

Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

a. **Method of Accounting** – The financial statements of the Organization have been prepared using the accrual method of accounting, which involves the recognition of revenues and gains when earned and expenses and losses when incurred.

b. **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.

c. **Contracts Receivable** – Contracts receivable are uncollateralized customer obligations due under normal trade terms requiring payments per contracts. They are stated at the contractual amounts billed. The carrying amount of contracts receivable is reduced by an allowance for losses based on management's assessment of the customer's current creditworthiness. Receivables are written off and charged to allowance if management considers them worthless.

d. **Grants and Pledges Receivable** – Grants and pledges receivable include unconditional commitments from foundations and individuals that are recorded at the net realizable value of the amount expected to be collected by Management if they are expected to be received within a year . Grants and pledges receivable expected to be received beyond one year and discounted and recorded as the present value of the expected future cash flows. Pledges receivable that are restricted for investment in perpetuity are recorded as non-current assets.

e. **Investments** – The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets in the Statement of Financial Position. Investment advisory fees are netted against the realized and unrealized gains and losses and are included in the change in the appropriate net asset class in the statement of activities.

f. **Fixed Assets and Depreciation** – The Organization records acquisitions of items with a cost of $5,000 or more as fixed assets. Fixed assets are recorded at cost when purchased and fair value when received as a donation. Depreciation is provided over the estimated useful lives of respective assets, primarily three to five years, using the straight- line method of depreciation.

g. **Deferred Support** – Deferred support includes conditional contributed support received with unmet conditions.

h. **Income Tax Status** – The Organization is recognized as a public charity exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code and similar code sections of the California Revenue and Taxation Code, is subject to income tax. Management believes that all of the Organization's activities were directly related to its exempt purpose, thus the accompanying financial statements do not include any provision for income taxes. The Organization's annual informational returns are subject to examination by IRS, generally three years after they were filed.

i. **Basis of Presentation** – Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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

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

Permanently restricted net assets are restricted by the donor for investment in perpetuity. The income from the invested assets is available to support the operations of the Organization. The Organization reports such income as temporarily restricted net assets until the Board of Directors appropriates amounts for use in the operations of the Organization.

j. **Restricted Resources** – Contributions are recognized when the donor makes a promise to the Organization that is, in substance, unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, 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.

Gifts of fixed assets are recorded as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when donated or acquired long-lived assets are placed in service.

k. **In-Kind Support** – The Organization records contributed professional services at the fair value of the services received, if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not received through donation.

l. **Allocation of Common Expenses** – Common costs, primarily related to operation and maintenance of the Organization's office facility and certain other expenses that benefit all activities of the organization are allocated to supporting and program activities based on employee effort as reported by employees.

m. **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. These estimates and assumptions 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 revenue and expenses during the reporting period. Significant accounting estimates reflected in the Organization's financial statements include collectability and valuation of receivables, valuation of investments and the functional allocation expenses. Actual results may differ from those estimates.

Note 3 – Concentration of Credit Risk

Financial instruments that are exposed to concentrations of credit risk consist of cash and receivables. The Organization places its cash and cash equivalents in high-quality financial institutions where cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to a certain level. The uninsured cash and cash equivalent balance was $888,306 and $1,043,843 as of December 31, 2013 and December 31, 2012, respectively.

Approximately, 77% of grants receivable and 94% pledges receivable at December 31, 2013 were from 1 private foundation and 3 individuals respectively. 95% of grants receivable and 91% pledges receivable at December 31, 2012 were from 2 private foundations and 3 individuals respectively.

Note 4 – Pledges Receivable

Pledge receivable consisted of:

	12/31/13	12/31/12
In one year or less	$ 113,000	$ 162,000
Between one year to five years	180,000	168,000
Total pledge receivable	293,000	330,000
Unamortized discount	(16,032)	(17,169)
Pledge receivable, net	$ 276,968	$ 312,831

Management expects to receive 100% of the pledge receivable and therefore the accompanying financial statements do not provide for allowance for doubtful pledges. Pledges receivable expected to be received within two to five years were discounted using discount rate between 4.15% and 5.41% at December 31, 2013 and 2012.

Note 5 – Grants Receivable

Grants receivable consisted:

	12/31/13	12/31/12
In one year or less	$ 1,087,000	$ 349,000
Between one year to five years	1,900,000	137,000
Total grants receivable	2,987,000	486,000
Unamortized discount	(239,605)	(7,826)
Grants receivable, net	$ 2,747,395	$ 478,174

Management expects to receive 100% of the grants receivable and therefore the accompanying financial statements do not provide for allowance for doubtful grants. Grants receivable expected to be received within two to five years were discounted using discount rates between 4.15% and 5.95% at December 31, 2013 and 2012.

Note 6 – Investments

Investments are the only assets that are stated at fair value on a recurring basis and consisted of:

Level 1 – Unadjusted quoted prices for identical assets in active markets

	12/31/13	12/31/12
Fixed income funds	$ 344,924	$ 304,280
Equity funds	869,120	728,157
Money market funds	1,606	101
Total investments	$ 1,215,650	$ 1,032,538

The components of total investment return by net assets classification are reflected below:

	Unrestricted	Temporarily Restricted	Total
December 31, 2013			
Interest	$ 3,821	$ 29,330	$ 33,151
Net gain	17,474	134,136	151,610
Investment fees	(389)	(2,990)	(3,379)
Net investment income	$ 20,906	$ 160,476	$181,382
December 31, 2012			
Interest	$ 0	$ 28,234	$ 28,234
Net gain	40,629	43,024	83,653
Investment fees	0	(3,014)	(3,014)
Net investment income	$ 40,629	$ 68,244	$ 108,873

Note 7 – Property and equipment

Property and equipment consisted of:

	12/31/13	12/31/12
Office equipment	$ 12,118	$ 12,118
Leasehold improvements	18,080	18,080
	30,198	30,198
Accumulated depreciation	(24,522)	(22,629)
Property and equipment, net	$ 5,676	$ 7,569

Note 8 – Deferred Support

In 2007, the Organization received conditional contributions in the amount of $500,000 that required matching funds. A portion of these funds was received from the donors in 2008 in advance of the conditions being met. The unmet balance of funds received of $140,109 and $141,709 at December 31, 2013 and 2012, respectively, is recorded as deferred support and will be recognized as income when the Organization raises the required matching funds.

Note 9 – Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

	12/31/13	12/31/12
Dairies	$ 282,481	$ 186,493
Simplified permitting for restoration	145,526	73,374
Agriculture water management	117,326	42,528
Ecosystem services	23,175	154,508
Organization capacity	280,649	441,704
Support of future period expenses	2,837,368	330,010
Un-appropriated endowment earnings	293,323	132,849
	$ 3,979,848	$ 1,361,466

Note 10 – Permanently Restricted Net Assets

Permanently restricted net assets consist of the Sustainable Conservation Endowment Fund (the Fund), whose purpose is to provide support in meeting the operating and program needs of the Organization.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance to SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies – The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of up to 7%, while growing the funds if possible. Investment risk is measured in terms of the total endowment fund investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending policy – The Organization has a policy of appropriating for distribution each year up to 7% of its endowment fund's average fair value of the prior twelve calendar quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. Until the Fund has been in existence for twelve calendar quarters, the annual amount shall be up to five percent of the average net fair value of the Fund's assets for as many complete calendar quarters as the Fund has been in existence. The Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effect of inflation.

The composition of the Organization's endowment by net asset class at the end of December 31, 2013 and 2012, in total and by type of endowment fund, follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted 12/31/13	$ 202,545	$ 293,323	$ 719,782	$ 1,215,650
Donor restricted 12/31/12	$ 183,107	$ 132,849	$ 716,582	$ 1,032,538

A reconciliation of the beginning and ending balance of the Organization's endowment follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Year ended December 31, 2013:				
Endowment net assets, beginning	$ 183,107	$ 132,849	$ 716,582	$ 1,032,538
Investment return:				
Investment income	3,821	29,330	0	33,151
Management fees	(389)	(2,992)	0	(3,381)
Net appreciation (realized & unrealized)	16,006	134,136	0	150,142
Total investment return	202,545	293,323	716,582	1,212,450
Contributions	0	0	3,200	3,200
Distribution	0	0	0	0
Appropriation of endowment for expenditures	0	0	0	0
Endowment net assets, ending	$ 202,545	$ 293,323	$ 719,782	$ 1,215,650
Year ended December 31, 2012:				
Endowment net assets, beginning	$ 170,915	$ 106,542	$ 716,382	$ 993,839
Investment return:				
Investment income	0	28,234	0	28,234
Management fees	0	(3,014)	0	(3,014)
Net depreciation (realized & unrealized)	40,629	43,024	0	83,653
Total investment return	40,629	68,244	0	108,873
Contributions	0	0	200	200
Distribution	(70,374)	0	0	(70,374)
Appropriation of endowment for expenditures	41,937	(41,937)	0	0
Endowment net assets, ending	$ 183,107	$ 132,849	$ 716,582	$ 1,032,538

The unrestricted portion of the endowment assets includes deferred support in the amount of $140,109 and $141,709 at December 31, 2013 and 2012, respectively, and its accumulated earnings.

Note 11 – Contributed Services

The Organization recognizes certain voluntary services as explained under note 2(k) above. The Organization recorded the following services as income and expense on the statement of activities:

Year Ended December 31, 2013	
Legal services – Program services	$ 9,073
Legal services – Management and general	10,944
Data analysis – Program services	12,500
Website support – Program services	680
Donor event - Fundraising	5,614
Total	$ 38,811
Year Ended December 31, 2012	
Legal services – Program services	$ 54,234
Data analysis – Program services	718
Total	$ 54,952

Note 12 – Retirement Benefits

The Organization has a 401(k) retirement plan for eligible employees. Under the plan, the Organization provides 100% match up to 5% of compensation. Employer contributions were $75,417 and $57,680 for the years ended December 31, 2013 and 2012, respectively.

Note 13 – Commitments under Operating Leases

The Organization leases its office space and certain equipment under non-cancelable lease arrangements. The San Francisco facility lease provides for scheduled rent increases. Generally Accepted Accounting Principles (GAAP) requires that rental expense under such arrangements be recorded on a straight line basis. Management believes that the current method of recording rental expense based on amounts paid approximates GAAP. The minimum future commitments under these arrangements are:

Year ending December 31, 2014	$ 153,611
Year ending December 31, 2015	21,551
Year ending December 31, 2016	2,374
	$ 177,536

Total rent expense was $152,576 and $140,077 for the years ended December 31, 2013 and 2012, respectively.

Note 14 – Other Concentrations

The Organization received 57% and 54% of its support and revenue from two and four private sources during the years ended December 31, 2013 and 2012, respectively.

Note 15 – Line of Credit

The Organization has a secured line of credit in the amount of $250,000 with a financial institution. The line is secured primarily by accounts receivable, equipment and fixtures, and bears interest at prime plus 2%. The Organization did not use the line during the years ended December 31, 2013 or 2012 and there was no outstanding balance at December 31, 2013 or 2012.

Note 16 – Subsequent Events

Management has evaluated subsequent events through May 9, 2014, the date on which the financial statements were available to be issued.