VITAMIN ANGEL ALLIANCE, INC.

FINANCIAL STATEMENTS

December 31, 2012

VITAMIN ANGEL ALLIANCE, INC.
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December 31, 2012

DAMITZ
BROOKS
NIGHTINGALE
TURNER
MORRISSET

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vitamin Angel Alliance, Inc.

We have audited the accompanying financial statements of financial position of Vitamin Angel Alliance, Inc. (a nonprofit organization) as of December 31, 2012 and the related statements of activity, functional expenses and cash flows for the year 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 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 financial statements are free from material misstatement.

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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 Vitamin Angel Alliance, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Vitamin Angel Alliance's 2011 financial statements, and our report dated December 18, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Damitz, Brooks, Nightingale, Turner & Morrisset

Damitz, Brooks, Nightingale,
Turner & Morrisset
Santa Barbara, California
October 22, 2013

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We have previously audited Vitamin Angel Alliance's 2011 financial statements, and our report dated December 18, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Damitz, Brooks, Nightingale, Turner & Morrisset

Damitz, Brooks, Nightingale,
Turner & Morrisset
Santa Barbara, California
October 22, 2013

VITAMIN ANGEL ALLIANCE, INC.
Statement of Financial Position
December 31, 2012
(With Summarized Comparative Totals for the Year 2011)

Assets		**Temporarily**	**Total**	
	Unrestricted	**Restricted**	**2012**	**2011**
Cash and cash equivalents	$ 3,118,874	$ -	$ 3,118,874	$ 1,765,806
Inventory	7,559,948	-	7,559,948	2,864,604
Pledges receivable	-	426,332	426,332	208,207
Prepaid expenses and deposits	22,596	-	22,596	10,099
Investments in marketable securities	8,231	-	8,231	6,150
Capitalized website development costs	472	-	472	5,139
Office furniture and equipment	35,971	-	35,971	26,927
Total assets	$ 10,746,092	$ 426,332	$ 11,172,424	$ 4,886,932
Liabilities and Net Assets				
Liabilities				
Accounts payable	$ 168,469	$ -	$ 168,469	$ 76,133
Accrued liabilities	147,039	-	147,039	85,462
Total liabilities	315,508	-	315,508	161,595
Net Assets				
Unrestricted	10,430,584	-	10,430,584	4,517,130
Temporarily restricted	-	426,332	426,332	208,207
Total net assets	10,430,584	426,332	10,856,916	4,725,337
	$ 10,746,092	$ 426,332	$ 11,172,424	$ 4,886,932

VITAMIN ANGEL ALLIANCE, INC.
Statement of Activity
Year Ended December 31, 2012
(With Summarized Comparative Totals for the Year 2011)

	Unrestricted	Temporarily Restricted	Total 2012	Total 2011
Revenues and Other Support				
In-kind contributions	$ 24,618,335	$ -	$ 24,618,335	$ 14,269,311
Contributions	4,732,197	426,332	5,158,529	3,070,362
Special event income	446,807	-	446,807	353,008
Rental income	-	-	-	3,374
Investment income (loss)	1,152	-	1,152	(156)
Net assets released from restrictions	208,207	(208,207)	-	-
Total revenues and other support	30,006,698	218,125	30,224,823	17,695,899
Expenses				
Nutrition and health projects	22,122,984	-	22,122,984	19,411,488
Management and general	842,596	-	842,596	717,526
Special events and fundraising	1,127,664	-	1,127,664	769,214
Total expenses	24,093,244	-	24,093,244	20,898,228
Increase (decrease) in net assets	5,913,454	218,125	6,131,579	(3,202,329)
Net assets, beginning of year	4,517,130	208,207	4,725,337	7,927,666
Net assets, end of year	$ 10,430,584	$ 426,332	$ 10,856,916	$ 4,725,337

VITAMIN ANGEL ALLIANCE, INC.
Statement of Functional Expenses
Year Ended December 31, 2012
(With Summarized Comparative Totals for the Year 2011)

	Program Services	Supporting Services		Total	
	Nutrition and Health Projects	Management and General	Special Events and Fundraising	2012	2011
Salaries	$ 450,436	$ 503,429	$ 370,948	$ 1,324,813	$ 905,510
Payroll taxes and benefits	65,293	72,974	53,770	192,037	145,190
Total salaries and benefits	515,729	576,403	424,718	1,516,850	1,050,700
Conferences and meetings	-	2,146	-	2,146	9,897
Consulting	169,184	31,650	85,947	286,781	106,619
Depreciation and amortization	7,144	2,858	4,287	14,289	17,358
Development and promotion	-	-	290,575	290,575	202,216
Information technology	28,554	11,422	17,132	57,108	5,557
Insurance	9,999	3,999	5,999	19,997	10,943
Legal and accounting	106,957	138,702	-	245,659	455,754
Occupancy	37,070	14,827	22,242	74,139	61,843
Office expenses	42,215	16,886	25,329	84,430	69,924
Postage and shipping	129,716	1,744	-	131,460	76,801
Products distributed - contributed	19,837,686	-	-	19,837,686	18,101,574
Products distributed - purchased	926,147	-	-	926,147	314,547
Program direct expense	1,800	-	-	1,800	16,547
Special events	-	-	116,545	116,545	84,180
Travel	310,783	41,959	134,890	487,632	313,768
	$ 22,122,984	$ 842,596	$ 1,127,664	$ 24,093,244	$ 20,898,228

VITAMIN ANGEL ALLIANCE, INC.
Statement of Cash Flows
Year Ended December 31, 2012
(With Summarized Comparative Totals for the Year 2011)

	2012	2011
Cash flows from operating activities		
Increase (decrease) in net assets	$ 6,131,579	$ (3,202,329)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities		
Amortization	4,667	11,333
Depreciation	9,622	6,025
Donated securities	(1,439)	-
Net realized gain on investments	(53)	(116)
Net (increase) reduction in unrealized gain on investments	(503)	602
(Increase) decrease in:		
Inventory	(4,695,344)	3,875,562
Pledges receivable	(218,125)	(79,322)
Prepaid expenses and deposits	(12,497)	(3,725)
Increase (decrease) in:		
Accounts payable	92,336	13,589
Accrued liabilities	61,577	(30,213)
Net cash provided by operating activities	1,371,820	591,406
Cash flows from investing activities		
Purchase of investments in marketable securities	(1,959)	(2,419)
Proceeds from sales of investments in marketable securities	1,873	2,317
Purchase of office furniture and equipment	(18,666)	(16,117)
Net cash used by investing activities	(18,752)	(16,219)
Net increase in cash and cash equivalents	1,353,068	575,187
Cash and cash equivalents, beginning of year	1,765,806	1,190,619
Cash and cash equivalents, end of year	$ 3,118,874	$ 1,765,806

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Vitamin Angel Alliance, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Nature of Organization

The Organization, a California nonprofit corporation, was founded in 1998 and is headquartered in Santa Barbara, California. The mission of the Organization is to mobilize and deploy private sector resources to advance availability, access and use of micronutrients, especially vitamin A, for at-risk populations around the world.

The Organization's program services consist of providing essential micronutrients and health supplies in the form of vitamins (vitamin A and various formulations of multivitamins) and anti-parasitic agents to qualified non-governmental organizations in the United States and a range of developing countries designated by the World Health Organization (WHO) as experiencing moderate to severe micronutrient deficiency. These local organizations in turn deploy these products to communities and individuals at-risk and eligible for universal supplementation as defined by WHO. The primary focus of the Organization is reduction of childhood mortality and morbidity through preventative universal supplementation of infants and young children ages 6 to 59 months and lactating women with vitamin A. An important, secondary focus of the Organization is promoting cognitive and physical growth of infants and young children through preventative universal supplementation of infants and young children ages 6 to 59 months and pregnant and lactating women with multiple micronutrient supplements. Additionally, the Organization sponsors the distribution of anti-parasitic agent tablets in conjunction with vitamin A or multivitamins (except in the United States) to maximize the absorption of essential micronutrients.

The majority of products distributed by the Organization through its assistance programs are donated by manufacturers, wholesalers, and other organizations involved with the dietary supplement industry and/or the pharmaceutical industry. The Organization also purchases products for its programs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Financial Statement Presentation

GAAP requires that the Organization report information regarding its financial position and activities according to three classes of net assets based on the existence and nature of donor imposed restrictions as follows:

Unrestricted net assets generally result from unrestricted contributions and investment income less expenses incurred in providing services and fund-raising and other administrative expenses.

Temporarily restricted net assets are classified as such based on donor stipulations that they be used in a later period or for a specific purpose. When a restriction expires or is met, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the accompanying statement of activities as net assets released from restriction.

Permanently restricted net assets consist of assets where the donor has imposed permanent restrictions on use of the principal of assets donated. Interest, dividends and unrealized gains or losses recognized on such assets are either reported as an increase or decrease to permanently restricted net assets or temporarily restricted net assets in conformance with the donor imposed restrictions. As of December 31, 2012 and 2011, the Organization had no permanently restricted net assets.

Prior-Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but are not presented by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2011 from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consists of cash on hand, cash in banks, and cash in money market funds with an original maturity of three months or less, and excludes cash and cash equivalents held by investment custodians.

Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges receivable consist primarily of promises from corporate donors. The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance for uncollectible promises to give at December 31, 2012 and 2011. There were no pledges receivable with expected due dates beyond December 31, 2013.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Pledges Receivable (cont.)

Conditional promises to give are those that are dependent on conditions other than the passage of time or demand. If the likelihood of meeting the conditions is not certain, the organization considers the promise to give as conditional. The Organization has written conditional promises totaling $500,000 and $1,000,000 at December 31, 2012 and 2011, respectively that will be recognized as revenue when received from the donor.

Inventory

General

Inventory consists primarily of vitamins, supplements, and anti-parasitic tablets. The Organization's policy is to distribute inventory at the earliest practical date, consistent with sound programmatic principles. While the distribution typically occurs in the same year of receipt, it may occur in the following year. The expense 'products distributed' is recorded when inventory is shipped. Inventory consists of the following as of December 31:

	2012	2011
Health supplies – Anti-parasitic tablets	$ 5,618,740	$ 1,705,440
Multivitamins	1,242,763	550,615
High-dose vitamin A	682,946	608,549
Other	15,499	-
	$ 7,559,948	$ 2,864,604

Contributed Inventory

The Organization values gifts in-kind (GIK) at fair value. Accounting Standard Codification (ASC) 820 *Fair Value Measurements and Disclosures* issued by the Financial Accounting Standards Board (FASB) defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date," The Organization has identified four categories of GIK products: anti-parasitic tablets, high-dose vitamin A, multivitamins, and branded products.

In the case of anti-parasitic tablets donated to the Organization, the principal market for this product is limited to the international commercial marketplace where non-governmental organizations, governments, and local pharmacies can transact for this product. The anti-parasitic tablets are an important program service as they increase the efficacy of vitamin A. No beneficiary market exists in the United States for anti-parasitic tablets because the high-dose levels that are intended for international use are not approved by the United States Food and Drug Administration. In addition to the market in which non-governmental organizations and government Ministries of Health procure the product for distribution to beneficiaries, there exists a robust local pharmacy marketplace. The exit price the Organization would receive in exchange for selling anti-parasitic tablets would be the price between a wholesaler and a local pharmacy, or "trade level." The Organization defines its market as the priority countries for vitamin A supplementation as listed by WHO and the United Nations Children's Fund (UNICEF). The Organization determines fair value for this product using the median trade

Inventory (Cont.)

level data for its market, provided by IMS Health, a company that provides market intelligence to pharmaceutical and healthcare industries. The Organization reviews the IMS Health data and updates fair values for anti-parasitic tablets every two years. The fair values for anti-parasitic tablets used in the accompanying financial statements were based on 2011 IMS Health data.

In the case of high-dose vitamin A donated to the Organization, the principal market for this product is limited to the international commercial marketplace where similar non-governmental organizations and governments can transact for these products. No beneficiary market exists in the United States for high-dose vitamin A because the dosage levels that are intended for international use are not approved by the United States Food and Drug Administration. The only identifiable market is that in which organizations like the Organization and government Ministries of Health procure the product for distribution to beneficiaries. The Organization uses the mean price per the International Drug Price Indicator (IDPI) to determine fair value for high-dose vitamin A. The IDPI is published by an international nonprofit organization based on prices from 25 sources including pharmaceutical suppliers, international development organizations and government agencies. The Organization reviews the IDPI data and updates fair values for high-dose vitamin A every two years. The fair values for high-dose vitamin A used in the accompanying financial statements were based on 2010 IDPI data.

In addition to high-dose vitamin A and anti-parasitic tablets, the Organization receives multivitamin products that are manufactured by companies in the United States to a formulation specified by the Organization and are distributed domestically and internationally. These formulations are based on the WHO formulation for essential multiple micronutrients for children and for pregnant and lactating women, are non-branded, and not for sale in the United States. Similar to high-dose vitamin A and anti-parasitic tablets, there is no commercial market for these products in the United States. If these generic WHO formulation essential micronutrients are not listed in the IDPI or the “Sources and Prices of Selected Medicines for Children” guide published annually by UNICEF and WHO, then as a last resort, the wholesale price of the most similar product found in RedBook ® is used as a suitable pricing reference. RedBook ® is published by Thomson Reuters and is based on United States manufacturers’ suggested wholesale prices. The Organization reviews the RedBook ® data and updates fair values for multivitamin products every two years. The fair values for multivitamin products used in the accompanying financial statements were based on 2011 RedBook ® data.

The Organization often receives branded products as GIK. These donations mainly consist of multivitamins for children and multivitamins for pregnant and lactating women and can be bought and sold in the United States commercial marketplace. The value of branded products donated to the Organization is established by estimating the price that the Organization would receive if it were to sell the asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Inventory (Cont.)

Purchased Inventory

Purchased inventory is carried at cost, unless the purchase price has been discounted. If the Organization is able to purchase from a vendor at a price below the valuation price, the Organization records the discount as a GIK contribution. The discount is the difference between the amount that would be paid for the quantity of product purchased in an orderly transaction between market participants, and the purchase price paid by the Organization.

Investments

The Organization accounts for its marketable equity securities at fair value. Information about fair value of investments and the unrealized gains and losses are discussed in Note 2.

Fair Value Measurements

ASC 820 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. Pursuant to ASC 820, assets and liabilities recorded at fair value are categorized based upon the level of judgment associated with the inputs used to measure fair value. ASC 820 establishes a three-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Fair Value Measurements (Cont.)

The Organization has no liabilities measured at fair value. Following is a description of the valuation methodologies used for cash and investments measured at fair value:

Cash and money market funds

Valued at face value (Level 1)

Equities and mutual funds

Valued utilizing quoted prices available in active markets for identical investments as of the reporting date. (Level 1)

Office Furniture and Equipment

Office furniture and equipment are carried at cost, or if acquired by gift, at the estimated fair market value on the date of donation. Expenditures for major renewals that extend the useful lives of office furniture and equipment are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of office furniture and equipment as follows:

	Years
Furniture and fixtures	5-7
Computers and equipment	5

Website Development Costs

The Organization capitalizes website development costs when management judges that enhancements to the site result in added functionality. Included are costs for developing the applications and infrastructure as well as developing content and graphics. Costs of operating and maintaining the site are expensed as incurred. The carrying value of website development costs is regularly reviewed for impairment. There were no impairment losses recognized for capitalized website development costs for the years ended December 31, 2012 and 2011.

Cash versus In-kind Support

The Organization's activities are planned and executed on an operating (or cash) budget that is approved by the Board of Directors prior to the onset of the fiscal year. The cash budget is not directly affected by the value of contributed products. The Organization's program model involves obtaining in-kind donations of essential vitamins, anti-parasitics, and supplements. Cash donations are used to pay for program products as well as the logistics, warehousing, transportation, program oversight, administration, fundraising, salaries, product solicitation, and all other expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Revenue Recognition

The Organization records contributions in the period received or promised as unrestricted revenues unless the donor stipulates any restrictions which are not met within the year the donation is received. Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements. Donor restricted contributions whose restrictions are not met within the same year as received are recorded as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires due to purpose and/or time, temporarily restricted net assets are reclassified as unrestricted.

Contributed Services

The Organization recognizes contribution revenue for specialized services that would otherwise be purchased by the Organization in an amount equal to the fair value of those services. The following amounts were contributed and recognized as revenue:

Service Donated	2012 Fair Value	2011 Fair Value	Purpose
Accounting services	$ 3,500	$ 4,000	General
Legal consulting	176,300	410,500	General

Functional Expenses

Direct expenses are charged to the appropriate program or supporting services. Indirect expenses have been allocated to program services and supporting services based on management estimates.

Tax Exempt Status

The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, and is considered a public charity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Uncertain Tax Positions

The Organization's IRS Form 990 is subject to review and examination by Federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes.

Use of Estimates

Financial statements prepared in accordance with GAAP require management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant accounting estimates include valuation of contributed products and functional expense allocations. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through October 22, 2013, the date that the financial statements were available to be issued.

2. INVESTMENTS

At December 31, 2012, unrestricted investments consist of the following:

	Cost (Level 1)	Fair Value (Level 1)	Excess of Fair Value over Cost (Level 1)
Equities	$ 1,439	$ 1,439	$ -
Mutual funds	6,284	6,792	508
	$ 7,723	$ 8,231	$ 508

At December 31, 2011, unrestricted investments consist of the following:

	Cost (Level 1)	Fair Value (Level 1)	Excess of Fair Value over Cost (Level 1)
Cash	$ 38	$ 38	$ -
Mutual funds	6,107	6,112	5
	$ 6,145	$ 6,150	$ 5

2. INVESTMENTS (Cont.)

Investment income (loss) for the years ending December 31, 2012 and 2011 consists of the following:

	2012	2011
Interest and dividends	$ 596	$ 330
Net realized gain	53	116
Net increase (reduction) in unrealized gain	503	(602)
	$ 1,152	$ (156)

3. OFFICE FURNITURE AND EQUIPMENT

Office furniture and equipment are summarized by major classifications as follows at December 31:

	2012	2011
Furniture and fixtures	$ 13,229	$ 12,546
Computers and office equipment	45,907	27,924
Less accumulated depreciation	(23,165)	(13,543)
	$ 35,971	$ 26,927

Depreciation expense for the years ended December 31, 2012 and 2011 was approximately $9,600 and $6,000, respectively.

4. CAPITALIZED WEBSITE DEVELOPMENT COSTS

Website development costs are amortized using the straight-line method over three years. As of December 31, 2012 and 2011, capitalized website development costs totaled approximately $500 and $5,100, respectively which is net of accumulated amortization of approximately $33,500 and $28,900, respectively. Amortization expense for capitalized website development costs was approximately $4,700 and $11,300 for the years ended December 31, 2012 and 2011, respectivley. Future estimated amortization expense for capitalized website development costs is approximately $500 for the year ended December 31, 2013.

5. OPERATING LEASE

The Organization leases its office under a non-cancelable operating lease agreement with an expiration date of July 31, 2015. The Organization has the option to renew the lease for an additional five years. Monthly lease payments due under the lease are adjusted by the annual change, if any, in the Consumer Price Index. Annual adjustments will have a minimum increase of 2% and a maximum increase of 5%. The Organization is also required to pay common area costs, including property taxes.

Future annual minimum lease payments under the operating lease are as follows:

Year ending December 31,		
	2013	$ 66,000
	2014	68,000
	2015	41,000
		$ 175,000

Rent expense for the building including common area costs and property taxes was approximately $63,000 and $51,700 for the years ended December 31, 2012 and 2011, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of pledges receivable totaling $426,332 and $208,207 as of December 31, 2012 and 2011, respectively. These amounts will be unrestricted upon collection.

7. CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. As of December 31, 2012, substantially all of the Organization’s cash was maintained in financial institutions. The cash balances held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 for interest-bearing accounts. Non interest-bearing accounts have unlimited coverage. There were no uninsured cash balances at December 31, 2012 and 2011.

8. RELATED PARTY TRANSACTIONS

A board member provided consulting services to the Organization totaling $124,000 and $72,000 for the years ended December 31, 2012 and 2011, respectively.