

THE QUIET HOUR, INC.

DBA: QUIET HOUR MINISTRIES

Financial Statements

With

Independent Auditors' Report

For the Years Ended December 31, 2013 and 2012

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Independent Auditors' Report

Board of Directors
The Quiet Hour, Inc.
Redlands, California

We have audited the accompanying statements of financial position of The Quiet Hour, Inc. DBA: Quiet Hour Ministries which comprise the statements of financial position as of December 31, 2013 and 2012 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Quiet Hour, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years ended, in conformity with accounting principles generally accepted in the United States of America.

Riverside, California
April 8, 2014


CHRISTENSON & DE GOOD
Certified Public Accountants

THE QUIET HOUR, INC.
DBA: Quiet Hour Ministries
Statements of Financial Position

	December 31,	2013	2012
ASSETS			
Current assets			
Cash and cash equivalents		\$ 884,293	\$ 382,730
Investments (Note 3)		2,218,471	1,591,270
Amounts due from others (Note 6)		98,864	150,419
Items for resale		20,899	26,489
Prepaid expenses		<u>95,087</u>	<u>157,361</u>
Total current assets		<u>3,317,614</u>	<u>2,308,269</u>
Property and equipment – net (Note 7)		<u>2,203,221</u>	<u>2,283,022</u>
Non-current assets			
Gift annuity investments (Note 3)		2,554,634	2,629,903
Trust assets (Note 4)		1,717,533	2,745,743
Deposits and notes receivable		<u>99,504</u>	<u>119,153</u>
Total non-current assets		<u>4,371,671</u>	<u>5,494,799</u>
Total assets		<u>\$9,892,506</u>	<u>\$10,086,090</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable		\$ 220,182	\$ 152,106
Accrued expenses		79,516	132,060
Line-of-credit (Note 8)			<u>300,000</u>
Total current liabilities		<u>299,698</u>	<u>584,166</u>
Long-term liabilities			
Present value of expected annuity payouts		1,657,428	1,788,460
Present value of expected trust payouts		419,137	526,038
Refundable advances – revocable trusts		<u>1,017,049</u>	<u>1,875,129</u>
Total long-term liabilities		<u>3,093,614</u>	<u>4,189,627</u>
Total liabilities		<u>3,393,312</u>	<u>4,773,793</u>
Net assets			
Unrestricted		2,805,486	2,382,992
Unrestricted – designated for annuity reserve		<u>897,206</u>	<u>841,443</u>
Total unrestricted		3,702,692	3,224,435
Temporarily restricted (Note 10)		<u>2,796,502</u>	<u>2,087,862</u>
Total net assets		<u>6,499,194</u>	<u>5,312,297</u>
Total liabilities and net assets		<u>\$9,892,506</u>	<u>\$10,086,090</u>

The accompanying notes are an integral part of these financial statements.

THE QUIET HOUR, INC.
DBA: Quiet Hour Ministries
Statements of Activities

	For the Years Ended December 31,	2013	2012
UNRESTRICTED NET ASSETS			
Revenues and support			
Contributions		\$1,915,617	\$1,618,321
Contributions – estates, trusts and annuities		1,137,332	941,266
Sales – publications		7,202	17,779
Interest and investment income (Note 3)		402,204	235,900
Rental and other income		28,194	13,304
Total revenues and support		<u>3,490,549</u>	<u>2,826,570</u>
Net assets released from restriction (Note 10)		<u>1,869,536</u>	<u>1,959,225</u>
Expenses and Losses			
Program services:			
Evangelistic ministries and projects		2,843,980	2,453,444
Publications and website		99,493	146,336
Broadcast media		162,195	66,568
Supporting services:			
Management and general		799,977	823,272
Development		522,573	1,116,656
Trust management		312,447	120,864
Change in value of annuity agreements		141,163	90,745
Unrelated business income tax			21,113
Total expenses and losses		<u>4,881,828</u>	<u>4,838,998</u>
Change in unrestricted net assets		<u>478,257</u>	<u>(53,203)</u>
TEMPORARILY RESTRICTED NET ASSETS			
Contributions		2,499,332	1,679,260
Changes in value of trust split interest agreements		78,844	40,895
Net assets released from restriction (Note 10)		<u>(1,869,536)</u>	<u>(1,959,225)</u>
Change in temporarily restricted net assets		<u>708,640</u>	<u>(239,070)</u>
Change in net assets		<u>1,186,897</u>	<u>(292,273)</u>
Net assets			
Balance, beginning of year		<u>5,312,297</u>	<u>5,604,570</u>
Balance, end of year		<u>\$6,499,194</u>	<u>\$5,312,297</u>

The accompanying notes are an integral part of these financial statements.

THE QUIET HOUR, INC.
DBA: Quiet Hour Ministries
Statements of Cash Flows

	For the Years Ended December 31,	2013	2012
Cash flows from operating activities			
Change in net assets		\$1,186,897	\$(292,273)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities			
Depreciation and amortization		98,111	115,932
Non-cash contribution			(113,321)
Investment (gain)		(402,204)	(235,900)
Change in value of investments, annuities, and trusts		257,258	123,224
(Gain) loss on disposal of assets		(867)	711
Decrease in accounts and other receivables		50,769	27,018
(Increase) in inventory and prepaid expenses		67,864	(49,388)
Increase in accounts payable and accrued expenses		15,532	89,811
Net cash provided by (used in) operating activities		<u>1,273,360</u>	<u>(334,186)</u>
Cash flows from investing activities			
Principle collection of note receivable		20,435	
Proceeds from investments, matured annuities, and trusts		333,412	426,265
Purchase of property and equipment		(18,310)	(5,387)
Purchase of investments		(808,201)	(195,428)
Proceeds from sale of equipment		867	350
Net cash provided by (used in) investing activities		<u>(471,797)</u>	<u>225,800</u>
Cash flows from financing activities			
Line-of-credit proceeds - net		<u>(300,000)</u>	100,000
Net cash provided (used by) by financing activities		<u>(300,000)</u>	<u>100,000</u>
Net change in cash and cash equivalents		501,563	(8,386)
Cash and cash equivalents			
Balance, beginning of year		<u>382,730</u>	391,116
Balance, end of year		<u>\$884,293</u>	<u>\$382,730</u>
Other Disclosures			
Interest paid		\$11,758	\$8,327
UBIT taxes paid		\$15,481	

The accompanying notes are an integral part of these financial statements.

THE QUIET HOUR, INC.
DBA: Quiet Hour Ministries
Notes to Financial Statements

1. Organization

The Quiet Hour, Inc. (the Ministry) was incorporated in 1954 as a nonprofit organization under the general nonprofit laws of the State of Michigan. In 2010, the Ministry began doing business as Quiet Hour Ministries. Its mission is the preaching of the gospel of a soon coming Savior, through the media of television, the printed page and evangelistic crusades. The Ministry is primarily funded by gifts from supporters, in the form of cash and maturation of trusts and wills and annuities. The Ministry's headquarters are located in Redlands, California and its donors are from across the United States and Canada. The Ministry utilizes the efforts of a large number of volunteers to accomplish its mission.

2. Summary of Significant Accounting Policies

The significant accounting policies of the Ministry are based on generally accepted accounting principles for not-for-profit organization as promulgated by the Financial Accounting Standards Board. The significant policies have been described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of financial statements.

Financial Statement Presentation

The Ministry reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Unrestricted net assets are the part of the net assets of the Ministry that are neither permanently restricted nor temporarily restricted. Temporarily restricted net assets result generally from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Ministry pursuant to those stipulations. Permanently restricted net assets result generally from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Ministry. At this time, the Ministry has no permanently restricted net assets.

Contributions

Contributions that are not restricted by the donor are reported as increases in unrestricted net assets. Donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. Unless prohibited by the donor, thirty-five percent of non-trust related restricted contributions are recorded as unrestricted contributions to cover administration costs associated with the restricted purpose.

Promises to give (pledges) are recognized as revenues in the period the pledge is received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

For the recognition of contributions related to the establishment of trust and annuity agreements, see those sections which are part of this note.

THE QUIET HOUR, INC.
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Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Donated Services

No amounts have been reflected in the financial statements for donated services. The Ministry generally pays for services requiring specific expertise although volunteer professional medical services are utilized in some mission activities. The Ministry's management estimates in 2013 the Ministry used approximately 97,000 hours of volunteer time from 611 lay people primarily in mission activities. In most cases these volunteers not only gave of their time, but also contributed to expenses connected to their volunteer efforts.

Cash and Cash Equivalents

The Ministry considers all undesignated and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Ministry has concentrations of credit risk for cash because it maintains deposits with financial institutions in excess of insured limits, and maintains deposits in money market funds, which may not be covered by insurance.

Investments

Funds required for current operating purposes are maintained in bank and money market accounts. Other liquid funds are invested primarily in government agency obligations and mutual funds. Investments are reported in the statement of financial position at fair value with any realized or unrealized gains and losses reported in the statement of activities. Fair value of marketable equity and debt securities is based on quoted market prices. Alternative investments are stated at the fair value of their underlying assets and allocated to the investors in proportion to the investor's ownership percentage.

Investments are exposed to various risks such as significant world events, interest rates, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

Items for resale

Items for resale consist of merchandise and informational materials and are carried at a weighted average cost, with adequate provision for decline in value based upon obsolescence or marketability.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Property and equipment donated for the Ministry's operations are recorded at fair market value at the date of receipt. Depreciation is provided over the estimated useful life of each class of depreciable assets and is completed on the straight-line method. Expenditures for maintenance and repairs are charged to the statement of activities. Upon sale or retirement, the cost of equipment and furniture and related accumulated depreciation is removed from the respective accounts and resulting gains or losses are included in revenue.

THE QUIET HOUR, INC.
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Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Current Assets and Liabilities

Only operating fund assets and liabilities are classified as current, when appropriate. This excludes from current assets: cash and claims to cash which are restricted as to withdrawal or use for other than current operations; are board allocated for expenditure for payment of annuity agreements; or, are held as agent for others. This excludes from current liabilities: the present value of expected annuity and trust payments; or, amounts held for others as their fiscal agent. Thus working capital (current assets less current liabilities) for the Ministry reflects operating working capital, since normally no trust or gift annuity related assets or liabilities are classified as current.

Gift Annuity Agreements

The Ministry has entered into gift annuity agreements which provide that the Ministry shall pay to the designated beneficiaries an annual amount until the death of the designated beneficiaries. The payments continue even if the assets of the gift annuity fund have been exhausted. The Ministry records these gift annuities at market value and a corresponding liability is recorded for the actuarially determined present value of payments to be made to the designated beneficiaries. The residual amount recorded is included in unrestricted net assets as the assets are available for the general use of the Ministry. However, the Board of Directors has designated the unrestricted fund balance from active gift annuity agreements to be held for investment and not be made available for operations until the agreement has matured. Income, including the contribution portion of new annuities, from the investments designated for gift annuity agreements is recorded in the unrestricted fund.

Trust Agreements

The Ministry is named as trustee and beneficiary in numerous irrevocable and revocable trust agreements executed by friends and supporters. Assets in such trusts are invested in marketable securities or in specific securities designated or approved by the trustor. Income from these investments is distributed in accordance with the instructions of the trustor. The corpus and the instrument are, at maturity, distributed as provided in the trust agreement. In most trusts, the full amount of the distributed corpus goes to the Ministry in support of its operations.

Upon receipt of irrevocable agreements, a liability for the present value of expected future payouts is determined and the difference between the total assets received and the present value of expected future payouts is recognized as restricted contribution revenue. The change in the fair value of trust assets during the year, including income earned and payments to income beneficiaries and the present value of the liability to income beneficiaries is shown on the statement of activities as a change in value of trust split interest agreements.

At maturity, any remaining liability to income beneficiaries or annuitants is recognized as an additional increase in the value of split-interest agreements.

The invested assets of revocable trusts are included in trust assets. An equal amount is reported as a liability. Some revocable agreements have been entered into wherein the corpus of the trust is represented by property (primarily real property) other than cash or marketable securities. No value is recorded in these financial statements for such property.

THE QUIET HOUR, INC.
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Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Ministry is a religious nonprofit corporation described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the code and comparable laws of the State of California. Contributions made to the Ministry for the support of its work are deductible by donors in computing their taxable income, as provided in the code.

As a non-profit organization, the Ministry is subject to federal and state taxes on any unrelated business income. The Ministry currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded for 2013. In 2012, the Ministry was allocated unrelated business income from a Subchapter S-corporation which was gifted to the Ministry some years ago. The income resulted from the sale of the only asset owned by the corporation. For 2012, the Ministry had accrued \$21,113 in unrelated business income tax expense for the expected taxes due to federal and state authorities. Management does not believe there are any uncertain tax possibilities. The years remaining open for examination are 2010 - 2013.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Ministry has been limited by donors to a specific time period or purpose. When a donor restriction expires or is expended for its intended purpose, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Expenses and Joint Costs

The costs of providing programs and services have been summarized on a functional basis in the statement of activities. Accordingly, costs which cannot be directly charged are allocated based on management estimates among the programs and supporting services benefited.

The Ministry achieves some of its program goals by conducting rallies and meetings that include requests for contributions. The costs of conducting these activities totaled \$183,081 for 2013 and \$143,145 for 2012. For 2013 and 2012, these joint costs were allocated 90% to program and 10% to development on the basis of value received in the two areas.

Reclassifications

Certain reclassifications have been made to the prior year financial data to conform to the current year presentation.

THE QUIET HOUR, INC.
DBA: Quiet Hour Ministries
Notes to Financial Statements

3. Investments

Investments are composed of the following as of December 31:

	<u>2013</u>	<u>2012</u>
For operations:		
Mutual Funds	\$2,043,103	\$1,368,435
Real estate partnerships/REITS	175,368	181,809
Equities		41,026
	<u>2,218,471</u>	<u>1,591,270</u>
For gift annuity agreements:		
Cash and equivalents	664,848	554,676
Pooled mutual funds	1,191,441	1,419,466
Pooled trust deeds	698,345	635,761
	<u>2,554,634</u>	<u>2,609,903</u>
Total investments	<u>\$4,773,104</u>	<u>\$4,201,172</u>

The components of total investment return are as follows:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$146,266	\$136,344
Net realized and unrealized gains (losses)	297,440	144,822
Less: management fees and charges	(41,502)	(45,266)
Total	<u>\$402,204</u>	<u>\$235,900</u>

4. Trust Asset Investments

	<u>2013</u>	<u>2012</u>
Cash and equivalents	\$ 187,578	\$ 763,464
Secured notes	642,036	402,484
Pooled mutual funds	823,163	776,800
Equities		735,296
Real estate partnerships (REITS)	68,756	67,699
Total	<u>\$1,721,533</u>	<u>\$2,745,743</u>

THE QUIET HOUR, INC.
DBA: Quiet Hour Ministries
Notes to Financial Statements

5. Fair Value Measurements

Fair values of assets measured on a recurring basis are as follows at December 31:

	2013			
	Fair Value	Level 1	Level 2	Level 3
Investments	2,218,471	2,211,455		7,016
Assets held for annuity agreements	2,554,634	669,343	1,885,291	
Assets held in trusts	1,721,533	187,578	1,533,955	
Pledges receivable	77,166			77,166
Total	\$6,571,804	\$3,068,376	\$3,419,246	\$84,182

	2012			
	Fair Value	Level 1	Level 2	Level 3
Investments	\$1,591,270	\$1,584,254		\$7,016
Assets held for annuity agreements	2,629,903	547,833	\$2,082,070	
Assets held in trusts	2,745,743	2,328,652	417,091	
Pledges receivable	49,487			\$49,487
Total	\$7,016,403	\$4,467,755	\$2,499,161	\$56,503

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

	Investments	Pledges Receivable	Total
Balance at December 31, 2011	\$7,016	\$103,367	\$110,383
Pledge contributions receivable		49,487	49,487
Disposition of pledges receivable		(103,367)	(103,367)
Balance at December 31, 2012	\$7,016	\$49,487	\$56,503
Pledge contributions receivable		77,166	77,166
Disposition of pledges receivable		(49,487)	(49,487)
Balance at December 31, 2013	<u>\$7,016</u>	<u>\$77,166</u>	<u>\$84,182</u>

THE QUIET HOUR, INC.
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Notes to Financial Statements

5. Fair Value Measurements (continued)

Level 1

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets.

Level 2

Level 2 inputs are valued using multiple techniques including the market, income, and cost approaches, and are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

1. Quoted prices for similar assets or liabilities in active markets;
2. Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly (for example, a principal to principal market);
3. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates);
4. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3

Level 3 inputs are valued using multiple techniques including the market, income, and costs approaches, and are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant that holds the asset or owes the liability.

Fair value for the pledges receivable is determined by estimating future amounts to be received.

6. Amounts Due from Others

Accounts and notes receivable are composed of the following as of December 31:

	<u>2013</u>	<u>2012</u>
Pledges and contributions	\$77,166	\$129,487
Miscellaneous current accounts	2,049	499
Current portion of note receivable	<u>19,649</u>	<u>20,433</u>
	<u>\$98,864</u>	<u>\$150,419</u>

THE QUIET HOUR, INC.
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Notes to Financial Statements

7. Property and Equipment

Property and equipment are as follows as of December 31:

	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 576,724	\$ 576,724
Building	2,529,586	2,529,586
Vehicle	18,300	18,300
Office furniture	103,767	103,767
Office equipment	33,750	33,750
Computer equipment/software	226,405	249,308
Program equipment	<u>126,636</u>	<u>124,410</u>
	3,615,168	3,635,845
Less: accumulated depreciation	<u>1,411,947</u>	<u>(1,352,823)</u>
	<u>\$2,203,221</u>	<u>\$2,283,022</u>

8. Line of Credit

The Ministry has an agreement for a line-of-credit with Merrill Lynch. The agreement enables the Ministry to borrow up to 40% of the investment balance in the Ministry's reserve account. At December 31, 2013 and 2012, the balances on the loan were \$0 and \$300,000, respectively. The interest rate at December 31, 2012 was 4.21%.

9. Pension Plan

The Ministry has established a defined contribution 403(b) pension plan. The Ministry contributes two percent of eligible employees' salary to the plan plus a match up to an additional two percent depending on employee elective contributions. The Ministry's pension expense for the years ended December 31, 2013 and 2012 was \$29,342 and \$29,557, respectively.

10. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes:

	<u>2013</u>	<u>2012</u>
Contributions restricted for world mission projects	\$2,437,987	\$1,613,800
Net trust assets restricted until maturity	281,347	344,575
Promises to give	<u>77,166</u>	<u>129,487</u>
Total temporarily restricted net assets	<u>\$2,796,502</u>	<u>\$2,087,862</u>

Amounts released from restriction by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors follow:

Mission projects	\$1,588,971	\$1,849,110
Matured trusts	142,073	
Disposition of pledges	<u>138,492</u>	<u>110,115</u>
Total	<u>\$1,869,536</u>	<u>\$1,959,225</u>

THE QUIET HOUR, INC.
DBA: Quiet Hour Ministries
Notes to Financial Statements

11. Functional Expense

Although not required by generally accepted accounting principles, functional expenses charged to program services and supporting services are presented as additional information.

	Program Services			Support Services			2012	
	Evangelistic		Publications/ Website	Mgmt &		Trust Mgmt	(Memorandum Only)	
	Ministries/ Projects	Broadcast Media		General	Develop		Total	Total
Salaries and wages	\$ 271,389	\$ 62,628	\$62,628	\$459,274	\$ 62,628	\$125,257	\$1,043,804	\$1,033,451
Payroll taxes/benefits	58,693	13,424	13,424	104,036	17,476	33,998	241,051	247,058
Grants/mission expenses	1,651,990						1,651,990	1,774,080
Printing/postage/resale	31,209	1,357	2,040	10,789	45,048	4,075	94,518	163,861
Television/air time		4,139					4,139	5,552
Advertising/promotion	10,151				44,543	3,333	58,027	146,656
Occupancy	46,036	15,763	10,212	77,632	10,212	18,721	178,576	143,363
Conferences/rallies	165,153					18,350	183,503	232,493
Travel	40,749	4,575		1,882	18,344	24,417	89,967	64,515
Insurance	11,692	2,598	2,598	19,054	2,598	4,764	43,304	43,368
Office expenses/fees	10,688	2,376	2,376	17,492	26,553	4,356	63,841	49,604
Telephone/internet	8,844	1,965	1,965	14,412	1,965	3,603	32,754	27,276
Outside services	518,293	49,120		38,855	270,606	77,881	954,755	661,795
Other	830	192	192	26,790	192	4,602	32,798	44,944
Depreciation	18,263	4,058	4,058	29,761	4,058	7,440	67,638	89,125
	<u>\$2,843,980</u>	<u>\$162,195</u>	<u>\$99,493</u>	<u>\$799,977</u>	<u>\$522,573</u>	<u>\$312,447</u>	<u>\$4,740,665</u>	<u>\$4,727,140</u>

12. Subsequent Events

Management has evaluated events occurring between the end of the fiscal year and April 8, 2014, the date of the auditor's report, for the possible effects on these financial statements.