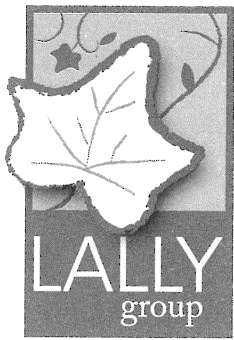


THE CHOSEN VISION, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

THE CHOSEN VISION, INC.

TABLE OF CONTENTS

Independent Auditor's Report	1
Statement of Financial Position - As of December 31, 2010 and 2009	2
Statement of Activities and Changes in Net Assets - For the Years Ended December 31, 2010 and 2009	3
Statement of Cash Flows - For the Years Ended December 31, 2010 and 2009	4
Notes to Financial Statements	5-8
Supplemental Information:	
Statement of Functional Expenses	9-10



Cardinal office of LALLY GROUP, PC
CERTIFIED PUBLIC ACCOUNTANTS

11966 Sweetwater Drive
GRAND LEDGE, MICHIGAN 48837

(517) 627-4008
FAX (517) 627-6288
Website: www.lallycpas.com
E-mail: info@lallycpa.com

Member of:
American Institute of CPAs
Michigan Association of CPAs

RANDALL TEPATTI, CPA
THOMAS BELLGRAPH, CPA
STEVEN SHULTS, CPA

STEVEN M. PATCH, CPA
JON A. NOWINSKI, CPA
LANCE M. KNAPP, CPA
NATHAN J. EADS, CPA

EARL J. POLESKI, CPA
JENNIFER E. RIVERA, CPA
JON SUPERNAW, 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, 2010 and 2009, 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, 2010 and 2009, 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.
May 26, 2011

THE CHOSEN VISION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash - General	\$ 133,999	\$ 109,518
Accounts Receivable	<u>12,679</u>	<u>20,500</u>
TOTAL CURRENT ASSETS	<u>146,678</u>	<u>130,018</u>
PROPERTY AND EQUIPMENT		
Chosen Vision Home and Improvements	495,169	495,169
Equipment	25,882	24,201
Vehicles	28,085	28,085
Furniture	13,398	11,226
Less: Accumulated Depreciation	<u>(163,423)</u>	<u>(140,259)</u>
NET PROPERTY AND EQUIPMENT	<u>399,111</u>	<u>418,422</u>
TOTAL ASSETS	<u><u>\$ 545,789</u></u>	<u><u>\$ 548,440</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 9,853	\$ 5,272
Accrued Payroll and Related Expenses	<u>18,534</u>	<u>13,860</u>
TOTAL CURRENT LIABILITIES	<u>28,387</u>	<u>19,132</u>
NET ASSETS		
Unrestricted	477,902	529,308
Temporarily Restricted	<u>39,500</u>	<u>-</u>
TOTAL NET ASSETS	<u>517,402</u>	<u>529,308</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 545,789</u></u>	<u><u>\$ 548,440</u></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, 2010 AND 2009

	2010			2009
	Unrestricted	Temporarily Restricted	Total	All Unrestricted
REVENUES				
Donations	\$ 90,312	\$ 39,500	\$ 129,812	\$ 108,815
Resident Income	169,592	-	169,592	174,811
Annual Banquet	22,733	-	22,733	24,610
Grants	-	-	-	-
Miscellaneous	-	-	-	-
Investment Income	282	-	282	508
	<u>282,919</u>	<u>39,500</u>	<u>322,419</u>	<u>308,744</u>
TOTAL REVENUES				
EXPENSES				
Program Services	302,315	-	302,315	279,042
Management and General	24,664	-	24,664	24,547
Fund Raising	7,346	-	7,346	5,467
	<u>334,325</u>	<u>-</u>	<u>334,325</u>	<u>309,056</u>
TOTAL EXPENSES				
CHANGE IN NET ASSETS	(51,406)	39,500	(11,906)	(312)
NET ASSETS, JANUARY 1	<u>529,308</u>	<u>-</u>	<u>529,308</u>	<u>529,620</u>
NET ASSETS, DECEMBER 31	<u>\$ 477,902</u>	<u>\$ 39,500</u>	<u>\$ 517,402</u>	<u>\$ 529,308</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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (11,906)	\$ (312)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	23,164	24,401
(Increase) Decrease in Assets		
Accounts Receivable	7,821	(10,235)
Increase (Decrease) in Liabilities		
Accounts Payable	4,581	1,928
Accrued Payroll and Related Expenses	<u>4,674</u>	<u>2,562</u>
Net Cash Provided by Operating Activities	<u>28,334</u>	<u>18,344</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>(3,853)</u>	<u>(9,188)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Long-Term Debt	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,481	9,156
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>109,518</u>	<u>100,362</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 133,999</u>	<u>\$ 109,518</u>
 Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for:		
Interest	<u>\$ -</u>	<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, 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 Chosen Vision, Inc. 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>2010</u>	<u>2009</u>
Chosen View Home and Improvements	30 years	\$ 495,169	\$ 495,169
Equipment	5 years	25,882	24,204
Vehicle	4 years	28,085	28,085
Furniture	8 years	13,398	11,226
		<u>562,534</u>	<u>558,684</u>
Less accumulated depreciation		<u>(163,423)</u>	<u>(140,259)</u>
Net property and equipment		<u>\$ 399,111</u>	<u>\$ 418,422</u>

Depreciation expense for the years ended December 31, 2010 and 2009 was \$23,164 and \$24,401, 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, 2010			
Checking	\$ 30,098	\$ 31,973	\$ 31,973
Money Market	103,901	103,901	103,901
Petty Cash	-	-	-
	<u>\$ 133,999</u>	<u>\$ 135,874</u>	<u>\$ 135,874</u>
December 31, 2009			
Checking	\$ 31,011	33,309	33,309
Money Market	78,507	78,507	78,507
Petty Cash	-	-	-
	<u>\$ 109,518</u>	<u>\$ 111,816</u>	<u>\$ 111,816</u>

NOTE 6 – TEMPORARILY RESTRICTED FUNDS

The Organization is progressing with plans to construct and develop a second facility to serve the needs of additional young women. As of December 31, 2010, some \$39,500 of contributions had been collected specific to that activity and have been classified as Temporarily Restricted. The Organization anticipates completing final plans for that facility in early 2012 including the evaluation of all funding options for that project. Any restrictions on the use of these funds are considered to expire upon the commitment to and completion of this additional facility.

SUPPLEMENTAL INFORMATION

THE CHOSEN VISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			
	PROGRAM SERVICES CHOSEN VIEW HOME	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL EXPENSES
Advertising	\$ -	\$ 400	\$ -	\$ 400
Agency Van	4,221	-	-	4,221
Bank and Investment Fees	-	955	-	955
Depreciation and Amortization	22,006	1,158	-	23,164
Employee Benefits	-	-	-	-
Food and Groceries	16,560	-	-	16,560
Fundraising Banquet and Auction	-	-	6,573	6,573
Household Supplies	1,377	-	-	1,377
Insurance	19,410	1,022	-	20,432
Interest Expense	-	-	-	-
License Fees	65	-	-	65
Memberships	2,323	-	-	2,323
Miscellaneous	-	-	-	-
Office Supplies	-	1,486	165	1,651
Payroll Taxes	19,514	1,027	-	20,541
Postage and Printing	2,128	304	608	3,040
Professional Services	-	6,701	-	6,701
Program Supplies	191	-	-	191
Repairs and Maintenance	18,660	-	-	18,660
Resident Meals Out	273	-	-	273
Resident Personal Allowances	3,714	-	-	3,714
Salaries and Wages	171,980	9,052	-	181,032
Special Outings and Trips	7,374	-	-	7,374
Staff Development and Recognition	1,249	1,873	-	3,122
Travel	151	101	-	252
Utilities	11,119	585	-	11,704
	\$ 302,315	\$ 24,664	\$ 7,346	\$ 334,325

The accompanying notes are an integral part of this statement

2009

	<u>PROGRAM SERVICES</u>			
	<u>CHOSEN VIEW HOME</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL EXPENSES</u>
Advertising	\$ -	\$ 696	\$ -	\$ 696
Agency Van	5,118	-	-	5,118
Bank and Investment Fees	-	1,085	-	1,085
Depreciation and Amortization	23,181	1,220	-	24,401
Employee Benefits	-	-	-	-
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	-	-	-	-
License Fees	20	-	-	20
Memberships	1,515	-	-	1,515
Miscellaneous	-	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	-	9,358
	<u>\$ 279,042</u>	<u>\$ 24,547</u>	<u>\$ 5,467</u>	<u>\$ 309,056</u>

The accompanying notes are an intergral part of this statement