

**ARIZONA BURN FOUNDATION, INC.  
F.K.A FOUNDATION FOR BURNS  
AND TRAUMA, INC.**

**AUDITED FINANCIAL STATEMENTS  
Years ended September 30, 2012 and 2011**

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DEVRIES CPAS  
OF ARIZONA, P.C.



**ARIZONA BURN FOUNDATION, INC.**  
**F.K.A FOUNDATION FOR BURNS AND TRAUMA, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
Years ended September 30, 2012 and 2011

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Arizona Burn Foundation, Inc.  
Phoenix, Arizona

We have audited the accompanying statements of financial position of Arizona Burn Foundation, Inc. (formerly known as Foundation for Burns and Trauma, Inc.) (an Arizona nonprofit organization) as of September 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 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 Arizona Burn Foundation, Inc. as of September 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.

*Devries CPAs of Arizona, P.C.*

DEVRIES CPAS OF ARIZONA, P.C.

March 13, 2013

*Integrity is the highest form of service.*

**ARIZONA BURN FOUNDATION, INC.**  
**F.K.A. FOUNDATION FOR BURNS AND TRAUMA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
September 30, 2012 and 2011

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
Cash and cash equivalents:		
Undesignated	\$ 218,815	\$ 133,077
Designated for:		
Office building renovation reserve	150,000	400,000
Operating reserve	250,000	240,000
Technology capital expenditure reserve	0	6,500
	618,815	779,577
Pledges receivable - Note 3	64,249	103,300
Bequests receivable - Note 4	70,000	121,400
Prepaid expenses	33,841	20,823
Property and equipment - Note 5	736,012	743,278
	\$ 1,522,917	1,768,378

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable	\$ 8,016	\$ 22,427
Accrued expenses	34,564	32,223
Deferred revenue	250	5,000
Funds held for others	7,489	12,492
	50,319	72,142
Net assets:		
Unrestricted:		
Undesignated	244,713	13,849
Board designated - Note 6	400,000	746,500
Expended for property and equipment	736,012	743,278
	1,380,725	1,503,627
Temporarily restricted - Note 7	91,873	192,609
	1,472,598	1,696,236
	\$ 1,522,917	\$ 1,768,378

See Accompanying Notes.

**ARIZONA BURN FOUNDATION, INC.**  
**F.K.A. FOUNDATION FOR BURNS AND TRAUMA, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted net assets:		
Public support and revenue:		
Contributions	\$ 417,007	\$ 613,221
Grants	28,400	29,500
Bequests	0	381,400
In-kind contributions - Note 8	3,149	31,496
Special events, net of \$110,886 and \$128,411 direct donor benefit costs, respectively	218,955	236,344
Investment income - Note 9	243	7,046
Program fees	65,434	23,910
Rental income	0	3,900
Other income	2,925	10,539
	<u>736,113</u>	<u>1,337,356</u>
Released from restrictions	<u>141,736</u>	<u>146,192</u>
Total public support and revenue	877,849	1,483,548
 Expenses:		
Program services	840,859	826,340
Management and general	77,446	74,858
Fundraising and public relations	82,446	53,805
Total expenses	<u>1,000,751</u>	<u>955,003</u>
Change in unrestricted net assets	(122,902)	528,545
 Temporarily restricted net assets:		
Grants	10,000	10,000
Special events	31,000	77,750
Released from restrictions	<u>(141,736)</u>	<u>(146,192)</u>
Change in temporarily restricted net assets	<u>(100,736)</u>	<u>(58,442)</u>
 Net change in net assets	(223,638)	470,103
 Net assets, beginning of year	<u>1,696,236</u>	<u>1,226,133</u>
 Net assets, end of year	<u>\$ 1,472,598</u>	<u>\$ 1,696,236</u>

See Accompanying Notes.

ARIZONA BURN FOUNDATION, INC.  
F.K.A. FOUNDATION FOR BURNS AND TRAUMA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended September 30, 2012

	Program services					Management and general	Fundraising and public relations	Total
	Youth burn survivor programs	Forever Courage House	Burn hospital support	Burn prevention programs	Total programs			
Salaries and wages	\$ 90,814	\$ 113,212	\$ 20,016	\$ 68,943	\$ 292,985	\$ 51,376	\$ 32,403	\$ 376,764
Payroll taxes and benefits	19,026	23,581	6,128	10,498	59,233	11,205	5,134	75,572
	<u>109,840</u>	<u>136,793</u>	<u>26,144</u>	<u>79,441</u>	<u>352,218</u>	<u>62,581</u>	<u>37,537</u>	<u>452,336</u>
Accounting and legal	3,877	4,688	1,379	1,527	11,471	1,129	679	13,279
Bad debt							32,500	32,500
Burn survivors conference	2,743	992	9,987	2,040	15,762	221	132	16,115
Burn symposium			48,049		48,049			48,049
Community presence	1,028	1,243	365	405	3,041	299	180	3,520
Contract labor	9,969	12,054	4,485	3,926	30,434	3,054	1,745	35,233
Depreciation	3,488	17,050	93	103	20,734	75	46	20,855
Direct benefits to burn survivors		88,977			88,977			88,977
Direct donor benefit costs							110,886	110,886
Educational materials	399			3,562	3,961			3,961
Equipment and facilities	53,616	3,161	8,823	1,649	67,249	652	391	68,292
Insurance	8,648	12,077	2,754	2,892	26,371	2,141	1,285	29,797
Mileage, gas and parking	2,411	3,170	293	1,532	7,406	239	220	7,865
Occupancy	6,111	7,389	2,173	2,406	18,079	2,875	1,674	22,628
Operations	39,543	1,624	381	490	42,038	1,979	629	44,646
Other	831	1,363	264	292	2,750	217	130	3,097
Postage	1,099	861	253	351	2,564	207	1,195	3,966
Printing and promotion	1,715	1,595	8,144	1,697	13,151	305	2,986	16,442
Repairs and maintenance	756	8,801	269	298	10,124	220	132	10,476
Scholarships		15,200			15,200			15,200
Smoke alarms				11,791	11,791			11,791
Subscriptions and memberships	337	286	84	158	865	69	41	975
Supplies	6,895	2,705	138	339	10,077	112	303	10,492
Telephone and utilities	2,792	22,680	1,818	1,099	28,389	865	517	29,771
Vehicle expenses		709			709			709
Volunteer expenses	6,650	1,986	252	561	9,449	206	124	9,779
Total functional expenses	<u>262,748</u>	<u>345,404</u>	<u>116,148</u>	<u>116,559</u>	<u>840,859</u>	<u>77,446</u>	<u>193,332</u>	<u>1,111,637</u>
Less direct donor benefit costs netted against revenue							(110,886)	(110,886)
Total expenses	<u>\$ 262,748</u>	<u>\$ 345,404</u>	<u>\$ 116,148</u>	<u>\$ 116,559</u>	<u>\$ 840,859</u>	<u>\$ 77,446</u>	<u>\$ 82,446</u>	<u>\$ 1,000,751</u>

See Accompanying Notes

**ARIZONA BURN FOUNDATION, INC.**  
**F.K.A. FOUNDATION FOR BURNS AND TRAUMA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended September 30, 2011

	Program services					Management and general	Fundraising and public relations	Total
	Youth burn survivor programs	Forever Courage House	Burn hospital support	Burn prevention programs	Total programs			
Salaries and wages	\$ 91,177	\$ 109,340	\$ 19,822	\$ 68,670	\$ 289,009	\$ 50,034	\$ 31,933	\$ 370,976
Payroll taxes and benefits	17,889	19,004	3,820	10,333	51,046	15,029	9,297	75,372
	<u>109,066</u>	<u>128,344</u>	<u>23,642</u>	<u>79,003</u>	<u>340,055</u>	<u>65,063</u>	<u>41,230</u>	<u>446,348</u>
Accounting	3,373	4,120	1,200	1,328	10,021	984	590	11,595
Bad debt	2,920	3,530	1,038	1,150	8,638	851	511	10,000
Burn survivors conference	4,589	6,157	11,156	394	22,296	279	167	22,742
Burn symposium			40,366		40,366			40,366
Community presence	873	1,056	310	344	2,583	254	153	2,990
Contract labor	2,598	3,163	23,158	18,523	47,442	758	455	48,655
Depreciation	4,448	21,740	118	131	26,437	97	58	26,592
Direct benefits to burn survivors		86,104			86,104			86,104
Direct donor benefit costs							128,411	128,411
Educational materials	299		49	819	1,167			1,167
Equipment and facilities	51,395	1,802	7,294	452	60,943	463	272	61,678
Insurance	3,830	5,055	1,133	1,255	11,273	929	558	12,760
Mileage, gas and parking	2,106	2,766	236	859	5,967	192	580	6,739
Occupancy	5,572	6,737	1,981	2,194	16,484	2,620	1,527	20,631
Operations	25,312	1,686	12,673	339	40,010	176	658	40,844
Other	1,594	1,798	708	578	4,678	427	1,415	6,520
Postage	1,058	681	200	309	2,248	164	1,298	3,710
Printing and promotion	1,190	1,112	11,659	343	14,304	255	3,238	17,797
Repairs and maintenance	940	9,684	335	370	11,329	273	165	11,767
Scholarships		16,556			16,556			16,556
Smoke alarms				8,145	8,145			8,145
Subscriptions and memberships	350	181	53	94	678	45	26	749
Supplies	7,047	3,581	217	329	11,174	178	377	11,729
Telephone and utilities	2,763	21,654	1,733	1,088	27,238	845	505	28,588
Vehicle expenses	205	1,523			1,728			1,728
Volunteer expenses	4,917	220	3,057	282	8,476	5	22	8,503
Total functional expenses	<u>236,445</u>	<u>329,250</u>	<u>142,316</u>	<u>118,329</u>	<u>826,340</u>	<u>74,858</u>	<u>182,216</u>	<u>1,083,414</u>
Less direct donor benefit costs netted against revenue							(128,411)	(128,411)
Total expenses	<u>\$ 236,445</u>	<u>\$ 329,250</u>	<u>\$ 142,316</u>	<u>\$ 118,329</u>	<u>\$ 826,340</u>	<u>\$ 74,858</u>	<u>\$ 53,805</u>	<u>\$ 955,003</u>

See Accompanying Notes

**ARIZONA BURN FOUNDATION, INC.**  
**F.K.A. FOUNDATION FOR BURNS AND TRAUMA, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Net change in net assets	\$ (223,638)	\$ 470,103
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	20,855	26,592
Realized (gains) on sale of investments	0	(6,472)
Donated marketable securities	0	(126,479)
Donated equipment	0	(7,277)
Bad debt	32,500	10,000
(Increase) decrease in operating assets:		
Pledges receivable	36,551	14,400
Bequest receivable	21,400	(121,400)
Prepaid expenses	(13,018)	(4,492)
Increase (decrease) in operating liabilities:		
Accounts payable	(14,411)	10,188
Accrued expenses	2,341	6,762
Deferred revenue	(4,750)	(1,500)
(Decrease) in funds held for others	(5,003)	(7,425)
Net cash provided by (used in) operating activities	<u>(147,173)</u>	<u>263,000</u>
 Cash flows from investing activities:		
Sales of investments	0	132,951
Purchases of property and equipment	<u>(13,589)</u>	<u>(266,567)</u>
Net cash (used in) investing activities	<u>(13,589)</u>	<u>(133,616)</u>
 Net change in cash and cash equivalents	(160,762)	129,384
 Cash and cash equivalents, beginning of year	<u>779,577</u>	<u>650,193</u>
 Cash and cash equivalents, end of year	<u>\$ 618,815</u>	<u>\$ 779,577</u>

Supplemental cash flow information:

No cash paid for interest or income taxes in 2012 or 2011.

See Accompanying Notes.



**ARIZONA BURN FOUNDATION, INC.**  
**F.K.A. FOUNDATION FOR BURNS AND TRAUMA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2012 and 2011

**NOTE 1 – Organization**

Arizona Burn Foundation, Inc. (Foundation), formerly known as Foundation for Burns and Trauma, Inc., is a nonprofit organization with a two-fold mission: to assist in the development of a community-based burn center and to respond to the community's desire for an organization that can receive and earmark public donations for burn patient treatment, rehabilitation, and public education. The Foundation is dedicated to assisting burn victims and their families in becoming burn survivors through rehabilitation, treatment and research; the reduction of death and injury from burns and fire through prevention education, and serving as an advocacy partner for the prevention of trauma associated with other injuries. To accomplish its mission, the Foundation sponsors the following programs:

Youth burn survivor programs

- *Arizona Children's Burn Camp (Camp Courage)* – Camp Courage is a summer camp specifically for child burn survivors ages 6 to 15. Camp Courage offers child burn survivors the chance to escape the stares and teasing that tend to be an everyday part of life and be like any other kid. At camp they engage in activities designed to build self-esteem through accomplishment such as rappelling and rock climbing, and others simply intended to be fun such as canoeing, horseback riding, archery and arts & crafts. This camp is a tremendous opportunity for emotional healing and personal growth for approximately 100 kids each year.
- *Children's Holiday Party* – Due to the low socio-economic status of most client families, the Foundation provides a holiday party not only for the child burn survivors but for their families as well. The Foundation provides a turkey dinner, presents for everyone, arts and crafts activities, and of course a visit from Santa Claus. A door prize raffle is held so that families go home with a gift box of household items in addition to the toys. Each year the Foundation hosts between 300 and 350 people.
- *School Re-entry Program* – This service is designed to help facilitate a child's return to school and mainstream life as quickly and easily as possible. Firefighters, adult burn survivors and social workers meet with the student body and faculty at a burn survivor's school and dispel the myths and fears surrounding a serious burn injury.
- *Burn Survivor Scholarships* – As child burn survivors enter into adulthood, the Arizona Burn Foundation is there to provide funding for higher education. Scholarships of up to \$1,500 per semester are available to burn survivors who qualify and wish to pursue an education which may otherwise be out of reach.

Forever Courage House

The Arizona Burn Center ranks as the second busiest burn care facility in the United States. Therefore, many of the patients treated there are from out of town and their families endure significant financial hardship being away from home and work for often weeks at a time. The following services are provided:

- *Forever Courage House Family Home* – The Forever Courage House facility is a ten-family home where families can stay for as short as one night to as long as needed for free. The longest stay exceeded ten months. The Foundation gives them a place to sleep, shower and most importantly, seek the emotional support from other families enduring the same tragic circumstances of a family member suffering from painful and often life-threatening injuries.
- *FCH: Family Support Services* – The financial hardship that a prolonged hospital stay places on a family can be devastating. Forever Courage House provides financial support to needy families in the form of transportation, assistance with utility, rent and mortgage bills, pharmaceutical prescriptions and medical equipment and supplies. In addition, the Foundation provides transportation to and from the Arizona Burn Center and meal vouchers for the hospital cafeteria. Recipients of these benefits need not be guests at the Forever Courage House Family Home.

Burn hospital support

The Arizona Burn Foundation contributes funding to the Arizona Burn Center to purchase supplemental equipment, enhance facilities, support research, educate hospital staff, and provide treatment to over 4,000 patients each year.

**ARIZONA BURN FOUNDATION, INC.**  
**F.K.A. FOUNDATION FOR BURNS AND TRAUMA, INC.**  
NOTES TO FINANCIAL STATEMENTS - continued  
September 30, 2012 and 2011

**NOTE 1 – Organization – continued**

Burn prevention programs

- *Health and Safety Fairs* – The Foundation participates in approximately 25 community health and safety fairs each year. The booth and display are staffed by volunteers who distribute prevention literature about burn and scald prevention.
- *Smoke Alarm Outreach* – The Smoke Alarm Outreach program provides needy families in older neighborhoods with free dual-sensor smoke alarms fitted with 10-year lithium batteries. Working in conjunction with local civic organizations and fire departments, volunteers walk door-to-door and install the alarms at no charge.
- *Mrs. HotPots* - The Mrs. HotPots program was introduced in late summer of 2008, and is designed to reach out to 3 and 4-year-old preschoolers and their parents with a message of home safety and burn prevention. The children are treated to an interactive safety/story time with Mrs. HotPots, a character conceived and acted by our burn prevention specialist. Safety and burn prevention literature is sent home with each child for the parents.

**NOTE 2 – Summary of significant accounting policies**

*Financial statement presentation*

The Foundation is required under generally accepted accounting principles to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

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

*Cash and cash equivalents*

The Foundation considers all cash and highly liquid investments with an original maturity of three months or less to be cash equivalents. The Foundation maintains its cash in bank deposit accounts which, for short periods of time, may exceed federally insured limits. There was no uninsured cash at September 30, 2012.

*Bequests receivable*

Bequests receivable are stated at the amount the Foundation expects to receive from donors' estates, less an allowance for uncollectible accounts. The allowance is based on experience, age of the bequest, and other factors, which may affect the ability of estates to meet their obligations. It is the Foundation's policy to charge off uncollectible bequests receivable when management determines the receivable will not be collected.

*Amounts held for others*

Amounts held for others consist of amounts received and held by the Foundation on behalf of others. These funds are included in cash and cash equivalents on the statements of financial position.

*Property and equipment*

Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, from 5 to 30 years. The Foundation capitalizes all expenditures for property and equipment in excess of \$5,000 with a useful life of more than one year.

**ARIZONA BURN FOUNDATION, INC.**  
**F.K.A. FOUNDATION FOR BURNS AND TRAUMA, INC.**  
NOTES TO FINANCIAL STATEMENTS - continued  
September 30, 2012 and 2011

**NOTE 2 – Summary of significant accounting policies – continued**

*Contributions/restricted revenue*

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

*Donated goods, facilities and services*

Donated goods and space are valued at their fair market value. Donated services are recognized in the financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although the Foundation utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

*Expense allocation*

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Income tax status*

The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose may be subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(11) and has been classified as an organization other than a private foundation under Section 509(a)(1).

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification No. 740-10 (ASC 740-10), the Foundation holds no uncertain tax positions and, therefore, has no policy for evaluating them. The Foundation's Form 990, *Return of Organization Exempt from Income Taxes*, and Arizona Form 99, *Arizona Exempt Organization Annual Information Return*, are generally subject to examination by the IRS for three years and the Arizona Department of Revenue for four years, respectively, after the date the returns were filed.

*Reclassifications*

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**NOTE 3 – Pledges receivable**

At September 30, 2012 and 2011, pledges receivable consisted of unconditional promises to give totaling \$64,249 and \$103,300, respectively. All pledges receivable are expected to be received in less than one year, thus no discount to present value was recorded. Management considers all pledges to be collectible; therefore no allowance for uncollectible pledges has been established.

**ARIZONA BURN FOUNDATION, INC.**  
**F.K.A. FOUNDATION FOR BURNS AND TRAUMA, INC.**  
 NOTES TO FINANCIAL STATEMENTS - continued  
 September 30, 2012 and 2011

**NOTE 4 – Bequests receivable**

Bequests receivable consist of amounts to be received from donors' estates from 2011. Although management believes that the bequest is fully collectible, due to the delay in disbursement of the donor's estate, an allowance for uncollectible receivables has been recorded during the year ended September 30, 2012, as follows:

	2012	2011
Bequests receivable	\$ 100,000	\$ 121,400
Allowance for uncollectible receivables	(30,000)	0
	\$ 70,000	\$ 121,400

**NOTE 5 – Property and equipment**

Property and equipment consisted of the following at September 30, 2012 and 2011:

	2012	2011
Land	\$ 327,494	\$ 327,494
Buildings and improvements	502,928	502,928
Furniture and equipment	93,525	93,525
	923,947	923,947
Less accumulated depreciation	(249,224)	(228,369)
	674,723	695,578
Building for future use	61,289	47,700
	\$ 736,012	\$ 743,278

**NOTE 6 – Board designated net assets**

Board designated net assets consisted of the following at September 30, 2012 and 2011:

	2012	2011
Renovation of new office building	\$ 150,000	500,000
Operating reserve	250,000	240,000
Technology capital expenditure	0	6,500
	\$ 400,000	\$ 746,500

**NOTE 7 – Temporarily restricted net assets**

Temporarily restricted net asset activity was as follows during the year ended September 30, 2012:

	Beginning balance	Additions	Releases	Ending balance
Burn center	\$ 54,859		\$ (3,986)	\$ 50,873
Future year programs	60,000	\$ 10,000	(60,000)	10,000
Tree Festival	77,750	31,000	(77,750)	31,000
	\$ 192,609	\$ 41,000	\$ (141,736)	\$ 91,873

**ARIZONA BURN FOUNDATION, INC.**  
**F.K.A. FOUNDATION FOR BURNS AND TRAUMA, INC.**  
 NOTES TO FINANCIAL STATEMENTS - continued  
 September 30, 2012 and 2011

**NOTE 8 – In-kind contributions**

The Foundation received goods and services without payment or compensation. This support is reflected in the financial statements as revenues in accordance with generally accepted accounting principles. For the years ended September 30, 2012 and 2011, these in-kind contributions are included in the statements of functional expenses as follows:

	<u>2012</u>	<u>2011</u>
Contract labor	\$ 0	\$ 2,520
Contract labor - youth burn survivor programs	0	17,500
Direct benefits to burn survivors	0	3,887
Repairs and maintenance	<u>3,149</u>	<u>312</u>
	3,149	24,219
Donated equipment	<u>0</u>	<u>7,277</u>
	<u>\$ 3,149</u>	<u>\$ 31,496</u>

**NOTE 9 – Investment income**

Investment income primarily consists of interest and dividends on cash held in savings and money market accounts. From time to time, donated stock will be sold upon receipt, resulting in realized gains or losses. Investment income for the years ended September 30, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$ 243	\$ 574
Realized gain	<u>0</u>	<u>6,472</u>
	<u>\$ 243</u>	<u>\$ 7,046</u>

**NOTE 10 - Tax-deferred annuity plan**

The Foundation participates in a tax-deferred annuity plan (Plan) qualified under Section 403(b) of the Internal Revenue Code. The Plan covers all full-time and regular part-time employees of the Foundation after one year of employment. The Foundation contributes to the Plan 4% of gross salaries for qualified employees. Employees may elect to make contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code. Plan expense for the years ended September 30, 2012 and 2011 was \$13,748 and \$14,467, respectively.

**NOTE 11 – Related party transactions**

During the years ended September 30, 2012 and 2011 the Foundation received in-kind medical services for its burn camp program totaling \$0 and \$17,500, respectively, from a board member.

**NOTE 12 – Leases**

The Foundation leases office space under a non-cancelable operating lease expiring in February 2013. Rental expense for the years ended September 30, 2012 and 2011 was \$22,628 and \$20,631, respectively. Future minimum lease payments under the operating lease for the year ending September 30, 2013 are \$9,983.

**NOTE 13 – Subsequent events**

Subsequent events have been evaluated through March 13, 2013, which is the date the financial statements were available to be issued.