**CENTER FOR HUMANITARIAN OUTREACH**
**AND INTERCULTURAL EXCHANGE**
**(d.b.a. CHOICE HUMANITARIAN)**

**FINANCIAL STATEMENTS**

For the Years Ended December 31, 2011 and 2010

with

**REPORT OF INDEPENDENT AUDITORS**

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# REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees,
Choice Humanitarian:

We have audited the accompanying statements of financial position of Center for Humanitarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian) (the Organization) 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 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 Center for Humanitarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian) as of December 31, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 8 to the financial statements, management has identified certain adjustments that are required to be made in order for the financial statements to be in conformity with generally accepted accounting principles. Accordingly, certain adjustments have been made as of December 31, 2010.

Huber, Erickson & Bowman

**Huber, Erickson & Bowman, LLC**
**April 4, 2012**

## Center for Humanitiarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian)

**Statements of Financial Position**

**As of December 31, 2011 and 2010**



| | | 2011 | | 2010 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalents | $ | 168,041 | $ | 338,789 |
| Contributions receivable | | 31,484 | | 20,544 |
| Prepaid expenses | | 1,233 | | 973 |
| Deferred costs | | 3,075 | | 9,989 |
| Property and equipment, net | | 50,344 | | 75,832 |
| **Total Assets** | **$** | **254,177** | **$** | **446,127** |
| **Liabilities and Net Assets** | | | | |
| **Liabilities** | | | | |
| Accounts payable | $ | 2,296 | $ | 15,485 |
| Accrued liabilities | | 4,248 | | 10,943 |
| Deferred revenues | | 25,444 | | 72,952 |
| **Total Liabilities** | | **31,988** | | **99,380** |
| **Net Assets** | | | | |
| Unrestricted - restated | | 222,189 | | 346,747 |
| **Total Liabilities and Net Assets** | **$** | **254,177** | **$** | **446,127** |

## Center for Humanitiarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian)

**Statements of Activities**

**For the Years ended December 31, 2011 and 2010** 

| | 2011 | 2010 |
|---|---|---|
| **Changes in Unrestricted Net Assets** | | |
| **Public Support and Revenue** | | |
| Expeditions | $ 388,378 | $ 358,171 |
| Contributions | 779,409 | 975,835 |
| Special event revenue, net | 277,323 | 214,102 |
| In-kind contributions | 160,486 | 129,465 |
| Other income | 8,867 | - |
| **Total Unrestricted Revenue** | **1,614,463** | **1,677,573** |
| **Expenses** | | |
| Program services | 1,506,957 | 1,440,025 |
| Management and general | 80,302 | 110,081 |
| Fundraising | 151,762 | 109,868 |
| **Total Expenses** | **1,739,021** | **1,659,974** |
| **(Decrease) Increase in Net Assets** | **(124,558)** | **17,599** |
| Net Assets at Beginning of Year - restated | **346,747** | **329,148** |
| **Net Assets at End of Year** | **$ 222,189** | **$ 346,747** |

**Center for Humanitiarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian)**

**Statements of Functional Expenses**

**For the Years ended December 31, 2011 and 2010** 

**December 31, 2011**

| | Program Services | Supporting Services: Management and General | Supporting Services: Fund Raising | Total |
|---|---|---|---|---|
| Depreciation expense | $ - | $ 25,488 | $ - | $ 25,488 |
| Expedition expenses | 220,853 | - | - | 220,853 |
| Field expenses | 855,123 | - | - | 855,123 |
| Marketing and public relations | - | 245 | 152 | 397 |
| Office expenses | 65,008 | 9,077 | 23,416 | 97,501 |
| Office supplies | 5,170 | 917 | 2,252 | 8,339 |
| Professional services | 28,065 | 4,979 | 12,222 | 45,266 |
| Rent | 22,434 | 3,980 | 9,770 | 36,184 |
| Salaries | 191,140 | 32,111 | 78,818 | 302,069 |
| Utilities | 2,220 | 394 | 967 | 3,581 |
| In-kind expenses | 116,944 | 3,111 | 24,165 | 144,220 |
| **Total Expenses** | **$ 1,506,957** | **$ 80,302** | **$ 151,762** | **$ 1,739,021** |

**December 31, 2010**

| | Program Services | Supporting Services: Management and General | Supporting Services: Fund Raising | Total |
|---|---|---|---|---|
| Depreciation expense | $ - | $ 26,806 | $ - | $ 26,806 |
| Expedition expenses | 271,822 | 850 | - | 272,672 |
| Field expenses | 824,855 | 2,234 | - | 827,089 |
| Marketing and public relations | 12,887 | 859 | 3,437 | 17,183 |
| Office expenses | 68,202 | 34,101 | 11,367 | 113,670 |
| Office supplies | 1,349 | 5,933 | 4,305 | 11,587 |
| Professional services | 13,506 | 15,007 | 1,501 | 30,014 |
| Rent | 27,963 | 3,995 | 7,989 | 39,947 |
| Salaries | 189,314 | 18,931 | 62,203 | 270,448 |
| Utilities | 350 | 1,365 | 1,786 | 3,501 |
| In-kind expenses | 29,777 | - | 17,280 | 47,057 |
| **Total Expenses** | **$ 1,440,025** | **$ 110,081** | **$ 109,868** | **$ 1,659,974** |

# Center for Humanitiarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian)

**Statements of Cash Flows**

**For the Years ended December 31, 2011 and 2010**



| | 2011 | 2010 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| **(Decrease) Increase in Net Assets** | $ (124,558) | $ 17,599 |
| **Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:** | | |
| Depreciation | 25,488 | 26,806 |
| (Increase) decrease in assets: | | |
| Accounts receivable | (10,940) | (20,266) |
| Deferred expenses | 6,914 | (9,989) |
| Prepaid expenses | (260) | 41,313 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (13,499) | 12,188 |
| Loan from related party | - | (14,323) |
| Accrued liabilities | (6,385) | 8,218 |
| Deferred revenue | (47,508) | 61,329 |
| **Total Adjustments** | **(46,190)** | **105,276** |
| **Net Cash (Used in) Provided by Operating Activities** | **(170,748)** | **122,875** |
| **Cash Flows from Investing Activities** | | |
| Cash paid for furniture and equipment | - | (3,154) |
| **Net Cash Used in Investing Activities** | - | **(3,154)** |
| **Net (Decrease) Increase in Cash and Cash Equivalents** | **(170,748)** | **119,721** |
| Cash and Cash Equivalents, Beginning of Year | 338,789 | 219,068 |
| **Cash and Cash Equivalents, End of Year** | **$ 168,041** | **$ 338,789** |

## NOTE 1 ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

### Organization

The Center for Humanitarian Outreach and Intercultural Exchange (d.b.a. Choice Humanitarian) (the Organization), was incorporated as a not-for-profit organization in 1988. The purpose of the Organization is the assistance of disadvantaged rural village people in undeveloped countries through the establishment of programs for better health and education. This purpose is fulfilled through the organization of expeditions of volunteers who contribute services and the cost of travel and supplies to complete specific projects or goals related to each expedition. Some of the projects include building schoolhouses, health posts, greenhouses, wells, pumps, and water cisterns. The Organization also provides training in literacy, healthcare, agriculture, and small-scale enterprises. These services are performed primarily in the countries of Kenya, Bolivia, Mexico, Guatemala, Nepal and Vietnam with expeditions to other countries on a periodic basis.

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### Basis of Accounting

Support and other gifts are recorded as restricted if they are received with donor stipulation that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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.

The Organization reports gifts of long-lived assets as unrestricted support unless explicit donor stipulations specify how the donated long-lived assets 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 the donated or acquired long-lived assets are placed in service.

Restricted funds may only be utilized in accordance with the purpose established by the source of such funds. The Board of Directors in achieving its purposes and continuing the operations of the Organization may utilize unrestricted funds.

## NOTE 1 ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents. When cash is wire transferred to a foreign bank account to be used for a project, it is immediately expensed as a field expense.

### Allowance for Doubtful Accounts

The Organization has determined that the potential loss from accounts receivable is not material and has elected not to record an allowance for doubtful accounts as of December 31, 2011 and 2010.

### Property and Equipment

Property and equipment consists of office furniture and equipment that are carried at cost. Donated assets are recorded at their estimated fair market value at the time of contribution. Expenditures for maintenance and repairs are charged against income and expenditures for major purchases and improvements are capitalized. The net book value of property sold or otherwise disposed of is removed from the property and accumulated depreciation accounts and the resulting gain or loss is included in income. The Organization generally capitalizes land, buildings, and equipment expenditures in excess of $500. Purchases of property and equipment in foreign countries are recorded as field expense and are not capitalized.

Depreciation of property and equipment is provided on a straight-line method over estimated useful lives of 3-5 years.

### Deferred Revenue and Expenses

Occasionally, expeditions are billed to volunteers in advance of the period in which the related expenses are to be incurred. Cash received from advance billings are shown in the accompanying financial statements as deferred revenue. The revenue is recognized when the expedition occurs. Costs incurred by the Organization for future expeditions are capitalized and are expensed when the related revenue is earned.

### Fair Value of Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, investments, receivables, and payables. The carrying amount of cash and cash equivalents, receivables, and payables approximates fair value because of the short-term nature of these items. The carrying amount of investments is based on readily determinable market values.

## NOTE 1 ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### Functional Expense Allocations

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expenses studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

### In-kind Contributions

Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. The Organization reports gifts of equipment, professional services, materials and other nonmonetary contributions as unrestricted revenue in the accompanying statements of activities.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined, they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

### Income Taxes

The Organization has received a determination letter from the Internal Revenue Service that states the Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). A similar exemption applies for state income tax; therefore, no provision for income taxes has been recorded.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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 amounts could differ from those estimates.

## NOTE 2 CASH DEPOSITS IN EXCESS OF FEDERALLY INSURED AMOUNTS

The Organization maintains its cash accounts in bank deposit accounts. At December 31, 2011 and 2010, the Company had no deposits in excess of federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

## NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment by major classifications are as follows:

| | 2011 | 2010 |
|---|---|---|
| Furniture | $ 16,715 | $ 16,715 |
| Equipment | 58,674 | 58,674 |
| Computers and servers | 120,114 | 120,114 |
| | 195,503 | 195,503 |
| Accumulated depreciation | (145,159) | (119,671) |
| Net property and equipment | $ 50,344 | $ 75,832 |

Depreciation expense for the years ended December 31, 2011 and 2010 was $25,488 and $26,806, respectively.

## NOTE 4 SPECIAL EVENT REVENUE

In 2011 and 2010, the Organization sponsored two fundraising events in order to promote awareness of the Organization's mission. The first event is a Gala where participants purchase tickets to attend, are entertained and participate in various auctions. The second event is a casual breakfast by invitation where the Organization's mission is promoted and donations are received and pledged. The gross revenues and direct expenses associated with the events for the years ended December 31, 2011 and 2010 are summarized as follows:

| 2011 | | | |
|---|---|---|---|
| | Salt Lake Gala | Salt Lake Breakfast | Total |
| Contributions from participants | $ 74,308 | $ 70,585 | $ 144,893 |
| Ticket & auction sales | 203,336 | - | 203,336 |
| Less: costs of direct benefits to donors | (42,394) | (9,348) | (51,742) |
| Less: direct expenses | (16,955) | (2,209) | (19,164) |
| Net Revenues | $ 218,295 | $ 59,028 | $ 277,323 |

## NOTE 4 SPECIAL EVENT REVENUE (CONTINUED)

| 2010 | Salt Lake Gala | Salt Lake Breakfast | Total |
|---|---|---|---|
| Contributions from participants | $ 158,888 | $ - | $ 158,888 |
| Ticket & auction sales | 148,850 | - | 148,850 |
| Less: costs of direct benefits to donors | (59,952) | - | (59,952) |
| Less: direct expenses | (33,684) | - | (33,684) |
| Net Revenues | $ 214,102 | $ - | $ 214,102 |

## NOTE 5 RELATED PARTY LEASE

The organization leases its office space from a related party. The lease requires monthly payments of $2,333 and expires on September 30, 2013. Future lease payments are listed as follows:

| | |
|---|---|
| 2012 | $ 27,996 |
| 2013 | 20,997 |
| | $ 48,993 |

Lease expense for the office space totaled $36,184 and $39,947 for the years ended December 31, 2011 and 2010, respectively.

## NOTE 6 IN-KIND DONATIONS

The Organization recognizes contribution revenue for certain assets received at the fair value of such assets. Recognized asset contributions for the year ended December 31, 2011 and 2010, totaled $160,486 and $129,465, respectively. Contributed assets included vacation packages, collectibles and other miscellaneous items sold at auction by the Organization for cash.

## NOTE 8 RESTATEMENT

During the year ended December 31, 2011, management of the Organization discovered certain errors related to the understatement of accounts receivables and donor revenues for the year ended December 31, 2010. Accordingly, adjustments have been made in order for the December 31, 2010 financial statements to conform with accounting principles generally accepted in the United States of America.

### NOTE 8 RESTATEMENT (CONTINUED)

The adjustment for the year ended December 31, 2010, is as follows:

| Year Ended December 31, 2010 | As originally reported | As adjusted | Effect of change |
|---|---|---|---|
| Accounts receivable | $ 543 | $ 20,544 | $ 20,001 |
| Contributions revenue | $ (955,834) | $ (975,835) | $ (20,001) |

### NOTE 8 ACCOUNTING FOR UNCERTAIN TAX POSITIONS

The Organization adopted FASB Accounting Standards Codification (ASC) 740-10-25, Income Taxes – Overall Recognition, on January 1, 2009, which provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. The Organization must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Organization did not recognize any additional liabilities for uncertain tax positions as a result of the implementation of ASC 740-10-25. The Organization is not subject to U.S. federal, state, and local, or non-U.S income tax examinations by tax authorities for years before 2008.

### NOTE 9 SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the Company has evaluated subsequent events through April 4, 2012, which is the date these financial statements were issued. All subsequent events requiring recognition as of April 4, 2012, have been incorporated into these financial statements herein.

April 4, 2012

To the Board of Directors
Choice Humanitarian
(A Utah Nonprofit Organization)

In planning and performing our audit of the financial statements of Choice Humanitarian as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Choice Humanitarian's internal control over financial reporting (internal control) 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 Choice Humanitarian's internal control. Accordingly, we do not express an opinion on the effectiveness of Choice Humanitarian's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed in the accompanying memorandum, all of the deficiencies we identified in internal control we consider to be material weaknesses.

A control deficiency 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 significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The following summarizes material weaknesses in internal controls that came to our attention during the course of our audit:

**<u>Inadequate Documentation – Foreign Field Centers</u>**

We selected the Nepal and Kenya field centers for testing, and audited 100% of all cash inflows and a sample of outflows during the year. Accordingly, we noted the following exceptions relating to the field centers:

**Observation:**

1. Daily transaction detail expenditure forms were provided in the local currency and in dollars. These amounts all appear to be reasonable and totals can be traced from the bank statement to the cash reconciliation and from the cash reconciliation to the daily transaction detail forms. Bank statements were provided for all twelve months of the year in either dollar amounts and/or in the local currency. We were able to verify that transfers out of Choice's bank account were adequately received by the local field center for all twelve months of the year.
2. Receipts were kept in the field expense files and were readily allocated to the specific months but could not be easily identified to the individual transactions nor traced to the daily transaction forms or bank statements for any of the twelve months. This is a weakness in the document retention process of the field center given that we only have the daily transaction forms to verify the amount and validity of all expense transactions and not authoritative third party documentation.
3. We traced all deposits made to the respective bank from the funds to the field monthly spreadsheet to a copy of Choice's bank statement to QuickBooks without exception. Bank statements for the field centers were provided for all of the months in which transfers were made. Amounts were either listed in dollars and/or in the local currency. We were able to verify that all of the transfers out of Choice's bank account were received by the local field center without exception.

**Recommendation:**

We recommend that the field centers maintain its receipts by transaction as shown in the daily transaction form and grouped in their appropriate months to allow for easy access by either an independent or internal auditor.

This communication is intended solely for the information and use of management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Huber, Erickson & Bowman

HUBER, ERICKSON & BOWMAN, LLC
Certified Public Accountants

April 4, 2012

To the Board of Directors and Audit Committee
Choice Humanitarian

We have audited the financial statements of Choice Humanitarian for the year ended December 31, 2011, and have issued our report thereon dated April 4, 2012. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 5, 2011. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Choice Humanitarian are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*
We have requested certain representations from management that are included in the management representation letter dated April 4, 2012.

*Management Consultations with Other Independent Accountants*
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Audit Committee, the Board of Directors and management of Choice Humanitarian and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Huber, Erickson & Bowman

HUBER, ERICKSON & BOWMAN, LLC.

**CHOICE HUMANITARIAN**
SUMMARY OF AUDIT DIFFERENCES
For the year ended December 31, 2011

**Balance sheet misstatements:**

| | | Over (Under) Statement |
|---|---|---|
| Property, plant and equipment | | 6,072 |
| Accumulated depreciation | | (449) |
| Inventory | | 5,400 |
| Unrestricted net assets | | (5,400) |
| Prior year unadjusted differences | $ | (8,857) |
| Net Assets | $ | (3,234) |

**Statement of income and fund balance misstatements:**

| | | |
|---|---|---|
| Depreciation expense | | 449 |
| In-kind expense | | (6,072) |
| Prior year unadjusted differences | $ | 8,857 |
| Net Income | $ | 3,234 |