

**WALKBOSTON, INC.**

**FINANCIAL STATEMENTS**

***with***

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

**YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Smith  Sullivan  
& Company PC**

**CERTIFIED PUBLIC ACCOUNTANTS**

80 Flanders Road, Suite 200, Westborough, Massachusetts 01581  
Tel: 508.871.7178 Fax: 508.871.7179 [www.smithsullivancpa.com](http://www.smithsullivancpa.com)

WALKBOSTON, INC.  
REPORT ON FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010

*Mission Statement*

*WalkBoston makes walking safer and easier in  
Massachusetts to encourage better health, a cleaner  
environment and vibrant communities.*

WALKBOSTON, INC.

REPORT ON FINANCIAL STATEMENTS


YEARS ENDED DECEMBER 31, 2011 AND 2010

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# Smith Sullivan & Company PC

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
WalkBoston, Inc.  
Boston, Massachusetts

We have reviewed the accompanying statements of financial position of WalkBoston, Inc. (a Massachusetts nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Smith, Sullivan + Company PC*

Westborough, Massachusetts  
May 25, 2012

WALKBOSTON, INC.

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents	\$ 259,689	\$ 209,201
Accounts Receivable, Contracts and Program Services	28,197	47,769
Prepaid Expenses	<u>6,249</u>	<u>6,053</u>
Total Current Assets	<u>294,135</u>	<u>263,023</u>
<u>NON-CURRENT ASSETS:</u>		
Deposits	<u>800</u>	<u>800</u>
Total Non-Current Assets	<u>800</u>	<u>800</u>
<u>TOTAL ASSETS</u>	<u>\$ 294,935</u>	<u>\$ 263,823</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 3,184	\$ 4,699
Accrued Payroll and Related Costs	25,908	40,556
Deferred Contract Revenue	<u>16,977</u>	<u>-</u>
Total Current Liabilities	<u>46,069</u>	<u>45,255</u>
<u>NET ASSETS:</u>		
Unrestricted Net Assets	104,366	76,677
Temporarily Restricted Net Assets	<u>144,500</u>	<u>141,891</u>
Total Net Assets	<u>248,866</u>	<u>218,568</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 294,935</u>	<u>\$ 263,823</u>

WALKBOSTON, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011  
*(With Summarized Comparative Totals for 2010)*

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>	
			<u>2011</u>	<u>2010</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>				
<i>Support and Revenues:</i>				
Grants	\$ 18,500	\$ 202,500	\$ 221,000	\$ 204,000
Gifts and Contributions	114,816	-	114,816	108,373
Contracted Program Services	119,707	-	119,707	140,321
Memberships	26,859	-	26,859	36,430
Donated Goods and Services	5,000	-	5,000	5,000
Miscellaneous Income	382	-	382	2,957
Total Support and Revenues	<u>285,264</u>	<u>202,500</u>	<u>487,764</u>	<u>497,081</u>
<i>Reclassification of Net Assets:</i>				
Net Assets Released from Restriction	<u>199,891</u>	<u>(199,891)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>485,155</u>	<u>2,609</u>	<u>487,764</u>	<u>497,081</u>
<u>FUNCTIONAL EXPENSES:</u>				
Program Services	326,272	-	326,272	343,556
Administrative	75,551	-	75,551	86,276
Fund Raising	<u>55,643</u>	<u>-</u>	<u>55,643</u>	<u>46,430</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>457,466</u>	<u>-</u>	<u>457,466</u>	<u>476,262</u>
<u>CHANGE IN NET ASSETS</u>	27,689	2,609	30,298	20,819
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>76,677</u>	<u>141,891</u>	<u>218,568</u>	<u>197,749</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 104,366</u>	<u>\$ 144,500</u>	<u>\$ 248,866</u>	<u>\$ 218,568</u>

WALKBOSTON, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011  
*(With Summarized Comparative Totals for 2010)*

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
				<u>2011</u>	<u>2010</u>
Salaries and Wages	\$ 215,744	\$ 22,713	\$ 25,819	\$ 264,276	\$ 310,040
Payroll Taxes	18,586	1,957	2,224	22,767	31,999
Employee Benefits	204	22	23	249	3,096
Professional Fees	-	43,019	13,620	56,639	38,075
Project Consultants	58,969	500	-	59,469	29,393
Postage and Delivery	669	47	127	843	3,087
Telephone	2,277	231	263	2,771	2,544
Rent	14,368	1,513	1,719	17,600	14,000
Printing and Copying	1,707	160	92	1,959	8,043
Conferences and Events	4,990	644	10,606	16,240	15,687
Membership and Subscriptions	-	725	-	725	880
Minor Equipment and Office Supplies	206	782	-	988	7,512
Office Expense	2,815	336	576	3,727	4,655
Insurance	3,110	327	372	3,809	3,787
Travel	2,114	1,379	66	3,559	1,887
Bank Charges/Processing Fees	-	298	-	298	306
Miscellaneous Expenses	513	898	136	1,547	1,271
Total Functional Expenses	<u>\$ 326,272</u>	<u>\$ 75,551</u>	<u>\$ 55,643</u>	<u>\$ 457,466</u>	<u>\$ 476,262</u>

WALKBOSTON, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ 30,298	\$ 20,819
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable, Contracts and Program Services	19,572	(28,987)
Prepaid Expenses	(196)	(1,957)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	(1,515)	(4,671)
Accrued Payroll and Related Costs	(14,648)	28,291
Deferred Contract Revenue	16,977	-
Net Adjustment	<u>20,190</u>	<u>(7,324)</u>
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	<u>50,488</u>	<u>13,495</u>
<b><u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u></b>	50,488	13,495
<b><u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u></b>	<u>209,201</u>	<u>195,706</u>
<b><u>CASH AND CASH EQUIVALENTS - END OF YEAR</u></b>	<u>\$ 259,689</u>	<u>\$ 209,201</u>
 <i>Supplemental Disclosures :</i>		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>



WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 1 ORGANIZATION

WalkBoston, Inc. (“WalkBoston” or the “Organization”) was incorporated in November 2000 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 PROGRAM SERVICES

WalkBoston engages in a wide array of efforts to make Massachusetts more walkable for everyday activities – walking to transit, to school, to shop and to work. We focus our advocacy to benefit those who most depend on walking: people with lower incomes, elders, children, people with disabilities, and transit users.

Advocacy Training – through slide shows, walks and conversations with citizens, engineers, planners and agency staff, we work to excite interest and engagement from a broad variety of residents and professionals in becoming pedestrian advocates in their own communities.

Boston – we advocate in the city on many issues: traffic signal timing, neighborhood walking conditions, active transportation as part of the Boston Collaborative for Food & Fitness, Complete Streets policies to balance the needs of walkers, transit users, bicyclists and vehicles on our streets, and preserving the walkability of the Greenway.

Outreach – we work to get people walking and thinking about walking throughout Massachusetts using many tools: maps; walks throughout the region; environmental and transportation fairs; presentations at local, state and national conferences.

Statewide Project Review – our reviews help ensure that transportation and development projects provide good pedestrian environments. This year, we paid especially close attention to the road and bridge projects funded with federal stimulus dollars and the MA Accelerated Bridge Program, most notably the Charles River Basin bridges. We are working with fellow advocates to advance a vision of bridge and road designs that safely and attractively accommodate pedestrians, bicycles, persons with disabilities and transit users, while helping to create a transportation future that reduces our dependence on vehicular traffic.

Safe Routes to Schools (SRTS) – we provide 2nd grade safety education at individual schools across the state, and provide train the trainer workshops to teach school personnel how to run safety education programs through the Massachusetts SRTS program. We work on research about ways to make SRTS more effective, and participate actively in the MA SRTS Task Force, and the Steering Committee of the SRTS National Partnership. Starting in 2012, with seed funding from the Barr Foundation, WalkBoston is embarking upon a multi-year SRTS effort with three Massachusetts cities to implement SRTS programs that benefit student health and benefit the environment with the reduction of greenhouse gas emissions (GHGs) over time.

Smart Growth/Transit Oriented Development – as our attention turns to large-scale land use and climate change, we have begun to work with new partners to help shape development patterns and advocate for transit, a critical element of walkable communities.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

*(Continued)*

NOTE 2 *(Continued)*

Snow – sidewalk snow and ice clearance tops the agenda for many of our members. We share policy recommendations on snow clearance and are working with Somerville, Newton and Watertown, as well as state legislators to advance this important issue locally and statewide.

Legislation – WalkBoston works with legislators and others to encourage the passage of laws that would enhance pedestrian safety such as the passage of an Act to reduce the prevailing speed limit in urbanized areas from 30 mph to 25 mph – a critical pedestrian safety measure.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. 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; however, adherence to generally accepted accounting principles has, in management's opinion, resulted in reliable and consistent financial reporting by the Organization. The following policies should be read in conjunction with the accompanying notes to the financial statements.

**Basis of Accounting:**

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

**Fair Value of Financial Instruments:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization adopted the provisions of Fair Value Measurements, and has applied its provisions to assets and liabilities that are recognized or disclosed at fair value on a recurring or nonrecurring basis (at least annually). Fair value measurement defines fair value, establishes a framework for measuring fair value, establishes a three-level fair value hierarchy based on the quality of inputs used to measure fair value and enhances the disclosure requirements for fair value measurements.

The three levels of the fair value hierarchy are as follows:

- Level 1 - inputs to the valuation methodology are quoted market prices for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3 - inputs to the valuation methodology are based on prices or valuation techniques that are unobservable.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

*(Continued)*

NOTE 3 *(Continued)*

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization 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. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

*Unrestricted Net Assets* - consists of assets, public support, dues and program revenues which are available and used for activities and programs. Unrestricted net assets represents the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets includes funds which represent unrestricted resources designated by the Board of Directors for specific purposes.

*Temporarily Restricted Net Assets* - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

*Permanently Restricted Net Assets* - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets. For the years presented, WalkBoston, Inc. did not have any assets of this nature.

The financial statements included certain 2010 comparative information. Specifically, with respect to the Statement of Activities, such prior year information is not presented by net asset class and, in the Statement of Functional Expenses, 2010 expenses by line item are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Cash and Cash Equivalents:

For the purpose of these financial statements, the Organization considers equivalent to cash, all money market funds and savings deposits.

Accounts Receivable, Contracts and Program Services:

*Accounts Receivable, Contracts and Program Services* represents amounts which are due from contracts and other program services. Of the total balance, 71% is due from two subcontract agreements for the year ended December 31, 2011 and 38% is due from one subcontract agreement, for the year ended December 31, 2010, all of which are considered fully collectible. These financial statements do not contain a provision for uncollectible accounts receivable; therefore, if accounts become uncollectible, they will be charged to activities when that determination is made. For the years ended December 31, 2011 and 2010, the Organization reported no losses from uncollectible accounts receivable.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

*(Continued)*

NOTE 3 *(Continued)*

Property and Equipment:

WalkBoston records all property and equipment at cost, if purchased (exceeding \$500), or if donated, at the fair value on the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments (exceeding \$500) are capitalized as additions to property and equipment. There have been no fixed assets purchased by the Organization which met the criteria for capitalization.

Revenue Recognition - Contracts:

Revenue from contracts is recognized as expenditures are made or as deliverable services are provided under the terms of the contract.

Under the provisions of certain contracts, WalkBoston may receive payments in advance which may also be in advance of services rendered and/or costs incurred. Funds received in excess of amounts earned are recorded as *Deferred Contract Revenue* in the accompanying Statements of Financial Position.

Contributions, Gifts and Grants:

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give. Revenue received for memberships is accounted for as contributions based on the nature and terms of the membership agreement.

Contributions, including unconditional promises to give, are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Goods and Services:

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization maintains a policy whereby the value of the donated goods and services which create or enhance nonfinancial assets; require a specialized skill; and/or which would have otherwise been purchased by the Organization are recognized as revenue and expense on the Statement of Activities and are listed as expenses on the Statement of Functional Expenses. For each of the years presented, the Organization recognized as contribution revenue, with an offsetting expense, \$5,000 in pro-bono legal services.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

*(Continued)*

NOTE 3     *(Continued)*

Functional Expenses:

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization allocates its expenses on a functional basis among its various programs and support services. Expenses which can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated based upon space and time usage. Supporting services are those related to operating and managing WalkBoston, Inc. and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

*Administrative* - includes all activities related to WalkBoston, Inc.'s internal management and accounting for program services.

*Fund Raising* - includes all activities related to maintaining contributor information, corporate membership development, grant writing, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

Tax Position:

The *FASB Accounting Standards Codification*<sup>TM</sup> provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an organization's financial statements. The Organization adopted the provisions of this standard on January 1, 2009. The implementation of this standard did not have any impact on the financial position or net assets of the Organization.

The primary tax positions made by the Organization are the existence of Unrelated Business Income Tax and the Organization's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation. All tax periods prior to 2008 are no longer subject to examination by tax authorities.

NOTE 4     RESTRICTED NET ASSETS

A summary of temporarily restricted net assets as of December 31, 2011 and 2010 is presented below:

<u>Nature of Restriction</u>	<u>2011</u>	<u>2010</u>
Boston Preservation Alliance	\$ 2,000	\$ -
Shifting School Trips from Cars to Feet	-	49,000
Snow: A Vehicle for Community Organizing	-	24,556
Safe Routes to Schools Program	-	13,335
Time Restricted	<u>142,500</u>	<u>55,000</u>
Total	<u>\$144,500</u>	<u>\$141,891</u>

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

*(Continued)*

NOTE 4      *(Continued)*

For the years ended December 31, 2011 and 2010, net assets were released from restriction by the passage of time or by the occurrence of events specified by the donor as follows:

<u>Nature of Restriction</u>	<u>2011</u>	<u>2010</u>
Boston Preservation Alliance	\$ 2,000	\$ -
Shifting School Trips from Cars to Feet	49,000	26,000
Released Based on Passage of Time	77,500	78,084
Snow: A Vehicle for Community Organizing	-	3,444
Transportation for Massachusetts (T4MA) Project	32,000	10,000
Safe Routes to Schools Program	<u>39,391</u>	<u>45,998</u>
Total	<u>\$199,891</u>	<u>\$163,526</u>

NOTE 5      MAJOR GRANTS

For the years ended December 31, 2011 and 2010, grants totaling \$158,500 and \$151,000, respectively, were received from one foundation, and represented 32% and 31% of total support and revenues, respectively.

NOTE 6      OPERATING LEASE COMMITMENTS

The Organization leases office space under a three-year operating lease agreement which commenced on January 1, 2008 and was extended for three years as of January 1, 2011. The monthly rent obligation was \$1,467 in 2011, escalating to \$1,533 on January 1, 2012, and \$1,600 on January 1, 2013. The Organization paid a deposit of \$800 at the commencement of the original lease which is reflected as a *Security Deposit* in the accompanying Statements of Financial Position. *Rent Expense* for the years ended December 31, 2011 and 2010 was \$17,600 and \$14,000, respectively. The future minimum lease obligation arising from this commitment is scheduled below:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2012	\$18,400
December 31, 2013	<u>19,200</u>
Total	<u>\$37,600</u>

NOTE 7      EMPLOYEE BENEFIT PLAN

The Organization operates a 403(b) deferred savings plan for its employees. Under the plan, eligible employees may defer a portion of their earnings from current taxation. As the plan is funded solely by employee deferrals, these financial statements do not report a pension expense.

NOTE 8      RELATED PARTY TRANSACTIONS

For the years ended December 31, 2011 and 2010, WalkBoston compensated a member of the Board of Directors \$12,125 and \$3,393, respectively, for graphic design services and participation in community workshops.

WALKBOSTON, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

*(Continued)*

NOTE 8 *(Continued)*

Additionally, \$24,000 of 2010 salary compensation for the Organization's Executive Director was voluntarily deferred with the Board's approval, was paid in 2011 and is included in *Accrued Payroll and Related Costs* as of December 31, 2010.

NOTE 9 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through May 25, 2012, the date which the financial statements were available for issue, and noted no events which met the criteria.