

THE CHOSEN VISION, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

THE CHOSEN VISION, INC.

TABLE OF CONTENTS

Independent Auditor's Report	1
Statement of Financial Position - As of December 31, 2008 and 2007	2
Statement of Activities and Changes in Net Assets - For the Years Ended December 31, 2008 and 2007	3
Statement of Cash Flows - For the Years Ended December 31, 2008 and 2007	4
Notes to Financial Statements	5-8
Supplemental Information:	
Statement of Functional Expenses	9-10

Jay E. Cardinal, CPA
Randall L. Tepatti, CPA
Steven W. Shults, CPA
Thomas J. Bellgraph, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Chosen Vision, Inc.
13279 Audrey Lane
Grand Ledge, MI 48837

We have audited the accompanying statement of financial position of The Chosen Vision, Inc. (a non-profit organization) as of December 31, 2008 and 2007, and the related statements of activities and changes in net assets 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 audit 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 The Chosen Vision, Inc. as of December 31, 2008 and 2007, 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of functional expenses on pages 9 and 10 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Cardinal Tepatti & Co., P.C.

Cardinal Tepatti & Co., P.C.
May 27, 2009

THE CHOSEN VISION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash - General	\$ 100,362	\$ 57,793
Accounts Receivable	<u>10,266</u>	<u>9,375</u>
TOTAL CURRENT ASSETS	<u>110,628</u>	<u>67,168</u>
PROPERTY AND EQUIPMENT		
Chosen Vision Home and Improvements	486,840	486,840
Equipment	23,342	9,861
Vehicles	28,085	28,085
Furniture	11,226	11,226
Less: Accumulated Depreciation	<u>(115,858)</u>	<u>(94,009)</u>
NET PROPERTY AND EQUIPMENT	<u>433,635</u>	<u>442,003</u>
TOTAL ASSETS	<u>\$ 544,263</u>	<u>\$ 509,171</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 3,345	\$ 3,709
Accrued Payroll and Related Expenses	<u>11,298</u>	<u>11,487</u>
TOTAL CURRENT LIABILITIES	<u>14,643</u>	<u>15,196</u>
NET ASSETS		
Unrestricted	<u>529,620</u>	<u>493,975</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 544,263</u>	<u>\$ 509,171</u>

The accompanying notes are an integral part of the financial statements

THE CHOSEN VISION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
REVENUES		
Donations	\$ 119,282	\$ 144,032
Resident Income	172,472	130,629
Annual Banquet	19,160	19,053
Grants	-0-	-0-
Miscellaneous	-0-	1,140
Investment Income	817	76
	<u>311,730</u>	<u>294,930</u>
 EXPENSES		
Program Services	245,072	244,100
Management and General	25,726	24,149
Fund Raising	5,287	6,173
	<u>276,085</u>	<u>274,422</u>
 CHANGE IN NET ASSETS	 35,645	 20,508
 NET ASSETS, JANUARY 1	 <u>493,975</u>	 <u>473,467</u>
 NET ASSETS, DECEMBER 31	 <u>\$ 529,620</u>	 <u>493,975</u>

The accompanying notes are an integral part of the financial statements

THE CHOSEN VISION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 35,645	\$ 20,508
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	21,850	19,581
(Increase) Decrease in Assets		
Accounts Receivable	(891)	(2,513)
Increase (Decrease) in Liabilities		
Accounts Payable	(364)	1,190
Accrued Payroll and Related Expenses	<u>(190)</u>	<u>569</u>
Net Cash Provided by Operating Activities	<u>56,050</u>	<u>39,335</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>(13,481)</u>	<u>(14,187)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Long-Term Debt	<u>-0-</u>	<u>-0-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,569	25,148
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>57,793</u>	<u>32,645</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ <u><u>100,362</u></u>	\$ <u><u>57,793</u></u>
 Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for:		
Interest	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

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

THE CHOSEN VISION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES

The Chosen Vision, Inc. (the Organization) is a not-for-profit organization incorporated in 1991. Its stated purpose is to provide housing, care, and related services for persons with disabilities. The founders of the Organization were interested in establishing a group home for developmentally disabled adults that would meet their social and emotional needs and be distinctively Christian. The Chosen View Home was opened in 2002, and is a barrier-free, six bed home located on two acres of scenic countryside with a view of the Grand River, northeast of Grand Ledge.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No 117, The Organization is required to report 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.

- Unrestricted net assets represent the resources available for use in carrying on the operations of the Organization. The unrestricted portion is under the discretionary control of the Board of Directors, and it is against this fund that all expenditures for current operations are charged.
- The temporarily restricted net assets represent contributions and other income that has been received, but is temporarily restricted for future activities.
- The permanently restricted net assets represent donor and board stipulated instruments that are to be maintained, with only the income from the instruments expended.

Contributions

The Organization accounts for contributions with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS NO 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence of any donor restrictions.

THE CHOSEN VISION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Restricted and Unrestricted 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 Statement of Activities as net assets released from restrictions.

Investments

The Organization follows SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Donated Services

Numerous volunteers have donated significant amounts of time to the Organization in connection with the Annual Dinner, Silent Auction, facility maintenance and other programs. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

Accounts Receivable

The Organization records its receivables at their net realizable value.

THE CHOSEN VISION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Concluded

Property and Equipment

Depreciation of equipment is provided over the estimated useful lives of the respective assets using the straight-line method. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost.

Income Tax Status

The Choose Vision is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). It is not classified as a private foundation by the Internal Revenue Service.

Estimates

The preparation of financial statements in conformity with U.S. 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses

The costs of the Organization's programs and supporting services have been reported on a functional basis. Certain costs have been allocated among the various programs and supporting services based on estimates made by management.

Advertising

Advertising costs are expensed as incurred.

NOTE 3: PROPERTY AND EQUIPMENT

Major classes of property and equipment as of December 31 as follows:

	USEFUL LIFE	2008	2007
Chosen View Home and Improvements	30 years	\$ 486,840	\$ 486,840
Equipment	5 years	23,342	9,861
Vehicle	4 years	28,085	28,085
Furniture	8 years	11,226	11,226
		<u>549,493</u>	<u>536,012</u>
Less accumulated depreciation		(115,858)	(94,009)
Net property and equipment		<u>\$ 433,635</u>	<u>\$ 442,003</u>

Depreciation expense for the years ended December 31, 2008 and 2007 was \$21,850 and \$19,581, respectively.

THE CHOSEN VISION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - COMMITMENTS AND CONTINGENCIES

The Chosen Vision, Inc. receives a substantial amount of its support from independent funding sources. A significant reduction in the level of this support, if this were to occur, could have an effect on the Organization's ability to continue its programs.

NOTE 5 - CASH AND CASH EQUIVALENTS

Deposits with financial institutions are detailed as follows:

ACCOUNT TYPE	<u>BOOK BALANCE</u>	<u>BANK BALANCE</u>	<u>FDIC/SPIC INSURED</u>
December 31, 2008			
Checking	\$ 21,466	\$ 21,023	\$ 21,023
Money Market	78,858	78,858	78,858
Petty Cash	<u>38</u>	<u> </u>	<u> </u>
	<u>\$ 100,362</u>	<u>\$ 99,881</u>	<u>\$ 99,881</u>
December 31, 2007			
Checking	\$ 37,723	39,591	39,591
Money Market	20,063	20,063	20,063
Petty Cash	<u>7</u>	<u> </u>	<u> </u>
	<u>\$ 57,793</u>	<u>\$ 59,654</u>	<u>\$ 59,654</u>

SUPPLEMENTAL INFORMATION

THE CHOSEN VISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			
	PROGRAM SERVICES CHOSEN VIEW HOME	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL EXPENSES
Advertising	\$	\$ 3,715	\$	\$ 3,715
Agency Van	3,758			3,758
Bank and Investment Fees		396		396
Depreciation and Amortization	20,758	1,092		21,850
Employee Benefits	6,257	329		6,586
Food and Groceries	11,657			11,657
Fundraising Banquet and Auction			4,519	4,519
Household Supplies	3,642			3,642
Insurance	13,864	730		14,594
Interest Expense	0			0
License Fees	190			190
Memberships	1,246			1,246
Miscellaneous	215	188		403
Office Supplies		2,114	235	2,349
Payroll Taxes	11,975	630		12,605
Postage and Printing	1,865	266	533	2,664
Professional Services		6,900		6,900
Program Supplies	365			365
Repairs and Maintenance	7,486			7,486
Resident Meals Out	1,014			1,014
Resident Personal Allowances	3,628			3,628
Salaries and Wages	143,479	7,552		151,031
Special Outings and Trips	2,860			2,860
Staff Development and Recognition	856	1,284		2,140
Travel	11	7		18
Utilities	9,946	523		10,469
	\$ 245,072	\$ 25,726	\$ 5,287	\$ 276,085

The accompanying notes are an integral part of this statement

2007

	<u>PROGRAM SERVICES CHOSEN VIEW HOME</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL EXPENSES</u>
Advertising	\$	\$ 508	\$	\$ 508
Agency Van	4,153			4,153
Bank and Investment Fees		656		656
Depreciation and Amortization	18,602	979		19,581
Employee Benefits	10,841	571		11,412
Food and Groceries	8,848			8,848
Fundraising Banquet and Auction			5,214	5,214
Household Supplies	2,849			2,849
Insurance	15,137	797		15,934
Interest Expense	0			0
License Fees	0			0
Memberships	1,109			1,109
Miscellaneous		94		94
Office Supplies		1,983	220	2,203
Payroll Taxes	14,533	765		15,298
Postage and Printing	2,586	369	739	3,694
Professional Services		8,395		8,395
Program Supplies	92			92
Repairs and Maintenance	9,320			9,320
Resident Meals Out	534			534
Resident Personal Allowances	3,380			3,380
Salaries and Wages	139,355	7,334		146,689
Special Outings and Trips	2,280			2,280
Staff Development and Recognition	751	1,127		1,878
Travel	95	64		159
Utilities	9,635	507		10,142
	<u>\$ 244,100</u>	<u>\$ 24,149</u>	<u>\$ 6,173</u>	<u>\$ 274,422</u>

The accompanying notes are an integral part of this statement