

CAPI USA
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
December 31, 2014 and 2013

Carpenter *Evert*
Certified Public Accountants



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Independent Auditor's Report

Board of Directors
CAPI USA
Minneapolis, Minnesota

Carpenter *Evert*

Certified Public Accountants

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We have audited the accompanying financial statements of CAPI USA, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, functional expenses, 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 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 consolidated 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 CAPI USA as of December 31, 2014 and 2013, and the statements of activities and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carpenter Evert and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
April 23, 2015

CAPIUSA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

| | 2014 | | | 2013 | | |
|--|--------------|------------------------|--------------|--------------|------------------------|--------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Support and Revenue: | | | | | | |
| Contributions | \$ 330,784 | \$ 239,456 | \$ 570,240 | \$ 270,561 | \$ 172,750 | \$ 443,311 |
| United Way | 74,172 | - | 74,172 | 97,613 | 7,464 | 105,077 |
| Government Grants and Contracts | 762,095 | - | 762,095 | 602,428 | - | 602,428 |
| Program Service Fees | 18,372 | - | 18,372 | 33,024 | - | 33,024 |
| Investment Income | 410 | - | 410 | 459 | - | 459 |
| Miscellaneous Income | 50 | - | 50 | 12,026 | - | 12,026 |
| Net Assets Released from Restrictions: | | | | | | |
| Satisfaction of Program Restrictions | 129,440 | (129,440) | - | 146,873 | (146,873) | - |
| Satisfaction of Time Restrictions | 73,000 | (73,000) | - | 40,000 | (40,000) | - |
| Total Support and Revenue | 1,388,323 | 37,016 | 1,425,339 | 1,202,984 | (6,659) | 1,196,325 |
| Expense: | | | | | | |
| Program Services | 1,179,402 | - | 1,179,402 | 1,018,874 | - | 1,018,874 |
| Support Services: | | | | | | |
| Management and General | 166,044 | - | 166,044 | 165,965 | - | 165,965 |
| Fundraising | 44,918 | - | 44,918 | 46,767 | - | 46,767 |
| Total Support Services | 210,962 | - | 210,962 | 212,732 | - | 212,732 |
| Total Expense | 1,390,364 | - | 1,390,364 | 1,231,606 | - | 1,231,606 |
| Change in Net Assets | (2,041) | 37,016 | 34,975 | (28,622) | (6,659) | (35,281) |
| Net Assets - Beginning of Year | 2,024,260 | 202,440 | 2,226,700 | 2,052,882 | 209,099 | 2,261,981 |
| Net Assets - End of Year | \$ 2,022,219 | \$ 239,456 | \$ 2,261,675 | \$ 2,024,260 | \$ 202,440 | \$ 2,226,700 |

The accompanying Notes to Financial Statements
are an integral part of these statements.

CAPI USA
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH COMPARATIVE TOTALS FOR 2013

| | 2014 | | | | 2013 | |
|---------------------------------|------------------------------|-------------------------|------------------|------------------------------|--------------------------|--------------------------|
| | Total Program Services | Management & General | Fund- raising | Total Support Services | Total All Services | Total All Services |
| Salaries | \$ 516,218 | \$ 47,460 | \$ 13,688 | \$ 61,148 | \$ 577,366 | \$ 493,920 |
| Employee Benefits | 52,733 | 4,848 | 1,398 | 6,246 | 58,979 | 53,297 |
| Payroll Taxes | 45,706 | 4,202 | 1,212 | 5,414 | 51,120 | 39,822 |
| Total Personnel Costs | 614,657 | 56,510 | 16,298 | 72,808 | 687,465 | 587,039 |
| Participant Expense | 305,944 | - | - | - | 305,944 | 242,494 |
| Professional Fees | 97,066 | 90,610 | 26,539 | 117,149 | 214,215 | 240,978 |
| Occupancy | 43,609 | 2,811 | 591 | 3,402 | 47,011 | 45,652 |
| Office Expense | 21,547 | 2,923 | 13 | 2,936 | 24,483 | 15,266 |
| Travel | 14,367 | 386 | - | 386 | 14,753 | 10,363 |
| Telecommunications | 7,996 | 1,740 | 10 | 1,750 | 9,746 | 10,870 |
| Staff and Volunteer Development | 6,900 | 1,754 | - | 1,754 | 8,654 | 6,156 |
| Miscellaneous | 2,019 | 2,707 | - | 2,707 | 4,726 | 3,059 |
| Depreciation | 65,297 | 6,603 | 1,467 | 8,070 | 73,367 | 69,729 |
| Total Expense | \$ 1,179,402 | \$ 166,044 | \$ 44,918 | \$ 210,962 | \$ 1,390,364 | \$ 1,231,606 |

The accompanying Notes to Financial Statements
are an integral part of this statement.

CAPI USA
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2013

| | Total Program Services | Support Services | | | Total All Services |
|---------------------------------|------------------------------|-------------------------|------------------|------------------------------|--------------------------|
| | | Management & General | Fund- raising | Total Support Services | |
| Salaries | \$ 432,427 | \$ 37,110 | \$ 24,383 | \$ 61,493 | \$ 493,920 |
| Employee Benefits | 46,639 | 4,018 | 2,640 | 6,658 | 53,297 |
| Payroll Taxes | 34,835 | 3,010 | 1,977 | 4,987 | 39,822 |
| Total Personnel Costs | 513,901 | 44,138 | 29,000 | 73,138 | 587,039 |
| Participant Expense | 242,494 | - | - | - | 242,494 |
| Professional Fees | 127,795 | 98,336 | 14,847 | 113,183 | 240,978 |
| Occupancy | 37,552 | 7,054 | 1,046 | 8,100 | 45,652 |
| Office Expense | 12,248 | 2,927 | 91 | 3,018 | 15,266 |
| Travel | 10,066 | 291 | 6 | 297 | 10,363 |
| Telecommunications | 8,657 | 2,077 | 136 | 2,213 | 10,870 |
| Staff and Volunteer Development | 3,064 | 3,080 | 12 | 3,092 | 6,156 |
| Miscellaneous | 699 | 2,360 | - | 2,360 | 3,059 |
| Depreciation | 62,398 | 5,702 | 1,629 | 7,331 | 69,729 |
| Total Expense | \$ 1,018,874 | \$ 165,965 | \$ 46,767 | \$ 212,732 | \$ 1,231,606 |

The accompanying Notes to Financial Statements
are an integral part of this statement.

CAPI USA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

| <u>ASSETS</u> | <u>2014</u> | <u>2013</u> |
|--|-------------------------|-------------------------|
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 534,816 | \$ 571,189 |
| Accounts Receivable | 162,978 | 95,437 |
| Pledges and Grants Receivable | 49,000 | 10,200 |
| Prepaid Expenses | 49,281 | 38,239 |
| Total Current Assets | <u>796,075</u> | <u>715,065</u> |
| Noncurrent Assets: | | |
| Investments | 11,942 | 12,057 |
| Property and Equipment - Net | <u>1,530,504</u> | <u>1,586,967</u> |
| TOTAL ASSETS | <u>\$ 2,338,521</u> | <u>\$ 2,314,089</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 26,939 | \$ 37,921 |
| Accrued Salaries and Payroll Withholding | 48,347 | 35,481 |
| Deferred Revenue | 1,560 | 13,987 |
| Total Liabilities | <u>76,846</u> | <u>87,389</u> |
| Net Assets: | | |
| Unrestricted | 2,022,219 | 2,024,260 |
| Temporarily Restricted | <u>239,456</u> | <u>202,440</u> |
| Total Net Assets | <u>2,261,675</u> | <u>2,226,700</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,338,521</u> | <u>\$ 2,314,089</u> |

The accompanying Notes to Financial Statements
are an integral part of these statements.

CAPI USA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

| <u>Increase (Decrease) in Cash and Cash Equivalents</u> | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------------|
| Cash Flows from Operating Activities: | | |
| Change in Net Assets | \$ 34,975 | \$ (35,281) |
| Total Adjustments | <u>(54,444)</u> | <u>115,152</u> |
| Net Cash Provided (Used) by Operating Activities | (19,469) | 79,871 |
| Cash Flows from Investing Activities: | | |
| Purchases of Property and Equipment | (16,904) | (17,545) |
| Purchases of Investments | - | 116 |
| Net Cash (Used) by Investing Activities | <u>(16,904)</u> | <u>(17,429)</u> |
| Cash Flows from Financing Activities: | | |
| None | - | - |
| Net Increase in Cash and Cash Equivalents | (36,373) | 62,442 |
| Cash and Cash Equivalents - Beginning of Year | <u>571,189</u> | <u>508,747</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 534,816</u> | <u>\$ 571,189</u> |

The accompanying Notes to Financial Statements
are an integral part of these statements.

CAPI USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

1. Summary of Significant Accounting Policies

Organizational Purpose

CAPI USA (the Organization), founded in 1982 as the Centre for Asian Pacific Islanders, implements anti-poverty programs such as jobs, housing, food, health, and social services, to promote the leadership, economic independence, and self-determination of refugees and immigrants. The Organization's vision is that all refugees and immigrants lead successful lives and exercise fully their civic rights and responsibilities.

The Organization's programs are as follows:

Workforce Development

CAPI's Workforce programs help individuals secure sustainable career pathways via educational and vocational training programs, job placement, and other support services. CAPI's MFIP, Refugee Employment, and Immigrant Career Pathways programs served 634 individuals and facilitated 205 job placements during the year. In addition, over 50 new employer relationships were developed in 2014. CAPI continued to enhance its workforce development capacity with the addition of two full-time Minnesota Corps members and a full-time Phillips Family Foundation VISTA member. CAPI facilitated basic financial literacy training to 57 refugees and immigrants.

Civic and Community Engagement

CAPI's 2014 voter participation organizing activities led to 603 registered and pledged voters. In addition, 7 individuals participated in CAPI's first ever Community Leader program. This program provided leadership and civic engagement training. CAPI also conducted outreach and education to over 200 regarding the development of the Bottineau/Blue Transit Line, specifically as it relates to the impact on job access and the North Minneapolis station planning. CAPI provided formal feedback to Hennepin County regarding its Blue Line proposal.

Food and Nutrition Services

An average of 468 food insecure Asian households received nutritious food each month from CAPI's Asian-specific food shelf. A total of 440,462 pounds of food were distributed. 545 food shelf recipients were referred and connected to information, screened and at least one economic support service. CAPI sponsored 15 community gardens supported approximately 322 immigrant gardeners, one mini-farmers market and hosted 12 nutrition classes. In addition, CAPI also partnered with the Gleaning Garden, farmers markets and individual farmers to distributed about 4,469 pounds of fresh produce during the summer.

CAPI USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

1. Summary of Significant Accounting Policies (continued)

Health and Human Services

In collaboration with the Lao Assistance Center of MN, CAPI's Immunization Partner Network immunized 886 participants with any vaccines during the year and 238 were fully immunized. The IPN network including 9 partners actively hosted 2 meetings around improving immunization rates. In collaboration with Portico Health, CAPI's 6 accredited Navigators assisted 956 immigrants and refugees to enroll in a MN Sure health plan. CAPI's Hmong Elder & Caregiver Support Program served 245 caregivers and indirectly supported 581 Hmong elders. CAPI's Refugee Resettlement Services assisted 46 new arrivals with resettlement issues, housing, independent functions including 43 outcomes.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Unrestricted Net Assets – Net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as unrestricted net assets.

Temporarily Restricted Net Assets – The part of net assets of the Organization resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

The Organization carries its investments at market value.

CAPI USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable and Doubtful Accounts

The Organization extends credit to its customers based on standardized terms. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent receivables. Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. The Organization reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. The Organization provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. No allowance for doubtful accounts has been provided as receivables are considered collectable.

Property and Equipment

Land, building and equipment in excess of \$1,500 are recorded at cost if purchased, or an estimated market value if donated. Depreciation is provided using the straight-line method, over an estimated useful life.

Contributions

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions except when the receipt and expiration occur in the same period in which case the contribution is shown as unrestricted.

Promises-To-Give (Pledges Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

CAPI USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expense

Expenses are recorded in functional categories when incurred. In certain cases, allocations between categories must be made. When allocations are required, they are based on the best estimates of management.

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files an Return of Organization Exempt From Income Tax (Form 990). The returns for the years ending December 31, 2011 and later remain subject to examination by the Internal Revenue Service.

Risks and Uncertainties

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through April 23, 2015, which is the date financial statements were available to be issued.

2. Financial Instruments

Significant Concentrations of Credit Risk

CAPI USA provides services within the Twin Cities area. Accounts, grants and pledges receivable are from governments or institutions within the Twin Cities area.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2014 and 2013, the Organization held funds at a local financial institution in excess of federally insured limits.

CAPI USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

3. Fair Value

The Organization adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures ("ASC 820"). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

Below is a summary of the inputs used to determine the fair value of the investments at:

December 31, 2014:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------------|------------------|----------------|----------------|------------------|
| Funds Held at Minneapolis Foundation | <u>\$ 11,942</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,942</u> |

December 31, 2013:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------------------|------------------|----------------|----------------|------------------|
| Funds Held at Minneapolis Foundation | <u>\$ 12,057</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 12,057</u> |

4. Major Sources of Support and Revenue

Major sources of support and revenue were as follows as of:

| | <u>December 31,</u> | |
|--------------------|---------------------|-------------|
| | <u>2014</u> | <u>2013</u> |
| State of Minnesota | \$ 402,647 | \$ 281,170 |
| Hennepin County | 322,234 | 268,870 |

CAPI USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

5. Property and Equipment

The Organization owned the following as of:

| | <u>December 31,</u> | | <u>Estimated Useful Lives</u> |
|-------------------------------|---------------------|---------------------|-----------------------------------|
| | <u>2014</u> | <u>2013</u> | |
| Land | \$ 73,641 | \$ 73,641 | |
| Building | 224,421 | 224,421 | 20-39 years |
| Building Improvements | 1,668,513 | 1,656,802 | 20-39 years |
| Furniture and Equipment | 244,701 | 241,907 | 5-10 years |
| Computers | 32,042 | 29,642 | 3-5 years |
| Vehicles | <u>26,209</u> | <u>26,209</u> | 3-5 years |
| | 2,269,527 | 2,252,622 | |
| Less Accumulated Depreciation | <u>739,023</u> | <u>665,655</u> | |
| | <u>\$ 1,530,504</u> | <u>\$ 1,586,967</u> | |

Depreciation expense of \$73,367 and \$69,729 was recorded for the years ended December 31, 2014 and 2013, respectively.

6. Funds Held at the Minneapolis Foundation

The Organization has funds held at the Minneapolis Foundation. The assets are stated at fair value, which was determined based on quoted market prices. The fund was transferred from the Organization to the Minneapolis Foundation to enhance investment return opportunity. Under the agreement with the Minneapolis Foundation, the fund will remain at the Minneapolis Foundation designated as the CAPI Opportunity Fund.

CAPI USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

7. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of amounts from the following as of:

| | <u>December 31,</u> | |
|---------------------------------|---------------------|-------------------|
| | <u>2014</u> | <u>2013</u> |
| Immigrant Career Pathways | \$ 90,000 | \$ 30,000 |
| Future Operations | 77,250 | 73,000 |
| Food Shelf | 53,956 | 12,500 |
| Immunization Partner Network | 17,500 | - |
| Food and Nutrition | 15,000 | 9,866 |
| Financial Literacy | 15,000 | 7,500 |
| Hmong Elder & Caregiver Support | 15,000 | - |
| Gardens for Go | 5,750 | 5,750 |
| Hennepin Immigrant Initiative | - | 15,000 |
| Community Grant | - | 15,000 |
| Eldercare | - | 14,000 |
| Client Management Software | - | 12,360 |
| United Way | - | 7,464 |
| | <u>\$ 239,456</u> | <u>\$ 202,440</u> |

8. In-kind Contributions

The Organization records in-kind contributions at fair market value at date of donation. In-kind contributions include the following as of:

| | <u>December 31,</u> | |
|------|---------------------|-------------------|
| | <u>2014</u> | <u>2013</u> |
| Food | <u>\$ 207,221</u> | <u>\$ 139,507</u> |

9. Pension Plan

The Organization maintains a section 401(k) retirement plan that covers those employees who meet eligibility requirements. Contributions of \$6,912 and \$7,467 were made in the years ended December 31, 2014 and 2013, respectively.

CAPI USA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

10. Leased Facilities

Rental commitments under noncancelable leases for office space and office equipment in effect at December 31, 2013, total \$19,923. The future annual rental commitments are as follows:

| <u>Due in the Year Ending December 31,</u> | <u>Office Space</u> | <u>Office Equipment</u> | <u>Total</u> |
|--|-------------------------|-----------------------------|------------------|
| 2015 | \$ 7,245 | \$ 4,226 | \$ 11,471 |
| 2016 | - | 4,226 | 4,226 |
| 2017 | - | 4,226 | 4,226 |
| Total | <u>\$ 7,245</u> | <u>\$ 12,678</u> | <u>\$ 19,923</u> |

Rental expense was \$10,483 and \$8,818 for the years ended December 31, 2014 and 2013, respectively.

11. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities were as follows as of:

| | <u>December 31,</u> | |
|---|---------------------|-------------------|
| | <u>2014</u> | <u>2013</u> |
| Depreciation | \$ 73,367 | \$ 69,729 |
| Unrealized Loss on Investment | 115 | - |
| Increases (Decreases) in Current Liabilities: | | |
| Accounts Payable | (10,982) | (485) |
| Accrued Salaries and Payroll Withholding | 12,866 | (33,502) |
| Deferred Revenue | (12,427) | 13,487 |
| Decreases (Increases) in Current Assets: | | |
| Accounts Receivable | (67,541) | 16,543 |
| Grants Receivable | (38,800) | 80,266 |
| Prepaid Expense | (11,042) | (30,886) |
| Total Adjustments | <u>\$ (54,444)</u> | <u>\$ 115,152</u> |