
APPLIED RESEARCH CENTER

FINANCIAL STATEMENTS

December 31, 2012

**(With Comparative Totals for the Year Ended
December 31, 2011)**

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

Applied Research Center

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Applied Research Center
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of Applied Research Center, which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, cash flows and functional expenses for the year 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 audit 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 from 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 Applied Research Center as of December 31, 2012, and the results of its

operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Applied Research Center's December 31, 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 15, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Adele Kaneda

Certified Public Accountants
Oakland, California
May 30, 2013

Applied Research Center

**Statement of Financial Position
December 31, 2012
(With Comparative Totals for December 31, 2011)**

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 977,744	\$ 111,765
Investments (Note 3)	1,615,623	443,392
Accounts receivable	185,410	1,170,726
Prepaid expenses	43,743	111,788
Note receivable, current portion (Note 6)	6,897	6,627
Total Current Assets	<u>2,829,417</u>	<u>1,844,298</u>
Grants receivable, long term (Note 5)	1,700,000	-
Note receivable (Note 6)	86,476	93,373
Property and equipment, net (Note 7)	1,334,008	1,376,933
Deposits	<u>29,318</u>	<u>29,318</u>
Total Assets	<u><u>\$ 5,979,219</u></u>	<u><u>\$ 3,343,922</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 112,354	\$ 192,730
Accrued vacation	41,758	25,433
Accrued sabbatical	46,835	-
Notes payable, current portion (Note 9)	15,440	25,942
Total Current Liabilities	<u>216,387</u>	<u>244,105</u>
Notes payable, long term portion (Note 9)	<u>70,289</u>	<u>82,064</u>
Total Liabilities	<u>286,676</u>	<u>326,169</u>
Commitments and Contingencies (Notes 10 and 11)		
Net Assets		
Unrestricted		
Board designated (Note 13)	26,635	119,173
Undesignated	1,427,580	1,441,775
Total Unrestricted	<u>1,454,215</u>	<u>1,560,948</u>
Temporarily restricted (Note 12)	4,238,328	1,456,805
Total Net Assets	<u>5,692,543</u>	<u>3,017,753</u>
Total Liabilities and Net Assets	<u><u>\$ 5,979,219</u></u>	<u><u>\$ 3,343,922</u></u>

See Notes to the Financial Statements

Applied Research Center

**Statement of Activities
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)**

	Unrestricted	Temporarily Restricted	Totals	
			2012	2011
Support and Revenue				
Support				
Contributions	\$ 170,674	\$	\$ 170,674	\$ 46,660
Foundation and community grants	85,500	4,952,500	5,038,000	852,000
Total Support	<u>256,174</u>	<u>4,952,500</u>	<u>5,208,674</u>	<u>898,660</u>
Revenue				
Fees and contracts	382,217		382,217	474,630
Sales, royalties and registrations	219,335		219,335	35,576
Interest and dividends	32,558		32,558	48,274
Realized gain (loss)	(15,906)		(15,906)	3,477
Unrealized gain (loss)	46,549		46,549	(22,004)
Total Revenue	<u>664,753</u>	<u>-</u>	<u>664,753</u>	<u>539,953</u>
Net assets released from restrictions (Note 12)	<u>2,170,977</u>	<u>(2,170,977)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>3,091,904</u>	<u>2,781,523</u>	<u>5,873,427</u>	<u>1,438,613</u>
Expenses				
Program	2,541,859		2,541,859	2,257,892
General and administrative	333,411		333,411	314,284
Fundraising	323,367		323,367	197,076
Total Expenses	<u>3,198,637</u>	<u>-</u>	<u>3,198,637</u>	<u>2,769,252</u>
Change in Net Assets	<u>(106,733)</u>	<u>2,781,523</u>	<u>2,674,790</u>	<u>(1,330,639)</u>
Net Assets, beginning of year	<u>1,560,948</u>	<u>1,456,805</u>	<u>3,017,753</u>	<u>4,348,392</u>
Net Assets, end of year	<u>\$ 1,454,215</u>	<u>\$ 4,238,328</u>	<u>\$ 5,692,543</u>	<u>\$ 3,017,753</u>

See Notes to the Financial Statements

Applied Research Center

Statement of Cash Flows
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,674,790	\$ (1,330,639)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	42,926	26,604
Donated securities	(199,226)	(206,594)
Realized loss (gain)	15,906	(3,477)
Unrealized gain (loss)	(46,549)	22,004
Change in assets and liabilities:		
Accounts receivable	985,316	1,314,245
Grants receivable	(1,700,000)	-
Prepaid expenses	68,045	(111,788)
Deposits	-	2,455
Accounts payable	(80,376)	100,338
Accrued vacation	16,325	12,021
Accrued sabbatical	46,835	-
Net cash provided (used) by operating activities	<u>1,823,992</u>	<u>(174,831)</u>
Cash flows from investing activities:		
Acquisition of property and equipment	-	(11,096)
Repayments on notes receivable	6,627	-
Purchase of investments	(1,250,000)	(263,123)
Proceeds from sale of investments	307,637	930,142
Net cash provided (used) by investing activities	<u>(935,736)</u>	<u>655,923</u>
Cash flows from financing activities:		
Proceeds from borrowings	87,718	1,569,096
Repayments on borrowings	(109,995)	(2,046,558)
Net cash used by financing activities	<u>(22,277)</u>	<u>(477,462)</u>
Net change in cash and cash equivalents	<u>865,979</u>	<u>3,630</u>
Cash and cash equivalents, beginning of year	<u>111,765</u>	<u>108,135</u>
Cash and cash equivalents, end of year	<u>\$ 977,744</u>	<u>\$ 111,765</u>
Supplementary information		
Interest paid	<u>\$ 2,840</u>	<u>\$ 7,352</u>

See Notes to the Financial Statements

Statement of Functional Expenses
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

See Notes to the Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

NOTE 1: NATURE OF ACTIVITIES

The Applied Research Center (ARC) is a California based nonprofit public benefit corporation incorporated in 1981. ARC's mission is to build awareness, solutions, and leadership for racial justice by generating transformative ideas, information, and experiences. Activities include:

Strategic Research: Focusing on institutional and structural racism as opposed to personal prejudice, ARC's research seeks to reveal the hidden or ignored inequalities of public policies and practices both within and across interconnected sectors such as education, immigration, criminal justice, employment and health. In 2012, ARC released several new reports: 1) "Millennials, Activism, and Race," which reveals what motivated young people to engage in progressive organizations and movements; 2) "Better Together in Action: Organizations Working to Integrate Racial Justice and LGBT Issues," which profiles The South Asian Network, FIERCE, and Southerners on New Ground; and 3) "Good Food, Good Jobs for All," which reveals collaborative opportunities between groups working for good jobs and those focused on good food.

Leadership Development: This program combines leadership development and education with strategic planning that focuses on advancing racial justice. ARC added two new trainers by 2012, and significantly expanded our reach by developing webinars. The new webinar series included the following: 1) "Racial Equity Impact Assessment" (introduces racial equity impact framework and tools); 2) "Challenging Racism Systematically" (on the different levels of racism and a proactive racial justice framework); 3) "Changing the Conversation on Race"; and 4) "Taking Real Steps Towards Racial Justice" (practical solutions for increasing racial equity). More than 1,400 individuals registered for these webinars in 2012. ARC also hosted the country's largest racial justice conference in November 2012, where 1,400 individuals attended workshops, plenaries, and networking opportunities. The conference included over 50 workshops offered by over 100 presenters.

Media and Journalism: ARC's Media program has transformed ARC into a strong force for racial justice in the current landscape of media and politics. Our signature on-line publication, Colorlines.com, has been successful in serving as a vehicle for popularizing racial justice. Some key investigations in 2011/2012 included: 1) "How Big Telecom Used Smartphones to Create a New Digital Divide;" 2) "A Swamp of Predatory Lending Drowns Struggling Neighborhoods;" 3) "Voter Suppression Groups Plot a Million Person Army to Swarm Polls;" and 4) "Dispatch From Detention: This is What Humane Deportation Looks Like." In 2012, Colorlines.com's overall web traffic grew by nearly 50 percent, reaching more than 3.7M unique visitors.

Sponsored Projects: In keeping with ARC's mission, the Fiscal Sponsorship program provides assistance for new projects through infrastructure support for research, organizing or educational purposes. In addition to ARC's three existing sponsored projects, BackStory Narratives, the Alliance of Californians for Community Empowerment (ACCE) and El Comite Del Pueblo, ARC added Laughter Against the Machine in 2012.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of December 31, 2012.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

The Organization considers all contributions to be fully collectible at December 31, 2012. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2012 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended December 31, 2012.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$2,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)**

Building	39 years
Improvements	39 years
Furniture and equipment	5-7 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Functional Allocation of Expenses

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

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Reclassifications

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

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of May 30, 2013 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: INVESTMENTS

Investments are stated at fair value and consisted of the following at December 31:

	<u>2012</u>	<u>2011</u>
Equities	\$ 32,284	\$ 24,665
Fixed income	<u>1,583,339</u>	<u>418,727</u>
Total	<u>\$ 1,615,623</u>	<u>\$ 443,392</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

NOTE 4: FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities:			
Energy	\$ 3,549	\$ -	\$ 3,549
Financial services	3,337	-	3,337
Industrials	<u>25,398</u>	-	<u>25,398</u>
Total Equities	<u>32,284</u>	-	<u>32,284</u>
Fixed Income:			
Certificates of deposit	1,200,000	-	1,200,000
Corporate bonds	233,534	-	233,534
Collateralized mortgage obligations	-	<u>149,805</u>	<u>149,805</u>
Total Fixed Income	<u>1,433,534</u>	<u>149,805</u>	<u>1,583,339</u>
Total	<u>\$ 1,465,818</u>	<u>\$ 149,805</u>	<u>\$ 1,615,623</u>

NOTE 5: GRANTS RECEIVABLE

Long term grants receivable represent unconditional commitments from two foundations that are recorded at their net realizable value. The Organization expects to collect substantially all of the outstanding balance by December 31, 2015. The total discount to present value for the grants receivable expected after December 31, 2012 was calculated as \$16,000 through December 31, 2014, and \$11,880 through December 31, 2015. Management considers this amount immaterial to the financial statements and has not recorded it.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

NOTE 6: NOTE RECEIVABLE

Note receivable at December 31, 2012 consisted of the following:

Unsecured 12-year loan to Critical Ventures Housing Partnership II with interest at 4% for the first 5 years, and at 6% thereafter. Monthly payments of \$876 are to be amortized over the life of the loan.	\$ 93,373
Less current portion	<u>(6,897)</u>
Long-term portion	<u>\$ 86,476</u>

NOTE 7: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2012</u>	<u>2011</u>
Equipment and furniture	\$ 49,174	\$ 214,669
Building and improvements	1,371,701	1,371,701
Donated building in Ithaca, NY	15,000	15,000
Donated land in Ithaca, NY	60,000	60,000
Less accumulated depreciation	<u>(161,867)</u>	<u>(284,437)</u>
Total	<u>\$ 1,334,008</u>	<u>\$ 1,376,933</u>

During the year, the organization evaluated its fully depreciated equipment balances and reduced equipment and the corresponding accumulated depreciation balances for equipment that was obsolete or no longer in use.

NOTE 8: LINES OF CREDIT

The Organization uses its Royal Bank of Canada ("RBC") investment account for its cash flow needs and pays interest on any borrowing based on the RBC Base Lending rate with the total interest charge varying up to 2.75% depending on certain additional factors such as the balance of the amount outstanding. As of December 31, 2012 the RBC Base Lending rate was 5% and there was no balance on the account.

NOTE 9: LONG TERM DEBT

The Organization had notes payables as follows as of December 31, 2012:

Unsecured note payable to the Sisters of Loretto with interest of 2%, payable in monthly installments of \$920. Due April 2013.	\$ 3,665
Note payable to the Sisters of Loretto with interest of 3% secured by the Organization's investments, payable in monthly installments of \$1,173, due and payable on May 31, 2019.	<u>82,064</u>
Less current portion	<u>(15,440)</u>
Long-term portion	<u>\$ 70,289</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

The future scheduled maturities of long-term debt are as follows for the years ending December 31:

2013	\$ 15,440
2014	12,133
2015	12,502
2016	12,882
2017	13,274
Thereafter	<u>19,498</u>
Total	<u>\$ 85,729</u>

NOTE 10: COMMITMENTS

The Organization is party to a lease for office space in New York City which expires in August, 2014. At December 31, 2012, future minimum operating lease payments were as follows for the years ending December 31:

2013	\$ 83,205
2014	<u>49,385</u>
Total	<u>\$ 132,590</u>

Rent for the years ended December 31, 2012 and 2011 was \$74,209 and \$76,314, respectively.

NOTE 11: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the organization to the provisions of the grants. The Organization's management is of the opinion that it has complied with the terms of all grants.

NOTE 12: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows at December 31:

	<u>2012</u>	<u>2011</u>
Media	\$ 32,917	\$ 10,000
Network	77,083	
Research	606,945	895,139
Special projects	76,800	67,500
Future periods	<u>3,444,583</u>	<u>484,166</u>
Total	<u>\$ 4,238,328</u>	<u>\$ 1,456,805</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the year ended December 31:

	<u>2012</u>	<u>2011</u>
Network	\$ 57,917	\$ -
Media	72,083	133,750
Research	688,194	479,583
Special projects	33,200	20,750
Passage of time	<u>1,319,583</u>	<u>1,415,780</u>
Total	<u>\$ 2,170,977</u>	<u>\$ 2,049,863</u>

NOTE 13: BOARD DESIGNATED NET ASSETS

The Board of Directors of the Organization has designated unspent revenues earned by its fiscally sponsored projects for use by those projects.

NOTE 14: PENSION

The Organization has a defined contribution plan as established under Internal Revenue Code Section 403(b) (the Plan). All full time employees are eligible for participation in the Plan and become eligible after one year of employment and vest over the next five years. For each Plan year, the Board of Directors of the Organization determines the amount (if any) to be contributed to the Plan. Total contributions made by the Organization for the years ended December 31, 2012 and 2011 were \$24,291 and \$0, respectively.