

**Becoming Independent
(A Nonprofit Corporation)**

Financial Statements

Years Ended June 30, 2011 and 2010

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Independent Auditors' Report

To the Board of Directors
Becoming Independent
Santa Rosa, California

We have audited the accompanying statements of financial position of **Becoming Independent** (a nonprofit corporation) (the "Organization") as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets, 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 **Becoming Independent** as of 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.

Petaluma, California
September 30, 2011

**Becoming Independent
(A Nonprofit Corporation)**

Statements of Financial Position

June 30,	2011	2010
Assets		
Current assets		
Cash	\$ 2,844,208	\$ 3,047,059
Certificates of deposit	203,889	100,746
Accounts receivable	1,262,269	1,245,855
Other receivables	193,000	120,305
Other assets	41,006	68,252
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Total current assets	4,544,372	4,582,217
Investments	1,310,777	975,727
Property, equipment and improvements, net	5,973,149	6,015,489
Debt issuance costs	179,316	191,759
Prepaid insurance expense	233,916	248,094
Debt service reserve	491,370	491,370
Assets held in trust	6,054	6,598
Deposits	185,623	170,494
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	\$ 12,924,577	\$ 12,681,748
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Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,069,092	\$ 1,215,795
Current portion of notes payable	236,943	228,368
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Total current liabilities	1,306,035	1,444,163
Note payable to individual	-	5,775
Notes payable to trust	4,830,000	5,061,250
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Total liabilities	6,136,035	6,511,188
Net assets		
Unrestricted	6,357,205	5,569,976
Temporarily restricted	430,337	599,584
Permanently restricted	1,000	1,000
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Total net assets	6,788,542	6,170,560
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	\$ 12,924,577	\$ 12,681,748
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**Becoming Independent
(A Nonprofit Corporation)**

Statements of Activities and Changes in Net Assets

Years Ended June 30,	2011	2010
Changes in unrestricted net assets		
<i>Support and revenue</i>		
Contributions	\$ 566,856	\$ 505,670
Special event revenue	35,800	37,800
Service fees	12,365,433	12,560,858
Santa Rosa Junior College subsidy	655,069	617,786
Work activities revenue	728,011	659,389
Investment income	229,988	90,174
Other income	38,584	61,110
Total unrestricted support and revenue	14,619,741	14,532,787
<i>Net assets released from restriction</i>		
Restrictions satisfied by payments	162,730	166,924
Expiration of time restrictions on grant funding	97,716	96,166
Total unrestricted support, revenue and reclassifications	14,880,187	14,795,877
<i>Expenses</i>		
Program services		
Day training and activities	8,044,199	7,951,228
Transportation	964,195	901,181
Independent living skills	3,545,570	3,371,371
Total program services	12,553,964	12,223,780
Supporting services		
Management and general	1,177,798	1,137,792
Costs of direct benefits to donors	52,725	61,281
Fundraising	308,471	334,632
Total supporting services	1,538,994	1,533,705
Total unrestricted expenses	14,092,958	13,757,485
Increase in unrestricted net assets	787,229	1,038,392

See accompanying Notes to Financial Statements

**Becoming Independent
(A Nonprofit Corporation)**

Statements of Activities and Changes in Net Assets (continued)

Years Ended June 30,	2011	2010
Changes in temporarily restricted net assets		
Contributions	91,199	-
Grant funding for specific purchases	-	237,818
<i>Net assets released from restriction</i>		
Restrictions satisfied by payments	(162,730)	(166,924)
Expiration of time restrictions on grant funding	(97,716)	(96,166)
Decrease in temporarily restricted net assets	(169,247)	(25,272)
Increase in net assets	617,982	1,013,120
Net assets at beginning of year	6,170,560	5,157,440
Net assets at end of year	\$ 6,788,542	\$ 6,170,560

**Becoming Independent
(A Nonprofit Corporation)**

Statement of Functional Expenses

Year Ended June 30, 2011

	Program Services				Supporting Services				
	Day Training and Activities	Trans- portation	Independent Living Skills	Program Services Total	Management and General	Costs of Direct Benefits to Donors	Fund- raising	Supporting Services Total	Total Expenses
Salaries, staff	\$ 4,644,566	\$ 448,290	\$ 2,469,305	\$ 7,562,161	\$ 809,884	\$ -	\$ 161,118	\$ 971,002	\$ 8,533,163
Salaries, clients	436,529	-	-	436,529	-	-	-	-	436,529
Employee benefits	778,192	84,779	370,219	1,233,190	99,681	-	12,263	111,944	1,345,134
Payroll taxes/workers comp	562,999	72,516	287,640	923,155	69,830	-	13,855	83,685	1,006,840
Subtotal	6,422,286	605,585	3,127,164	10,155,035	979,395	-	187,236	1,166,631	11,321,666
Professional fees	47,800	-	12,023	59,823	54,171	16,400	26,304	96,875	156,698
Supplies	192,009	1,419	23,717	217,145	23,047	11,225	44,998	79,270	296,415
Vehicle expenses	268,973	215,309	179	484,461	75	-	63	138	484,599
Travel and transportation	46,306	235	130,903	177,444	2,896	-	882	3,778	181,222
Rent	256,118	9,262	40,083	305,463	2,039	25,100	380	27,519	332,982
Insurance	61,529	2,276	13,631	77,436	5,872	-	377	6,249	83,685
Repairs and maintenance	162,605	1,573	37,485	201,663	11,989	-	1,316	13,305	214,968
Utilities	79,943	651	30,814	111,408	4,853	-	1,204	6,057	117,465
Telephone and data	58,339	13,393	26,913	98,645	10,578	-	382	10,960	109,605
Postage and copying	7,579	78	2,204	9,861	5,096	-	16,255	21,351	31,212
Training and conference	16,382	486	5,904	22,772	6,563	-	205	6,768	29,540
Interest	215,252	-	40,074	255,326	7,720	-	1,655	9,375	264,701
Marketing	2,928	2,598	1,443	6,969	29,444	-	13,404	42,848	49,817
Other	17,960	72	5,702	23,734	23,026	-	10,326	33,352	57,086
Subtotal	1,433,723	247,352	371,075	2,052,150	187,369	52,725	117,751	357,845	2,409,995
Depreciation and amortization	188,190	111,258	47,331	346,779	11,034	-	3,484	14,518	361,297
	\$ 8,044,199	\$ 964,195	\$ 3,545,570	\$ 12,553,964	\$ 1,177,798	\$ 52,725	\$ 308,471	\$ 1,538,994	\$ 14,092,958

See accompanying Notes to Financial Statements

**Becoming Independent
(A Nonprofit Corporation)**

Statement of Functional Expenses

Year Ended June 30, 2010

	Program Services				Supporting Services				
	Day Training and Activities	Trans- portation	Independent Living Skills	Program Services Total	Management and General	Costs of Direct Benefits to Donors	Fund-raising	Supporting Services Total	Total Expenses
Salaries, staff	\$ 4,825,093	\$ 443,098	\$ 2,396,722	\$ 7,664,913	\$ 793,076	\$ -	\$ 162,693	\$ 955,769	\$ 8,620,682
Salaries, clients	409,992	-	-	409,992	-	-	-	-	409,992
Employee benefits	803,686	75,945	336,367	1,215,998	74,569	-	10,529	85,098	1,301,096
Payroll taxes/workers comp	488,983	64,828	231,412	785,223	60,433	-	12,358	72,791	858,014
Subtotal	6,527,754	583,871	2,964,501	10,076,126	928,078	-	185,580	1,113,658	11,189,784
Professional fees	44,468	3	13,145	57,616	37,379	15,670	30,697	83,746	141,362
Supplies	160,512	565	20,470	181,547	19,205	22,779	40,334	82,318	263,865
Vehicle expenses	178,981	177,434	90	356,505	-	-	65	65	356,570
Travel and transportation	55,812	448	120,952	177,212	2,341	-	573	2,914	180,126
Rent	221,639	9,544	37,467	268,650	1,771	22,832	12,355	36,958	305,608
Insurance	60,964	1,992	25,441	88,397	17,730	-	881	18,611	107,008
Repairs and maintenance	123,930	1,195	37,436	162,561	10,758	-	1,360	12,118	174,679
Utilities	75,741	652	34,848	111,241	5,525	-	1,371	6,896	118,137
Telephone and data	62,731	14,469	29,761	106,961	8,701	-	288	8,989	115,950
Postage and copying	8,268	124	2,134	10,526	8,786	-	25,932	34,718	45,244
Training and conference	10,828	304	9,440	20,572	4,300	-	759	5,059	25,631
Interest	217,232	-	21,451	238,683	33,846	-	886	34,732	273,415
Marketing	2,001	104	20	2,125	15,809	-	14,848	30,657	32,782
Other	18,220	41	6,515	24,776	29,551	-	13,942	43,493	68,269
Subtotal	1,241,327	206,875	359,170	1,807,372	195,702	61,281	144,291	401,274	2,208,646
Depreciation and amortization	182,147	110,435	47,700	340,282	14,012	-	4,761	18,773	359,055
	\$ 7,951,228	\$ 901,181	\$ 3,371,371	\$ 12,223,780	\$ 1,137,792	\$ 61,281	\$ 334,632	\$ 1,533,705	\$ 13,757,485

See accompanying Notes to Financial Statements

**Becoming Independent
(A Nonprofit Corporation)**

Statements of Cash Flows

Years Ended June 30,	2011	2010
Cash flows from operating activities		
Increase in net assets	\$ 617,982	\$ 1,013,120
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	361,298	359,055
Net realized and unrealized gains on investments	(198,303)	(74,553)
Donation of securities	(112,335)	-
Loss (gain) on disposal of property and equipment	(217)	225
Donation of property	(4,600)	(4,725)
Changes in assets and liabilities affecting operating activities		
(Increase) decrease in assets:		
Accounts receivable	(16,414)	(16,705)
Other receivables	(72,695)	29,865
Other assets	41,424	(39,897)
Deposits	(15,129)	(32,894)
Decrease (increase) in liabilities:		
Accounts payable and accrued expenses	(146,703)	458,799
Net cash provided by operating activities	454,308	1,692,290
Cash flows from investing activities		
Acquisition of property, equipment and improvements	(301,915)	(321,908)
Proceeds received from sale of property and equipment	217	-
Payments received on note receivable	-	21,000
Purchases of certificates of deposit	(103,143)	(100,746)
Decrease in assets held in trust	544	526
Restrictions released on money market funds	-	162,045
Purchases of investments	(338,748)	(924,047)
Sale of investments	314,336	688,935
Net cash used in investing activities	(428,709)	(474,195)
Cash flows from financing activities		
Principal payments on notes payable	(228,450)	(220,909)
Net increase (decrease) in cash	(202,851)	997,186
Cash at beginning of year	3,047,059	2,049,873
Cash at end of year	\$ 2,844,208	\$ 3,047,059
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ 264,701	\$ 273,415

See accompanying Notes to Financial Statements

Note A. Summary of Activities and Significant Accounting Policies

Becoming Independent (the "Organization") is a nonprofit corporation designed to promote community inclusion and participation for people with developmental disabilities. The Organization was incorporated in California and operates programs providing day training services, employment services, independent living services, and transportation services primarily in Sonoma and Napa counties. The Organization grants unsecured credit to customers and third party payers throughout California.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to make a gift 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 restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Permanently restricted net assets represent assets that must be permanently maintained in accordance with the stated wishes of the donor.

Contributed services are recognized when the Organization would typically purchase such services if they require specialized skills and the contributor possesses such skills.

Accounts receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experiences applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on accounts receivable balances.

The Organization uses the allowance method for recognition of losses from uncollectible accounts receivable. At June 30, 2011 and 2010, accounts receivable are presented net of an allowance for doubtful accounts in the amount of \$3,000.

Cash and cash equivalents

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents for the purpose of determining cash flows.

Prepaid insurance expense

Prepaid insurance expense consists of the noncurrent portion of the insurance premium paid in connection with the revenue bonds issued by the ABAG Finance Authority. The premium is being expensed over the 25-year term of the debt. The related expense amounted to \$14,178 in both 2011 and 2010.

Note A. Summary of Activities and Significant Accounting Policies (continued)

Investments

Investments consist primarily of money market, fixed income and equity mutual funds and commingled trust funds. The Organization records all investments at fair value in the statements of financial position and investment returns (including realized and unrealized gains and losses on investments, interest and dividends, and investment advisory fees) in the statements of activities. Investment advisory and trustee fees amounted to \$6,917 and \$6,772 for the years ended June 30, 2011 and 2010, respectively. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Fair Value Measurements

The Organization accounts for certain assets and liabilities at fair value or on a basis that approximates fair value. A fair value hierarchy for valuation inputs prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels and is determined by the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are described below:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date.

Level 2 – Pricing inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Pricing inputs are generally unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar techniques.

Financial instruments with values that are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed fixed income and equity mutual funds.

Financial instruments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include commingled trust funds.

Financial instruments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The Organization did not hold any Level 3 assets at June 30, 2011 or 2010.

Note A. Summary of Activities and Significant Accounting Policies (continued)

Fair Value Measurements (continued)

The carrying value of cash, accounts receivable and accounts payable approximates fair value due to the short maturity of these instruments. The carrying value of short and long-term debt approximates fair value based on discounting the projected market rates available for debt instruments with similar maturities.

Property, equipment and improvements

Property, equipment and improvements are stated at cost less accumulated depreciation and amortization. Equipment depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which range from 5 to 20 years. Buildings and related improvements are depreciated on a straight-line basis over 40 years. Leasehold improvements are amortized on a straight-line basis over the lesser of the useful life of the asset or the term of the lease with any unamortized balance written off to expense if a lease is terminated before the improvement has been fully amortized. Donated property is recorded at its estimated fair value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Long-lived assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Unless otherwise stated by the donor, the restriction expires over the useful life of the asset.

Debt issuance costs

Legal fees, accounting fees, and other expenses associated with the issuance of the long-term debt are being amortized on a straight-line basis over the life of the related debt. Debt issuance costs in the amount of \$311,109 are shown net of accumulated amortization in the amount of \$131,793 and \$119,350 as of June 30, 2011 and 2010, respectively. Amortization expense amounted to \$12,443 in each year. Future expected amortization expense in each of the next five fiscal years will amount to \$12,443.

Debt service reserve

Debt service reserve consists of proceeds received from the notes payable which are held by a trustee for future payment of the debt.

Service fees

The majority of the Organization's revenue is derived from reimbursements from a third party for services performed. Service fee revenue is recognized when the service is performed.

Functional expenses

Expenses that are specifically identifiable are charged directly to the appropriate functional category. All other expenses are charged based on a reasonable allocation. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Organization.

Note A. Summary of Activities and Significant Accounting Policies (continued)

Income taxes

As a nonprofit corporation, the Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. These exemptions are subject to periodic review by the taxing authorities. In the opinion of management, there is no unrelated business income subject to income taxes.

Use of estimates

The preparation of financial statements requires management to make estimates based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenue and expenses. Due to their prospective nature, actual results could differ from those estimates.

Note B. Cash Concentrations

At various times during the year ended June 30, 2011, the Organization had on deposit with its financial institutions amounts in excess of the \$250,000 federally insured deposit limit. At June 30, 2011, the Organization had approximately \$2,345,000 on deposit in excess of the federally insured amount.

Note C. Note Receivable

The Organization sold one of its buildings and the related land for cash and a note in the amount of \$135,000. The note bears interest at 8% per annum, requires monthly interest only payments and is due on demand. The note is secured by the property. The note receivable had a balance due of \$114,000 as of June 30, 2011 and 2010, respectively and is included in the caption "other receivables" on the statements of financial position.

Note D. Investments

Investment fair values and unrealized appreciation at June 30, 2011 and 2010, are summarized below:

	2011	2010
Unrestricted accounts:		
Fixed income mutual funds	\$ 485,532	\$ 279,645
Equity mutual funds	775,245	561,871
Commingled trust funds	50,000	25,000
Restricted accounts:		
Money market funds	-	1,586
Fixed income mutual funds	-	107,625
Cost	1,310,777	975,727
	(1,103,782)	(928,755)
Unrealized gain	\$ 206,995	\$ 46,972

Notes to Financial Statements

Years Ended June 30, 2011 and 2010

Note E. Fair Value Measurements

The following table summarizes the fair value classification of investments as of June 30, 2011:

	Level 1	Level 2	Level 3	Total
Unrestricted accounts:				
Mutual funds				
Fixed income	\$ 485,532	\$ -	\$ -	\$ 485,532
Equity	775,245	-	-	775,245
Commingled trust funds	-	50,000	-	50,000
	\$ 1,260,777	\$ 50,000	\$ -	\$ 1,310,777

The following table summarizes the fair value classification of investments as of June 30, 2010:

	Level 1	Level 2	Level 3	Total
Unrestricted accounts:				
Mutual funds				
Fixed income	\$ 279,645	\$ -	\$ -	\$ 279,645
Equity	561,871	-	-	561,871
Commingled trust funds	-	25,000	-	25,000
Restricted accounts:				
Mutual funds				
Fixed income	107,625	-	-	107,625
	\$ 949,141	\$ 25,000	\$ -	\$ 974,141

Investments as presented in the accompanying statement of financial position include restricted money market funds totaling \$1,586 as of June 30, 2010. There were no significant transfers to or from Levels 1 or 2 during the years presented.

Note F. Property, Equipment and Improvements

	2011	2010
Land	\$ 1,657,768	\$ 1,657,768
Land – not used in operations	620,000	620,000
Buildings and improvements	4,428,996	4,158,777
Furniture and equipment	884,565	855,747
Vehicles	1,796,891	1,789,412
Leasehold improvements	110,260	110,260
	9,498,480	9,191,964
Accumulated depreciation and amortization	(3,525,331)	(3,176,475)
	\$ 5,973,149	\$ 6,015,489

Depreciation expense amounted to \$348,854 and \$346,611 for the years ended June 30, 2011 and 2010, respectively.

Note G. Bank Line of Credit

The Organization has a \$1,000,000 line of credit with a bank which matures February 1, 2012, and is secured by all chattel paper, accounts receivable and general intangibles of the Organization. The interest rate is the bank's index rate plus 1.0%, and interest is payable monthly. At June 30, 2011 and 2010, there were no borrowings outstanding under this line of credit.

Note H. Notes Payable

Note payable to individual

The Organization made a leasehold improvement to a facility it leases under a five-year operating lease agreement. The improvement was financed by the lessor with a non-interest bearing note. The note requires monthly payments of \$550 through May 2012.

Notes payable to trust

California Health Facilities Financing Authority

The Organization acquired property for use as its corporate offices and an adult day care facility with two notes. The notes were then refinanced by the Organization with a loan from the California Health Facilities Financing Authority (the "Authority"). The proceeds of the new loan were also used to finance the acquisition, installation, and construction of improvements to the Organization's facilities. The Authority made the loan to the Organization through the issuance of insured revenue bonds. The Organization must make monthly installments including interest and insurance to a trust to satisfy the funding requirements of the bond issue. The note bears interest at 5.70%, is secured by real property, and is due February 1, 2021.

Under the terms of the agreement, the Organization is required to comply with certain covenants. The Organization must also maintain a capital replacement fund to provide for future capital expenditures and certain repair and maintenance expenses. Beginning with the year ended June 30, 1997, the Organization must annually reserve \$35,000. The capital replacement amount is to be adjusted annually based on the Consumer Price Index. The actual amount to be reserved may be adjusted if the Organization incurs certain expenses or purchases capital equipment. For the years ended June 30, 2011 and 2010, the Organization was not required to place any funds in the reserve because the Organization had incurred expenses in excess of the amount required.

ABAG Finance Authority

The Organization acquired real property for use in its day training and activities service program with notes payable. The notes were then refinanced by the Organization with a loan from the ABAG Finance Authority ("ABAG") in 2004. The proceeds of the new loan were also used to finance the acquisition, installation and construction of improvements to the facilities. The ABAG made the loan to the Organization through the issuance of insured revenue bonds. The Organization must make monthly installments including interest to a trust to satisfy the funding requirements of the bond issue. The note bears interest at rates varying from 2.0% to 5.15%, is secured by real property, and is due February 1, 2029.

**Becoming Independent
(A Nonprofit Corporation)**

Notes to Financial Statements

Years Ended June 30, 2011 and 2010

Note I. Notes Payable (continued)

The following is a summary of the notes at June 30:

	2011	2010
Notes payable to trust	\$ 5,061,168	\$ 5,283,018
Note payable to individual	5,775	12,375
Total notes payable	5,066,943	5,295,393
Current portion	(236,943)	(228,368)
	\$ 4,830,000	\$ 5,067,025

Aggregate annual maturities are as follows:

Year ending June 30,		
2012		\$ 236,943
2013		244,167
2014		254,167
2015		266,250
2016		279,167
Thereafter		3,786,249
		\$ 5,066,943

Note J. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	2011	2010
Funding for subsequent periods	\$ 338,638	\$ 436,353
Funding for specific programs	10,365	109,712
Funding for specific purchases	81,334	53,519
	\$ 430,337	\$ 599,584

Note K. Commitments Under Operating Leases

The Organization leases facilities from which it conducts operations. The facilities are leased under noncancelable operating leases expiring through April 2020 and require minimum monthly payments of approximately \$10,250. The following is a schedule of future minimum payments required under noncancelable operating leases as of June 30, 2011:

Year ending June 30,		
2012	\$	122,883
2013		110,643
2014		115,745
2015		120,634
2016		124,253
Thereafter		405,416
		\$ 999,574

Note L. Significant Revenue Sources

The Organization received a significant percent of total support and revenue for services rendered to clients from the following sources:

	2011	2010
North Bay Regional Center	83%	84%
Santa Rosa Junior College	4%	4%
State of California Department of Rehabilitation	1%	1%

Accounts receivable includes \$1,158,683 and \$1,149,486 from these sources at June 30, 2011 and 2010, respectively.

Due to the significant budget issues within the State of California, reimbursement rates for services paid by North Bay Regional Center were reduced by 4.25% for the entire fiscal year ending June 30, 2011 and 3.00% for part of the fiscal year ended June 30, 2010. The Organization expects the 4.25% reduction to continue at least through June 30, 2012.

Note M. Deferred Compensation Plan

The Organization offers a deferred compensation IRC section 403(b) plan. All employees are eligible to participate immediately upon becoming employed by the Organization. The Organization does not make matching or other contributions.

Note N. Subsequent Events

In accordance with ASC 855, the Organization evaluated all events subsequent to the balance sheet date of June 30, 2011 through the date these financial statements were available to be issued, September 30, 2011. There were no material subsequent events that required recognition or additional disclosure in these financial statements.