

**THE CHOSEN VISION, INC.**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**THE CHOSEN VISION, INC.**

**TABLE OF CONTENTS**

Independent Auditor's Report	1
Statement of Financial Position - As of December 31, 2009 and 2008	2
Statement of Activities and Changes in Net Assets - For the Years Ended December 31, 2009 and 2008	3
Statement of Cash Flows - For the Years Ended December 31, 2009 and 2008	4
Notes to Financial Statements	5-8
Supplemental Information:	
Statement of Functional Expenses	9-10



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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, 2009 and 2008, 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, 2009 and 2008, 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.

*Lally Group P.C.*  
Lally Group P.C.  
May 28, 2010

**THE CHOSEN VISION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2009 AND 2008**

ASSETS

	<u>2009</u>	<u>2008</u>
<b>CURRENT ASSETS</b>		
Cash - General	\$ 109,518	\$ 100,362
Accounts Receivable	<u>20,500</u>	<u>10,266</u>
<b>TOTAL CURRENT ASSETS</b>	<u>130,018</u>	<u>110,628</u>
<b>PROPERTY AND EQUIPMENT</b>		
Chosen Vision Home and Improvements	495,169	486,840
Equipment	24,201	23,342
Vehicles	28,085	28,085
Furniture	11,226	11,226
Less: Accumulated Depreciation	<u>(140,259)</u>	<u>(115,858)</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<u>418,422</u>	<u>433,635</u>
<b>TOTAL ASSETS</b>	<u>\$ 548,440</u>	<u>\$ 544,263</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 5,273	\$ 3,345
Accrued Payroll and Related Expenses	<u>13,860</u>	<u>11,298</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>19,133</u>	<u>14,643</u>
<b>NET ASSETS</b>		
Unrestricted	<u>529,308</u>	<u>529,620</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 548,440</u>	<u>\$ 544,263</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, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b>REVENUES</b>		
Donations	\$ 108,815	\$ 119,282
Resident Income	174,811	172,472
Annual Banquet	24,610	19,160
Grants	-0-	-0-
Miscellaneous	-0-	-0-
Investment Income	<u>508</u>	<u>817</u>
<b>TOTAL REVENUES</b>	<u>308,744</u>	<u>311,730</u>
<b>EXPENSES</b>		
Program Services	279,042	245,072
Management and General	24,547	25,726
Fund Raising	<u>5,467</u>	<u>5,287</u>
<b>TOTAL EXPENSES</b>	<u>309,056</u>	<u>276,085</u>
<b>CHANGE IN NET ASSETS</b>	(312)	35,645
<b>NET ASSETS, JANUARY 1</b>	<u>529,620</u>	<u>493,975</u>
<b>NET ASSETS, DECEMBER 31</b>	<u>\$ 529,308</u>	<u>\$ 529,620</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, 2009 AND 2008**

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (312)	\$ 35,645
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	24,401	21,850
(Increase) Decrease in Assets		
Accounts Receivable	(10,235)	(891)
Increase (Decrease) in Liabilities		
Accounts Payable	1,928	(364)
Accrued Payroll and Related Expenses	2,562	(190)
Net Cash Provided by Operating Activities	18,344	56,050
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(9,188)	(13,481)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of Long-Term Debt	-0-	-0-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,156	42,569
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	100,362	57,793
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	\$ 109,518	\$ 100,362
 <b>Supplemental Disclosures of Cash Flow Information</b>		
Cash Paid During the Year for:		
Interest	\$ -0-	\$ -0-

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, multi-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:

	<u>USEFUL LIFE</u>	<u>2008</u>	<u>2008</u>
Chosen View Home and Improvements	30 years	\$ 495,169	\$ 486,840
Equipment	5 years	24,204	23,342
Vehicle	4 years	28,085	28,085
Furniture	8 years	11,226	11,226
		<u>558,684</u>	<u>549,493</u>
Less accumulated depreciation		<u>(140,259)</u>	<u>(115,858)</u>
Net property and equipment		<u>\$ 418,422</u>	<u>\$ 433,635</u>

Depreciation expense for the years ended December 31, 2009 and 2008 was \$24,401 and \$21,850, 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, 2009			
Checking	\$ 31,011	\$ 33,309	\$ 33,309
Money Market	78,507	78,507	78,507
Petty Cash	<u>          </u>	<u>          </u>	<u>          </u>
	\$ <u>109,518</u>	\$ <u>111,816</u>	\$ <u>111,816</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>

**SUPPLEMENTAL INFORMATION**

**THE CHOSEN VISION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009			
	PROGRAM SERVICES CHOSEN VIEW HOME	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL EXPENSES
Advertising	\$	\$	\$	\$
Agency Van	5,118	696		5,118
Bank and Investment Fees		1,085		1,085
Depreciation and Amortization	23,181	1,220		24,401
Employee Benefits	0	0		0
Food and Groceries	13,489			13,489
Fundraising Banquet and Auction			4,723	4,723
Household Supplies	4,222			4,222
Insurance	17,109	901		18,010
Interest Expense	0			0
License Fees	20			20
Memberships	1,515			1,515
Miscellaneous	0	161		161
Office Supplies		1,424	158	1,582
Payroll Taxes	15,411	811		16,221
Postage and Printing	2,051	293	586	2,930
Professional Services		6,750		6,750
Program Supplies	482			482
Repairs and Maintenance	15,666			15,666
Resident Meals Out	1,367			1,367
Resident Personal Allowances	3,676			3,676
Salaries and Wages	159,388	8,389		167,776
Special Outings and Trips	5,885			5,885
Staff Development and Recognition	1,562	2,342		3,904
Travel	11	7		18
Utilities	8,890	468		9,357
	\$ 279,042	\$ 24,547	\$ 5,467	\$ 309,056

The accompanying notes are an integral part of this statement

2008

	<u>PROGRAM SERVICES</u>			
	<u>CHOSEN VIEW HOME</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL EXPENSES</u>
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
	<u>\$ 245,072</u>	<u>\$ 25,726</u>	<u>\$ 5,287</u>	<u>\$ 276,085</u>

The accompanying notes are an intergral part of this statement