

The Cross International Alliance

Independent Auditors' Report
Combined Financial Statements

Year Ended December 31, 2010



INDEPENDENT AUDITORS' REPORT

The Boards of Trustees
Cross International Catholic Outreach, Inc.
Cross International, Inc.
Pompano Beach, Florida

We have audited the accompanying combining statement of financial position of Cross International Catholic Outreach, Inc. and Cross International, Inc. ("the Organizations") as of December 31, 2010, and the related individual and combined statements of activities, combining cash flows and individual functional expenses for the year then ended. These combining and combined financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these combining and combined 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 combining and combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combining and combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combining and combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combining and combined financial statements referred to above present fairly, in all material respects, the combining financial position of Cross International Catholic Outreach, Inc. and Cross International, Inc. as of December 31, 2010, the combining and combined changes in their net assets and their combining cash flows and functional expenses for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
June 24, 2011

CERTIFIED PUBLIC ACCOUNTANTS

CROSS INTERNATIONAL CATHOLIC OUTREACH, INC.**CROSS INTERNATIONAL, INC.**

COMBINING STATEMENT OF FINANCIAL POSITION

December 31, 2010

| | Cross International Catholic Outreach, Inc. | Cross International, Inc. | Eliminations | Combined Total |
|---|---|------------------------------|------------------------------|----------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,947,222 | \$ 3,077,800 | \$ — | \$ 7,025,022 |
| Inventories | — | 540,000 | — | 540,000 |
| Due from affiliate | 3,622,107 | — | (3,622,107) | — |
| Other assets | 135,977 | 447,627 | — | 583,604 |
| Investments restricted to endowment | — | 233,000 | — | 233,000 |
| Property and equipment, net | <u>145,047</u> | <u>114,153</u> | <u>—</u> | <u>259,200</u> |
| Total assets | <u>\$ 7,850,353</u> | <u>\$ 4,412,580</u> | <u>\$ (3,622,107)</u> | <u>\$ 8,640,826</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued expenses | \$ 403,838 | \$ 87,447 | \$ — | \$ 491,285 |
| Due to affiliate | <u>—</u> | <u>3,622,107</u> | <u>(3,622,107)</u> | <u>—</u> |
| Total liabilities | <u>403,838</u> | <u>3,709,554</u> | <u>(3,622,107)</u> | <u>491,285</u> |
| NET ASSETS | | | | |
| Unrestricted | 6,861,072 | (440,198) | — | 6,420,874 |
| Temporarily restricted | 585,443 | 910,224 | — | 1,495,667 |
| Permanently restricted | <u>—</u> | <u>233,000</u> | <u>—</u> | <u>233,000</u> |
| Total net assets | <u>7,446,515</u> | <u>703,026</u> | <u>—</u> | <u>8,149,541</u> |
| Total liabilities and net assets | <u>\$ 7,850,353</u> | <u>\$ 4,412,580</u> | <u>\$ (3,622,107)</u> | <u>\$ 8,640,826</u> |

The Accompanying Notes are an Integral
Part of These Financial Statements

CROSS INTERNATIONAL CATHOLIC OUTREACH, INC.

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2010

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|----------------------------|---------------------------|---------------------------|----------------------------|
| PUBLIC SUPPORT AND REVENUE | | | | |
| Noncash contributions | \$ 171,515,485 | \$ — | \$ — | \$ 171,515,485 |
| Cash contributions | 8,889,733 | 10,826,327 | — | 19,716,060 |
| Other revenue | <u>240,853</u> | <u>—</u> | <u>—</u> | <u>240,853</u> |
| Total public support and revenue | 180,646,071 | 10,826,327 | — | 191,472,398 |
| Net assets released from time and use restrictions | <u>10,644,764</u> | <u>(10,644,764)</u> | <u>—</u> | <u>—</u> |
| Total public support and revenue and net assets released from restrictions | <u>191,290,835</u> | <u>181,563</u> | <u>—</u> | <u>191,472,398</u> |
| EXPENSES | | | | |
| Program activities | 184,178,696 | — | — | 184,178,696 |
| Management and general activities | 3,397,931 | — | — | 3,397,931 |
| Fund raising activities | <u>3,145,000</u> | <u>—</u> | <u>—</u> | <u>3,145,000</u> |
| Total expenses | <u>190,721,627</u> | <u>—</u> | <u>—</u> | <u>190,721,627</u> |
| CHANGE IN NET ASSETS | 569,208 | 181,563 | — | 750,771 |
| NET ASSETS - Beginning of year | <u>6,291,864</u> | <u>403,880</u> | <u>—</u> | <u>6,695,744</u> |
| NET ASSETS - End of year | <u>\$ 6,861,072</u> | <u>\$ 585,443</u> | <u>\$ —</u> | <u>\$ 7,446,515</u> |

The Accompanying Notes are an Integral
Part of These Financial Statements

CROSS INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2010

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|----------------------------|---------------------------|---------------------------|--------------------------|
| PUBLIC SUPPORT AND REVENUE | | | | |
| Noncash contributions | \$ 84,879,546 | \$ — | \$ — | \$ 84,879,546 |
| Cash contributions | 935,043 | 5,574,768 | — | 6,509,811 |
| Grant revenue | — | 2,061,422 | — | 2,061,422 |
| Other revenue | <u>52,267</u> | <u>—</u> | <u>—</u> | <u>52,267</u> |
| Total public support and revenue | 85,866,856 | 7,636,190 | — | 93,503,046 |
| Net assets released from time and use restrictions | <u>7,287,076</u> | <u>(7,287,076)</u> | <u>—</u> | <u>—</u> |
| Total public support and revenue and net assets released from restrictions | <u>93,153,932</u> | <u>349,114</u> | <u>—</u> | <u>93,503,046</u> |
| EXPENSES | | | | |
| Program activities | 90,868,798 | — | — | 90,868,798 |
| Management and general activities | 893,333 | — | — | 893,333 |
| Fund raising activities | <u>1,657,126</u> | <u>—</u> | <u>—</u> | <u>1,657,126</u> |
| Total expenses | <u>93,419,257</u> | <u>—</u> | <u>—</u> | <u>93,419,257</u> |
| CHANGE IN NET ASSETS | (265,325) | 349,114 | — | 83,789 |
| NET ASSETS - Beginning of year | <u>(174,873)</u> | <u>561,110</u> | <u>233,000</u> | <u>619,237</u> |
| NET ASSETS - End of year | <u>\$ (440,198)</u> | <u>\$ 910,224</u> | <u>\$ 233,000</u> | <u>\$ 703,026</u> |

The Accompanying Notes are an Integral
Part of These Financial Statements

CROSS INTERNATIONAL CATHOLIC OUTREACH, INC.**CROSS INTERNATIONAL, INC.**
COMBINED STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2010

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|----------------------------|----------------------------|---------------------------|----------------------------|
| PUBLIC SUPPORT AND REVENUE | | | | |
| Noncash contributions | \$ 256,395,031 | \$ — | \$ — | \$ 256,395,031 |
| Cash contributions | 9,824,776 | 16,401,095 | — | 26,225,871 |
| Grant revenue | — | 2,061,422 | — | 2,061,422 |
| Other revenue | <u>293,120</u> | <u>—</u> | <u>—</u> | <u>293,120</u> |
| Total public support and revenue | 266,512,927 | 18,462,517 | — | 284,975,444 |
| Net assets released from time and use restrictions | <u>17,931,840</u> | <u>(17,931,840)</u> | <u>—</u> | <u>—</u> |
| Total public support and revenue and net assets released from restrictions | <u>284,444,767</u> | <u>530,677</u> | <u>—</u> | <u>284,975,444</u> |
| EXPENSES | | | | |
| Program activities | 275,047,494 | — | — | 275,047,494 |
| Management and general activities | 4,291,264 | — | — | 4,291,264 |
| Fund raising activities | <u>4,802,126</u> | <u>—</u> | <u>—</u> | <u>4,802,126</u> |
| Total expenses | <u>284,140,884</u> | <u>—</u> | <u>—</u> | <u>284,140,884</u> |
| CHANGE IN NET ASSETS | 303,883 | 530,677 | — | 834,560 |
| NET ASSETS - Beginning of year | <u>6,116,991</u> | <u>964,990</u> | <u>233,000</u> | <u>7,314,981</u> |
| NET ASSETS - End of year | <u>\$ 6,420,874</u> | <u>\$ 1,495,667</u> | <u>\$ 233,000</u> | <u>\$ 8,149,541</u> |

The Accompanying Notes are an Integral
Part of These Financial Statements

CROSS INTERNATIONAL CATHOLIC OUTREACH, INC.

CROSS INTERNATIONAL, INC.

COMBINING STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2010

| | Cross International Catholic Outreach, Inc. | Cross International, Inc. | Eliminations | Combined Total |
|---|---|-----------------------------------|---------------------------|-----------------------------------|
| OPERATING CASH FLOWS | | | | |
| Change in net assets | \$ 750,771 | \$ 83,789 | \$ — | \$ 834,560 |
| Adjustments to reconcile change in net assets to net operating cash flows: | | | | |
| Depreciation | 55,792 | 25,387 | — | 81,179 |
| Change in inventories | — | 3,379 | — | 3,379 |
| Change in due to/from affiliate | 123,368 | (123,368) | — | — |
| Change in other assets | (80,338) | (46,242) | — | (126,580) |
| Change in accounts payable and accrued expenses | <u>(119,064)</u> | <u>(42,262)</u> | <u>—</u> | <u>(161,326)</u> |
| Net operating cash flows | <u>730,529</u> | <u>(99,317)</u> | <u>—</u> | <u>631,212</u> |
| INVESTING CASH FLOWS | | | | |
| Purchases of and improvements to property and equipment | <u>(52,347)</u> | <u>(26,394)</u> | <u>—</u> | <u>(78,741)</u> |
| Net investing cash flows | <u>(52,347)</u> | <u>(26,394)</u> | <u>—</u> | <u>(78,741)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 678,182 | (125,711) | — | 552,471 |
| CASH AND CASH EQUIVALENTS - Beginning of year | <u>3,269,040</u> | <u>3,203,511</u> | <u>—</u> | <u>6,472,551</u> |
| CASH AND CASH EQUIVALENTS - End of year | <u><u>\$ 3,947,222</u></u> | <u><u>\$ 3,077,800</u></u> | <u><u>\$ —</u></u> | <u><u>\$ 7,025,022</u></u> |

The Accompanying Notes are an Integral
Part of These Financial Statements

CROSS INTERNATIONAL CATHOLIC OUTREACH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2010

| | Program activities | | | | Supporting activities | | | Total supporting activities | Total expenses |
|-----------------------------------|------------------------------------|---------------------|---------------------|--------------------------|------------------------|---------------------|---------------------|-----------------------------|----------------|
| | Medical, food and other assistance | Project development | Missions education | Total program activities | Management and general | Fundraising | Total | | |
| Salaries | \$ 375,008 | \$ 353,098 | \$ 1,896,052 | \$ 2,624,158 | \$ 1,316,549 | \$ 661,020 | \$ 1,977,569 | \$ 4,601,727 | |
| Employee benefits | 84,562 | 91,900 | 204,974 | 381,436 | 294,158 | 80,859 | 375,017 | 756,453 | |
| Payroll taxes | 28,396 | 30,053 | 119,876 | 178,325 | 107,163 | 41,961 | 149,124 | 327,449 | |
| Total personnel-related expenses | 487,966 | 475,051 | 2,220,902 | 3,183,919 | 1,717,870 | 783,840 | 2,501,710 | 5,685,629 | |
| Goods distributed | 171,553,066 | — | — | 171,553,066 | — | — | — | 171,553,066 | |
| Grants | — | 6,779,084 | — | 6,779,084 | — | — | — | 6,779,084 | |
| Printing | — | 1,207 | 267,741 | 268,948 | 7,684 | 1,064,714 | 1,072,398 | 1,341,346 | |
| Shipping expenses | 1,172,434 | — | — | 1,172,434 | — | — | — | 1,172,434 | |
| Postage | 1,530 | 215 | 30,451 | 32,196 | 174,567 | 702,956 | 877,523 | 909,719 | |
| Travel | 18,574 | 166,984 | 475,045 | 660,603 | 21,172 | 72,935 | 94,107 | 754,710 | |
| Data processing | 5,481 | — | — | 5,481 | 528,093 | 45,090 | 573,183 | 578,664 | |
| Occupancy | 157,867 | 196 | 13,973 | 172,036 | 379,997 | 2,494 | 382,491 | 554,527 | |
| Advertising and solicitation | — | — | 17,501 | 17,501 | 3,276 | 327,144 | 330,420 | 347,921 | |
| Contractors and consultants | 42,684 | 11,659 | 6,250 | 60,593 | 65,950 | 102,177 | 168,127 | 228,720 | |
| Merchant processing and bank fees | — | — | — | — | 214,534 | — | 214,534 | 214,534 | |
| Other expenses | 27,062 | 13,059 | 30,181 | 70,302 | 109,745 | 35,200 | 144,945 | 215,247 | |
| Professional services | — | — | 12,026 | 12,026 | 175,043 | 8,450 | 183,493 | 195,519 | |
| Product acquisition fees | 190,507 | — | — | 190,507 | — | — | — | 190,507 | |
| Total | \$ 173,657,171 | \$ 7,447,455 | \$ 3,074,070 | \$ 184,178,696 | \$ 3,397,931 | \$ 3,145,000 | \$ 6,542,931 | \$ 190,721,627 | |

The Accompanying Notes are an Integral
Part of These Financial Statements

CROSS INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2010

| | Program activities | | | | Supporting activities | | | Total supporting activities | Total expenses |
|----------------------------------|------------------------------------|---------------------|--------------------|--------------------------|------------------------|---------------------|---------------------|-----------------------------|----------------|
| | Medical, food and other assistance | Project development | Missions education | Total program activities | Management and general | Fundraising | Total | | |
| Salaries | \$ 80,205 | \$ 183,908 | \$ 60,779 | \$ 324,892 | \$ 317,135 | \$ 341,668 | \$ 658,803 | \$ 983,695 | |
| Employee benefits | 17,648 | 55,620 | 17,584 | 90,852 | 70,949 | 42,258 | 113,207 | 204,059 | |
| Payroll taxes | 6,212 | 15,653 | 5,017 | 26,882 | 25,520 | 31,082 | 56,602 | 83,484 | |
| Total personnel-related expenses | 104,065 | 255,181 | 83,380 | 442,626 | 413,604 | 415,008 | 828,612 | 1,271,238 | |
| Goods distributed | 84,905,686 | — | — | 84,905,686 | — | — | — | 84,905,686 | |
| Grants | — | 3,707,968 | — | 3,707,968 | — | — | — | 3,707,968 | |
| Airtime | — | — | 633,622 | 633,622 | — | 646,572 | 646,572 | 1,280,194 | |
| Shipping expenses | 555,809 | 25,065 | — | 580,874 | — | — | — | 580,874 | |
| PEPFAR expenses | — | 259,052 | — | 259,052 | — | — | — | 259,052 | |
| Other expenses | 35,613 | 8,363 | 3,323 | 47,299 | 135,317 | 74,834 | 210,151 | 257,450 | |
| Travel | 23,807 | 64,585 | 66,089 | 154,481 | 5,189 | 85,719 | 90,908 | 245,389 | |
| Printing | — | 1,907 | 14,822 | 16,729 | 1,382 | 181,896 | 183,278 | 200,007 | |
| Postage | 376 | 25 | 2,639 | 3,040 | 35,267 | 147,523 | 182,790 | 185,830 | |
| Occupancy | 54,396 | 3,815 | 220 | 58,431 | 82,108 | 515 | 82,623 | 141,054 | |
| Data processing | 1,123 | — | 284 | 1,407 | 120,669 | 9,520 | 130,189 | 131,596 | |
| Advertising and solicitation | — | — | — | — | 60,151 | 70,957 | 131,108 | 131,108 | |
| Contractors and consultants | 20,572 | 33,945 | 3,066 | 57,583 | 39,646 | 24,582 | 64,228 | 121,811 | |
| Total | \$ 85,701,447 | \$ 4,359,906 | \$ 807,445 | \$ 90,868,798 | \$ 893,333 | \$ 1,657,126 | \$ 2,550,459 | \$ 93,419,257 | |

The Accompanying Notes are an Integral
Part of These Financial Statements

CROSS INTERNATIONAL CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS
December 31, 2010

NOTE A – NATURE OF ACTIVITIES

Cross International Catholic Outreach, Inc. (“CICO”) and Cross International, Inc. (“CI”) were established in 2001 as Florida not-for-profit corporations. Together, CICO and CI form The Cross International Alliance (“the Alliance”). The purpose of the organizations is to carry out humanitarian efforts in the form of providing medical needs, housing, clothing, food, education and other assistance to relieve suffering and poverty throughout the world. CICO also identifies, mobilizes and fosters relationships with volunteers to involve people in the advancement of the Alliance’s purpose. CICO works predominantly with Catholic churches and Catholics around the world. CI works predominantly with Protestant churches and Protestants around the world.

The accompanying combining and combined financial statements include the accounts of CICO and CI, which operate under common management.

CI is an accredited member of ECFA, a national accrediting organization in the areas of financial integrity, transparency, accountability and governance.

Collectively, CICO and CI are referred to herein as “the Organizations.”

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Restricted and unrestricted revenue and support

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. 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 individual and combined statements of activities as “net assets released from time and use restrictions.” Contributions of noncash assets are recorded at estimated fair value on the date of the gift.

Cash and cash equivalents

The Organizations consider investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Inventories

Inventories consist of donated vegetable seed and various supplies which were not yet distributed to beneficiaries as of December 31, 2010. Inventories are recorded at estimated fair value on the date of the gift.

Investments restricted to endowment

Investments restricted to endowment held by CI consist of amounts invested in a mutual fund, the earnings from which are required to be used for food and medicinal aid.

Property and equipment

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is computed using either the straight-line method or accelerated methods over the estimated useful lives of the respective assets.

Temporarily restricted net assets

Temporarily restricted net assets consist primarily of amounts held by the Organizations for use toward specific projects. The Organizations satisfy certain use restrictions by distributing donated gifts in-kind. However, the Organizations strive to use at least 50% of restricted cash gifts in carrying out the related project.

CROSS INTERNATIONAL CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
 NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS
 December 31, 2010

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The Organizations are exempt from federal income tax as organizations described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Organizations are further classified as public charities and not private foundations for federal tax purposes. The Organizations have not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying combining and combined financial statements. The Organizations have not taken any material uncertain tax positions for which the associated tax benefits may not be recognized under accounting principles generally accepted in the United States of America.

Use of estimates

Management uses estimates and assumptions in preparing the combining and combined financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those related to the value of donated gifts in-kind. Actual results could differ from the estimates.

Subsequent events

The Organizations have evaluated for possible financial reporting and disclosure subsequent events through June 24, 2011, the date as of which the combining and combined financial statements were available to be issued.

NOTE C – CONCENTRATIONS

The Organizations maintain their cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organizations have not experienced any losses in such accounts, and believe they are not exposed to any significant credit risk related to cash and cash equivalents.

During 2010, approximately 86% and 91% of gifts in-kind revenue for CICO and CI, respectively, were sourced from each organization's three largest donors.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

| <u>Category</u> | <u>CICO</u> | <u>CI</u> |
|--------------------------------|-------------------|-------------------|
| Leasehold improvements | \$ 1,460 | \$ 81,827 |
| Furniture and equipment | <u>345,617</u> | <u>172,232</u> |
| Total property and equipment | 347,077 | 254,059 |
| Less: Accumulated depreciation | <u>(202,030)</u> | <u>(139,906)</u> |
| Net property and equipment | <u>\$ 145,047</u> | <u>\$ 114,153</u> |

Depreciation expense was \$55,792 for CICO and \$25,387 for CI for 2010.

CROSS INTERNATIONAL CATHOLIC OUTREACH, INC.
CROSS INTERNATIONAL, INC.
 NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS
 December 31, 2010

NOTE E – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consisted of the following:

| <u>Category</u> | <u>CICO</u> | <u>CI</u> |
|---|-----------------------|-----------------------|
| Disaster and other relief in Haiti | \$ 425,443 | \$ 831,625 |
| Housing-related aid | 61,058 | — |
| Food, water and medicinal aid | 55,520 | 27,095 |
| Other | <u>43,422</u> | <u>51,504</u> |
| Total temporarily restricted net assets | <u>\$ 585,443</u> | <u>\$ 910,224</u> |

Permanently restricted net assets consist of an endowment held by CI, the earnings from which are restricted for food and medicinal aid.

NOTE F – NONCASH CONTRIBUTIONS

The Organizations receive donations of food, water, medicine and other supplies for use in relieving suffering and poverty throughout the world. Noncash contributions are recognized as revenue at their estimated fair value on the date the gifts are received and are recognized as expenses when the related gifts are distributed to the end user or the date upon which the Organizations no longer exercise practical control over the gifts.

NOTE G – RETIREMENT PLAN

CI has adopted a 401(k) Profit Sharing Plan (“the Plan”) for the benefit of the Organizations’ employees. All employees meeting the Plan’s eligibility requirements may participate in the Plan. No employer contributions were made to the Plan during 2010.

NOTE H – FUNDRAISING ACTIVITIES

During 2010, CI incurred joint costs in the approximate amount of \$1,280,000, for informational activities which included fundraising appeals in connection with CI’s exempt purposes. Of those costs, approximately \$646,000 were allocated to fundraising expense and approximately \$634,000 were allocated to missions education expense.

NOTE I – COMMITMENTS

As of December 31, 2010, the Organizations were obligated under a non-cancelable office lease expiring December 31, 2011 to make monthly payments during 2011 (exclusive of common area charges) totaling approximately \$263,000. Total rent expense for all operating leases for 2010 (including common area charges and short-term rentals) amounted to approximately \$49,000 for CI and \$260,000 for CICO.

During 2011, CICO entered into a \$500,000 non-revolving line of credit with a bank. CICO may draw on the line of credit until September 2011. The line of credit requires monthly payments of interest at the bank’s prime rate plus 1.75% per annum from March through September 2011. Monthly payments of principal and interest at the foregoing rate commence October 2011 until maturity in January 2013. The line of credit is unsecured and contains various covenants.