FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

THE BOTTOM LINE, INC.

JUNE 30, 2012 AND 2011

THE BOTTOM LINE, INC.

JUNE 30, 2012 AND 2011

CONTENTS

Independent Auditor's Report

To the Board of Directors
The Bottom Line, Inc.
Boston, Massachusetts

We have audited the accompanying statements of financial position of The Bottom Line, Inc. (a non-profit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the management of The Bottom Line, Inc. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bottom Line, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Cohen + Associates

Certified Public Accountants
October 26, 2012

THE BOTTOM LINE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

ASSETS

	2012	2011
Current assets:		
Cash and cash equivalents	$ 2,128,881	$ 2,025,708
Restricted cash	-	102,950
Pledges receivable	1,218,879	831,617
Prepaid expenses and other assets	44,245	18,543
	3,392,005	2,978,818
Property and equipment:		
Database and website	141,563	141,562
Furniture and equipment	281,334	211,793
Leasehold improvements	52,767	51,552
	475,664	404,907
Accumulated depreciation	(291,635)	(209,216)
	184,029	195,691
Other assets:		
Deposits	35,895	35,075
Lease acquisition costs, net	22,257	30,289
Pledges receivable	75,000	584,000
	133,152	649,364
TOTAL ASSETS	$ 3,709,186	$ 3,823,873

LIABILITIES AND NET ASSETS

	2012	2011
Current liablilites:		
Accounts payable	$ 22,283	$ 40,248
Accrued expenses	68,183	26,598
Scholarships payable	23,000	114,450
	113,466	181,296
Deferred rent	47,166	43,674
Net assets:		
Unrestricted	2,150,002	1,980,016
Temporarily restricted	1,398,552	1,618,887
	3,548,554	3,598,903
TOTAL LIABILITIES AND NET ASSETS	$ 3,709,186	$ 3,823,873

See auditor's report and notes to financial statements.

THE BOTTOM LINE, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Contributions	$ 409,715	$ 1,580,824	$ 1,990,539
Scholarship contributions	0	65,250	65,250
Special events	819,574	45,124	864,698
Cost of special events	(193,929)	0	(193,929)
Program revenue	87,100	0	87,100
Interest and other income	12,058	0	12,058
Net assets released from satisfaction of program restriction	1,911,533	(1,911,533)	0
	3,046,051	(220,335)	2,825,716
Expenses:			
Program services	2,313,561	0	2,313,561
Administration	273,694	0	273,694
Fundraising	288,810	0	288,810
	2,876,065	0	2,876,065
Change in net assets	169,986	(220,335)	(50,349)
Net assets, beginning of year	1,980,016	1,618,887	3,598,903
Net assets, end of year	$ 2,150,002	$ 1,398,552	$ 3,548,554

See auditor's report and notes to financial statements.

THE BOTTOM LINE, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Contributions	$ 499,268	$ 2,335,498	$ 2,834,766
Scholarship contributions	0	280,750	280,750
Special events	606,263	0	606,263
Cost of special events	(117,723)	0	(117,723)
Program revenue	63,750	0	63,750
Interest	2,579	0	2,579
Net assets released from satisfaction of program restriction	1,199,442	(1,199,442)	0
	2,253,579	1,416,806	3,670,385
Expenses:			
Program services	1,816,804	0	1,816,804
Administration	208,897	0	208,897
Fundraising	160,551	0	160,551
	2,186,252	0	2,186,252
Change in net assets	67,327	1,416,806	1,484,133
Net assets, beginning of year	1,912,689	202,081	2,114,770
Net assets, end of year	$ 1,980,016	$ 1,618,887	$ 3,598,903

See auditor's report and notes to financial statements.

THE BOTTOM LINE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	Program Services	Administration	Fundraising	Total
EXPENSES:				
Personnel:				
Salaries and wages	$ 1,370,488	$ 131,432	$ 194,567	$ 1,696,487
Payroll taxes and benefits	216,823	35,645	31,533	284,001
	1,587,311	167,077	226,100	1,980,488
Occupancy	278,572	14,793	17,799	311,164
Scholarships	74,281	0	0	74,281
Operational:				
Depreciation and amortization	82,091	3,309	5,052	90,452
Equipment maintenance	13,020	167	655	13,842
Insurance	4,981	1,535	318	6,834
Miscellaneous	942	2,690	4,904	8,536
Postage and shipping	16,222	772	2,706	19,700
Printing and publications	5,256	3,421	10,954	19,631
Professional fees	60,017	35,505	1,245	96,767
Program expenses	91,370	0	0	91,370
Staff recruitment and training	14,177	20,552	11,878	46,607
Supplies	15,698	2,421	951	19,070
Technology	50,902	16,189	3,989	71,080
Telecommunications	18,721	5,263	2,259	26,243
	373,397	91,824	44,911	510,132
Total expenses	$ 2,313,561	$ 273,694	$ 288,810	$ 2,876,065

See auditor's report and notes to financial statements.

THE BOTTOM LINE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011

	Program Services	Administration	Fundraising	Total
EXPENSES:				
Personnel:				
Salaries and wages	$ 979,994	$ 123,716	$ 66,490	$ 1,170,200
Payroll taxes and benefits	148,608	21,659	13,519	183,786
	1,128,602	145,375	80,009	1,353,986
Occupancy	220,366	9,923	7,577	237,866
Scholarships	160,237	0	0	160,237
Operational:				
Depreciation and amortization	67,289	3,406	1,928	72,623
Equipment maintenance	8,885	358	333	9,576
Insurance	1,057	57	1,244	2,358
Miscellaneous	427	3,198	4,428	8,053
Postage and shipping	13,792	2,074	966	16,832
Printing and publications	4,060	11,558	337	15,955
Professional fees	25,150	4,000	34,120	63,270
Program expenses	80,698	0	0	80,698
Staff recruitment and training	9,407	21,727	15,241	46,375
Supplies	11,703	551	3,213	15,467
Technology	72,873	5,831	9,536	88,240
Telecommunications	12,258	839	1,619	14,716
	307,599	53,599	72,965	434,163
Total expenses	$ 1,816,804	$ 208,897	$ 160,551	$ 2,186,252

See auditor's report and notes to financial statements.

THE BOTTOM LINE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Operating activities:		
Change in net assets:	$ **(50,349)**	$ 1,484,133
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	**90,451**	72,623
Capitalized in kind donations	**0**	(30,289)
(Increase) decrease in assets:		
Restricted cash	**102,950**	88,050
Pledges receivable	**121,738**	(1,201,822)
Prepaid expenses and other assets	**(26,522)**	3,461
Deposits	**0**	(22,055)
Increase (decrease) in liabilities:		
Accounts payable	**(17,965)**	(4,615)
Accrued expenses	**41,585**	(42,463)
Scholarship grants payable	**(91,450)**	(76,550)
Deferred rent	**3,492**	12,228
Net cash provided by operating activities	**173,930**	282,701
Investing activity:		
Purchase of property and equipment	**(70,757)**	(59,421)
Net cash used in investing activity	**(70,757)**	(59,421)
Net increase in cash	**103,173**	223,280
Cash and cash equivalents, beginning of year	**2,025,708**	1,802,428
Cash and cash equivalanets, end of year	$ **2,128,881**	$ 2,025,708

See auditor's report and notes to financial statements.

THE BOTTOM LINE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

1. **Nature of activities:**

The Bottom Line, Inc. (the "Organization"), a not-for-profit corporation located in Boston and Worcester, Massachusetts and New York, New York, was formed in January 1997 under the laws of the Commonwealth of Massachusetts. The mission of the Organization is to provide "at risk" students with assistance in applying to college, succeeding at college and finding financial assistance to meet the costs of higher education. The Organization operates exclusively for charitable and educational purposes and is supported primarily through contributions and fundraising events.

2. **Summary of significant accounting policies:**

Financial statement presentation:

The financial statements have been prepared on the accrual basis of accounting. Accordingly, assets are recorded when the Organization obtains the rights of ownership or is entitled to claims for receipt, and liabilities are recorded when the obligation is incurred.

Classification of net assets:

The Bottom Line's net assets and changes in net assets are required to be reported into three classes; unrestricted, temporarily restricted and permanently restricted; according to externally (donor) imposed restrictions as follows:

Unrestricted Net Assets - Assets and contributions that are not subject to donor-imposed restrictions or for which restrictions have expired.

Temporarily Restricted Net Assets - carry specific, donor-imposed restrictions on the expenditures or other use of contributed funds. Temporary restrictions may expire either because of the passage of time or because certain actions are taken which fulfill the restrictions. 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.

Permanently Restricted Net Assets - are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be retained permanently to use or expend part or all of the economic benefits derived from the donated assets.
The Organization currently has no net assets reportable as permanently restricted net assets.

2. Summary of significant accounting policies (Continued):

Use of estimates:

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

The Organization considers all money market mutual funds and short-term debt securities purchased with a maturity of three months or less, when purchased, to be cash equivalents.

The Organization maintains its cash in bank deposit accounts which exceed federally insured limits and in uninsured money market mutual funds. The company has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on such accounts.

Property and equipment:

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight line method.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

The useful lives of property and equipment for purposes of computing depreciation are as follows:

Equipment	5 – 10 years
Leasehold improvements	Life of Lease

Depreciation and amortization expense totaled $90,452 and $72,623 in 2012 and 2011, respectively.

2. Summary of significant accounting policies (Continued):

Fair value of financial instruments

The Organization's significant financial instruments are cash and cash equivalents and pledges receivable, The Organization believes that the carrying value of its financial instruments approximates their fair value because of the short term maturity of those instruments.

Recognition of donor restrictions:

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. Contributions and pledges intended for use in future periods are recorded as temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions, gifts and grants:

The Organization records contributions, gifts and grants as receivables and revenue. The Organization distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions. Contributions are recorded as revenue when the pledge is verified or received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Contributions of assets other than cash are recorded at their fair value, and as of the date the gift is received. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, as provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Organization recorded $1,511 and $31,885 of donated goods and services in 2012 and 2011, respectively. Substantially all of the donated services were professional fees in 2012 and professional fees for capitalized lease acquisition costs in 2011.

During 2012 and 2011, a significant amount of contributions were provided by a few contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

2. Summary of significant accounting policies (Continued):

Income taxes:

The Organization is a tax-exempt entity, qualifying under section 501(c)(3) of the Internal Revenue Code. The tax exempt status qualifies for both Federal and State taxing authorities; therefore, there is no provision for income taxes. The Organization has not taken any tax positions which would be classified as uncertain. The Organization files returns of organizations exempt from income tax with US and Massachusetts jurisdictions. The Organization's tax returns for the years 2009 through 2012 are subject to examination by these jurisdictions, generally for three years after they were filed.

Advertising:

The company expenses advertising costs as incurred.

Functional expenses:

The cost of providing the various programs and other activities of the Organization has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefitted.

3. Restricted cash:

The Organization received a donation to fund scholarships which required that the funds be segregated until used to fund those specific scholarships.

4. Pledges receivable:

The Organization has unconditional pledges from several donors at June 30, 2012 and 2011. 70% and 53% of the pledges receivable were from major donors at June 30, 2012 and 2011, respectively. The Organization believes all pledges are collectible as of June 30, 2012. Pledges receivable with a due date extending beyond one year are discounted at a .19% rate.

The Organization's future benefit from pledges at June 30, is as follows:

	2012	2011
Receivable in one year or less	$ 1,218,879	$ 831,617
Receivable in over one year and up to five years	75,000	585,000
Total pledges to be received in the future	1,293,879	1,416,617
Allowances for uncollectible pledges and discount to net present value	0	(1,000)
Net pledges to be received in the future	$ 1,293,879	$ 1,415,617

During 2008, the Organization received restricted grants totaling $795,000 that contained donor conditions regarding matching fund requirements and future program goals and benchmarks in 2009 through 2012. Since these grants represent conditional promises to give they are not recorded as contributions until donor conditions are met. As of June 30, 2012 all of these conditions had been met.

5. Note payable, bank:

Bank of America provides short term financing to a maximum of $150,000 through a revolving demand note. Interest is paid monthly at the banks floating prime rate plus 100 basis points. The note is secured by a security interest on all business assets. The note matures February, 2013. As of June 30, 2012, there were no advances on this note.

6. Scholarships:

Scholarships authorized but unpaid at year-end are reported as liabilities. Scholarships authorized and payable at June 30, are as follows:

	2012	2011
To be paid in less than one year	$ 23,000	$ 114,450

7. Restrictions on net assets:

Temporarily restricted net assets are available for the following purposes:

	2012	2011
Time restriction	$ 750,000	$ 1,029,000
Specific purpose restrictions:		
Scholarships	64,990	62,545
Boston programs	335,000	420,000
New York programs	248,562	107,342
Total temporarily restricted net assets	$ 1,398,552	$ 1,618,887

8. Net assets released from restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows:

	2012	2011
Purpose of restriction accomplished:		
Time	$ 279,000	$ 85,000
Scholarships	62,805	150,286
Boston programs	829,662	803,355
New York programs	476,001	61,951
Worcester programs	161,565	98,850
National office	102,500	0
Total restrictions released	$ 1,911,533	$ 1,199,442

9. Special fundraising events:

The following schedule represents the results of the Organization's special fundraising events:

Year ended June 30, 2012

	Gross Revenues	Direct Costs	Net Revenues
Get in, graduate and go far events:			
Boston	$ 530,514	$ 127,511	$ 403,003
New York	110,267	21,926	88,341
Worcester	25,455	6,996	18,459
Boston marathon	142,996	25,630	117,366
Rodman ride for kids	45,124	8,267	36,857
Other	10,342	3,599	6,743
	$ 864,698	$ 193,929	$ 670,769

Year ended June 30, 2011

	Gross Revenues	Direct Costs	Net Revenues
Get in, graduate and go far dinner	$ 470,697	$ 96,599	$ 374,098
Boston marathon	97,997	12,837	85,160
Auction	14,170	1,962	12,208
Other	23,399	6,325	17,074
	$ 606,263	$ 117,723	$ 488,540

10. Operating leases:

The Organization leases its premises in Boston and Worcester, Massachusetts and New York, New York, under various operating leases. The Organization is obligated to pay a share of the property's operating expenses and real estate taxes. The Organization also leases space for program events on a short term as needed basis and office equipment.

Minimum future rental payments under all non-cancelable operating leases and lease extensions are as follows:

Year ending June 30,	
2012	$ 270,918
2013	283,619
2014	286,529
2015	185,550
2016	179,016
Thereafter	218,358
	$ 1,299,007

Rent expense totaled $281,125 and $214,441 in 2012 and 2011, respectively.

11. Retirement plan:

The Organization maintains a qualified retirement plan (the Plan) under Section 403(b) of the Internal Revenue Code. Under the provisions of the Plan, employees can elect to have a portion of their salary withheld and contributed to the Plan, subject to Internal Revenue Service limitations. The plan does not allow contributions by the Organization.

12. Subsequent events:

The Organization has evaluated subsequent events through October 26, 2012, the date which the financial statements were ready to be issued.

COHEN+ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

October 26, 2012

To the Board of Directors
The Bottom Line, Inc.

We have audited the financial statements of The Bottom Line, Inc. for the year ended June 30, 2011, and have issued our report thereon dated October 26, 2012. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 30, 2012, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of The Bottom Line, Inc. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to indentify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planned matters on June 20, 2012.

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Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by The Bottom Line, Inc.are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the company during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements indentified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The misstatements found consisted primarily of classifications between unrestricted and restricted income and the understatement of accrued scholarships. Management has corrected all such material misstatements.

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 October 26, 2012.

Management Consultation 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 Organization'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 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 Organization'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 Board of Directors and management of The Bottom Line, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Cohen + Associates

Cohen + Associates