

STOP HANDGUN VIOLENCE, INC.

Financial Statements
for the years ended
June 30, 2011 and 2010

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Independent Auditors' Report

To the Board of Directors
Stop Handgun Violence, Inc.

We have audited the statements of financial position of Stop Handgun Violence, Inc. (a nonprofit organization) at June 30, 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 Stop Handgun Violence, Inc. (a nonprofit organization) at June 30, 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.

PKF, P.C.

September 21, 2011

STOP HANDGUN VIOLENCE, INC.

Statements of Financial Position

	June 30	
	<u>2011</u>	<u>2010</u>
Assets		
Cash	\$ 54,526	\$ 30,991
Grant receivable	<u>11,531</u>	<u>—</u>
Total assets	<u>\$ 66,057</u>	<u>\$ 30,991</u>
Liabilities		
Accounts payable and accrued expenses	\$ 28,350	\$ 57
Note payable	<u>—</u>	<u>8,566</u>
Total liabilities	28,350	8,623
Net assets – unrestricted	<u>37,707</u>	<u>22,368</u>
Total liabilities and net assets	<u>\$ 66,057</u>	<u>\$ 30,991</u>

See notes to financial statements

STOP HANDGUN VIOLENCE, INC.

Statements of Activities

	<u>Year Ended June 30</u>	
	<u>2011</u>	<u>2010</u>
Unrestricted net assets		
Public support and revenue		
Contributions and grants	\$ 148,006	\$ 78,521
Expenses		
Program services	64,959	20,483
Supporting services		
Fundraising	27,255	18,298
Management and general	40,453	31,248
Total expenses	<u>132,667</u>	<u>70,029</u>
Increase in unrestricted net assets	15,339	8,492
Unrestricted net assets at beginning of year	<u>22,368</u>	<u>13,876</u>
Unrestricted net assets at end of year	<u>\$ 37,707</u>	<u>\$ 22,368</u>

See notes to financial statements

STOP HANDGUN VIOLENCE, INC.

Statements of Functional Expenses

	Year Ended June 30, 2011			
	Program Services	Fundraising	Management and General	Total
Salaries and benefits	\$ 25,621	\$ 25,621	\$ 25,698	\$ 76,940
Supplies	459	505	871	1,835
Rent			6,000	6,000
Interest			220	220
Insurance			2,597	2,597
Printing and publications		925		925
Billboard expense	38,675			38,675
Other expenses	204	204	5,067	5,475
	<u>\$ 64,959</u>	<u>\$ 27,255</u>	<u>\$ 40,453</u>	<u>\$ 132,667</u>

	Year Ended June 30, 2010			
	Program Services	Fundraising	Management and General	Total
Salaries and benefits	\$ 16,972	\$ 16,972	\$ 17,023	\$ 50,967
Supplies	355	401	663	1,419
Rent			6,000	6,000
Interest			880	880
Insurance			2,036	2,036
Printing and publications		685		685
Project Safe Neighborhoods	1,296			1,296
Other expenses	1,860	240	4,646	6,746
	<u>\$ 20,483</u>	<u>\$ 18,298</u>	<u>\$ 31,248</u>	<u>\$ 70,029</u>

See notes to financial statements

Statements of Cash Flows

	<u>Year Ended June 30</u>	
	<u>2011</u>	<u>2010</u>
Operating activities		
Increase in unrestricted net assets	\$ 15,339	\$ 8,492
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities		
Effect of changes in operating assets and liabilities		
Grant receivable	(11,531)	7,164
Accounts payable and accrued expenses	28,293	(64)
Net cash provided by operating activities	<u>32,101</u>	<u>15,592</u>
Financing activities		
Principal payments on note	<u>(8,566)</u>	<u>(10,763)</u>
Net cash used by financing activities	<u>(8,566)</u>	<u>(10,763)</u>
Net increase in cash	23,535	4,829
Cash – beginning of year	<u>30,991</u>	<u>26,162</u>
Cash – end of year	<u>\$ 54,526</u>	<u>\$ 30,991</u>
Supplemental disclosure		
Interest paid	<u>\$ 220</u>	<u>\$ 880</u>

See notes to financial statements

STOP HANDGUN VIOLENCE, INC.

Notes to Financial Statements
June 30, 2011

Note 1 – Organization and nature of activities

Stop Handgun Violence, Inc. (the "Organization") is a nonprofit corporation organized to develop a public education and awareness campaign of the inherent dangers firearms and assault weapons are wreaking on our society and what can be done to help stop this senseless violence. The Organization's principal sources of revenue are grants and individual contributions.

The Board of Directors and Management of the Organization acknowledge that to the best of their ability all assets received by the Organization have been used for the purpose for which they were contributed or have been accumulated to allow management to conduct the operations of the Organization as effectively and efficiently as possible.

Note 2 – Summary of significant accounting policies*Basis of presentation*

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Donated services

Some members of the Organization have donated significant amounts of time in furthering the organization's programs and objectives. No amounts have been included in the financial statements for donated member or volunteer services inasmuch as no objective basis is available to measure the value of such services.

Expense allocation

Expenses by function have been allocated among program services, fundraising and management and general classifications on the basis of direct identification and on estimates made by the Organization's management.

Statements of cash flows

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2011 and 2010.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization 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 a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. At June 30, 2011 and 2010, there were no restricted net assets.

In fiscal 2011, one major contributor accounted for approximately 58% of contributions. In fiscal 2010, two major contributors accounted for approximately 46% of contributions.

Grants are recorded when the Organization completes the terms of the grant contract and is entitled to payment.

STOP HANDGUN VIOLENCE, INC.

Notes to Financial Statements
June 30, 2011

Income taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Organization does not engage in any activities that would jeopardize its exempt status and has no uncertain tax positions. Accordingly, there is no provision for income taxes in these financial statements. The information returns of the Organization are subject to examination by the regulatory authorities generally for three years after they are filed.

Property and equipment

Property and equipment, principally a billboard, has been fully depreciated.

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

Note 3 – Note payable

The Organization was indebted to Citizens Bank under a \$50,000 revolving line of credit. Interest was payable monthly at a fixed rate of 6% per annum. The note was paid in Fiscal 2011.

Note 4 – Related party transactions

Stop Handgun Violence Foundation is a nonprofit affiliate related through common control of the Organization's management and governing board. This entity had net assets of approximately \$6,486 at June 30, 2011. The Organization's main purpose is to seek legislative solutions to the issue of gun violence.

The Organization rents office space as a tenant-at-will from an affiliate of the Organization's founder. Rent expense for fiscal 2011 and 2010 was \$6,000. The Organization also reimburses this affiliate for office supplies, computer costs, photocopies and postage. An affiliate of the Organization's founder pays the payroll and benefits of the Organization's employees for which it is reimbursed. The amounts included in expenses for fiscal 2011 and 2010 were approximately \$77,000 and \$51,000 respectively.

Note 5 – Subsequent events

The Organization has evaluated subsequent events through September 21, 2011 the date the financial statements were available to be issued, and determined that there were no subsequent events or transactions which could require recognition or disclosure in the financial statements.