

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.

FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS

FOR THE YEAR ENDED MARCH 31, 2009

FRANK L. OBERLY, CPA

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SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.

FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS

FOR THE YEAR ENDED MARCH 31, 2009

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southern California Tribal Chairmen's Association, Inc.
Valley Center, California

We have audited the accompanying statement of financial position of Southern California Tribal Chairmen's Association, Inc. (a nonprofit association) as of March 31, 2009, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Southern California Tribal Chairmen's Association, Inc.'s management. 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 and the standards, applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Associations*. Those standards, and OMB Circular A-133, 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Southern California Tribal Chairmen's Association, Inc. as of March 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles, generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2009 on our consideration of the Southern California Tribal Chairmen's Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Southern California Tribal Chairmen's Association, Inc. taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Associations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Frank L. Oberly, CPA

Certified Public Accountant

April 29, 2009
Oklahoma City, Oklahoma

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
March 31, 2009

EXHIBIT A

	<u>TOTAL</u>	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,094,501	\$ 2,523,260	\$ 1,571,241
Receivables - Account	1,014,237	742,238	271,999
Fixed Assets:			
Building	360,244	360,244	0
Vehicles	149,372	149,372	0
Equipment/Furniture	330,786	330,786	0
Accumulated Depreciation	<u>(430,738)</u>	<u>(430,738)</u>	<u>0</u>
	<u>\$5,518,402</u>	<u>\$ 3,675,162</u>	<u>\$ 1,843,240</u>
 <u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Current:			
Deferred Revenue	\$ 1,969,329	\$ 126,089	\$ 1,843,240
Accrued annual leave	<u>158,486</u>	<u>158,486</u>	<u>0</u>
Total Liabilities	<u>2,127,815</u>	<u>284,575</u>	<u>1,843,240</u>
Unrestricted	3,390,587	3,390,587	0
Temporarily restricted	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Assets	<u>3,390,587</u>	<u>3,390,587</u>	<u>0</u>
Total Liabilities and Net Assets	<u>\$ 5,518,402</u>	<u>\$ 3,675,162</u>	<u>\$ 1,843,240</u>

See accompanying notes.

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2009

EXHIBIT B

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Public Support and Revenue:			
Contract/Grants – Federal	\$ 0	\$14,386,531	\$14,386,531
Contract/Grant – Non Federal	0	144,897	144,897
Interest and dividends	2,219	0	2,219
Lease/rental	701,336	0	701,336
Other	<u>195,388</u>	<u>19,858</u>	<u>215,246</u>
	898,943	14,551,286	15,450,229
Net assets released from restrictions	<u>14,551,286</u>	<u>(14,551,286)</u>	<u>0</u>
Total Revenues, Gains, and Other Support	<u>15,450,229</u>	<u>0</u>	<u>15,450,229</u>
Expenses:			
Program services			
Temporary Assist./Training	13,254,484	0	13,254,484
American Indian Child Court	208,606	0	208,606
Other health, welfare & education	<u>1,088,196</u>	<u>0</u>	<u>1,088,196</u>
Total Program Services	14,551,286	0	14,551,286
Supportive services:			
Management and General	<u>1,076,024</u>	<u>0</u>	<u>1,076,024</u>
Total Expenses	<u>15,627,310</u>	<u>0</u>	<u>15,627,310</u>
Decrease in Net Assets	(177,081)	0	(177,081)
Net Assets, beginning of year	<u>3,567,668</u>	<u>0</u>	<u>3,567,668</u>
Net Assets, end of year	<u>\$ 3,390,587</u>	<u>\$ 0</u>	<u>\$ 3,390,587</u>

See accompanying notes.

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009

EXHIBIT C

OPERATING ACTIVITIES

Change in Net Assets	\$ (177,081)
Adjustments to reconcile change in Net Assets to Net	
Cash provided by operating activities:	
Depreciation	56,380
Accounts receivable	1,280,405
Accounts payable	<u>1,661,558</u>
Net cash provided by operating activities	<u>2,821,262</u>

FINANCING ACTIVITIES

Payments for property and equipment	<u>111,619</u>
Net cash used by investing activities	<u>111,619</u>
Net Increase (decrease) in Cash and Cash Equivalents	2,932,881
Beginning Cash and Cash Equivalents	<u>1,161,620</u>
Ending Cash and Cash Equivalents	<u>\$ 4,094,501</u>

See accompanying notes.

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2009

EXHIBIT D

	<u>PROGRAM SERVICES</u>				<u>SUPPORT SERVICES</u>		<u>TOTAL</u>
	<u>TEMPORARY ASSIST FOR NEEDY FAMILIES</u>	<u>AMERICAN INDIAN CHILDREN'S COURT</u>	<u>FOOD DISTR PROGRAM</u>	<u>OTHER GRANTS</u>	<u>SUBTOTAL</u>	<u>GEN & ADMIN</u>	
FUNCTIONAL EXPENSES:							
Personnel	\$ 3,390,707	\$ 110,709	\$ 187,345	\$ 153,721	\$ 3,842,482	\$ 0	\$ 3,842,482
Fringe benefits	1,078,983	30,374	57,581	60,029	1,226,967	70,510	1,297,477
Travel & training	370,213	10,000	26,159	9,037	415,409	109,672	525,081
Supplies	366,596	18,020	20,033	61,904	466,553	14,880	481,433
Other	<u>8,047,985</u>	<u>39,503</u>	<u>182,097</u>	<u>330,290</u>	<u>8,599,875</u>	<u>880,962</u>	<u>9,480,837</u>
	<u>\$ 13,254,484</u>	<u>\$ 208,606</u>	<u>\$ 473,215</u>	<u>\$ 614,981</u>	<u>\$ 14,551,286</u>	<u>\$ 1,076,024</u>	<u>\$ 15,627,310</u>

See accompanying notes.

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

Note 1

Summary of Significant Accounting Policies

(a) General

Southern California Tribal Chairmen's Association, Inc. (SCTCA) is a private, nonprofit association organized under laws of the State of California. SCTCA was established under a legal chartered resolution from federally recognized tribes for the purpose of addressing health, economic development, and the general welfare of American Indians.

SCTCA's purpose is to assist reservation and tribal associations with employment, construction, transportation, education, nutrition, elderly services, emergency services, referral services in health/legal/welfare areas, private sector and business assistance services to local reservations and community service associations within the Southern California area..

(b) Functional Allocation of Expenses:

The costs of supporting the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(c) Restricted Fund Support:

Grants/contracts awarded by the federal/state government, are recorded as a receivable when a grant/contract is executed. Grants/contracts for support of current operations are recorded as deferred amounts in the respective funds to which they apply.

(d) Cash and Cash Equivalents:

Cash and Cash Equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair Value approximates carrying amounts.

(e) Financial Statement Presentation:

The Association is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted; temporarily restricted, and permanently restricted net assets. In addition, the association is required to present a statement of cash flows.

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

(f) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts disclosure. Accordingly, actual results could differ from those estimates.

Note 2 – Cash and cash equivalents

The collateral for the Association's deposits is categorized to give an indication of the level of risk assumed by the Association at year end. Category 1 includes deposits that are insured or registered or for which the securities are held by the Association or its agent in the Association's name. Category 2 includes uninsured and unregistered deposits for which the securities are held by the counter-party's trust department or agent in the Association's name.

Bank Balance	<u>Risk Category</u>	
(in thousands)	<u>1</u>	<u>2</u>
\$ 4,094	\$ 4,094	\$ -
\$ 4,094	\$ 4,094	\$ -

Note 3 - Pension Plan

The Association established a defined contribution pension plan for the benefit of its employees. Under the plan, a contribution of up to 3.00% of the employee's compensation will be made by the Association. An employee must have one year with the Association, and be a permanent employee before they can participate in the plan. For the current year, the Association contributed \$ 102,540 to the plan.

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2009

EXHIBIT E

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	CONTRACT GRANT NUMBER	FEDERAL CFDA NUMBER	AWARD AMOUNT	EXPENDITURES
<u>U.S. Department of Health And Human Services</u>				
Direct Programs:				
Temporary Assist. for Needy Families-'09	G09INCATANF	93.558	\$ 5,418,726	\$ 0
Temporary Assist. for Needy Families-'06	G06INCATANF	93.558	\$ 4,844,259	451,929
Temporary Assist. for Needy Families-'08	G08INCATANF	93.558	\$ 5,418,726	4,575,033
Temporary Assist. for Needy Families -'07	G07INCATANF	93.558	7,224,967	2,624,730
Child Care and Development - '05	G05PACACCDF	93.575	64,988	5,519
Child Care and Development - '06	G06PACACCDF	93.575	69,326	45,287
Child Care and Development - 07	G07PACACCDF	93.575	69,734	69,734
Child Care and Development - 08	G07PACACCDF	93.575	71,316	0
Child Care and Development - 09	G07PACACCDF	93.575	66,807	0
Low Income Home Energy Asst.	G07JQCALIEA	93.568	5,475	298
Low Income Home Energy Asst.	G08JQCALIEA	93.568	6,275	2,675
Low Income Home Energy Asst.	G08JQCALIEA	93.568	15,121	10,000
ANA - Tribal Digital Village	90NA7980/01	93.612	126,123	<u>126,123</u>
				<u>7,911,328</u>
<u>U.S. Department of interior:</u>				
Direct Programs:				
Job Placement and Training Program	CTJ50X01818	15.108	24,670	11,880
Substance Abuse	CTJ50X01816	15.113	8,926	<u>0</u>
				<u>11,880</u>
<u>U.S. Department of Agriculture</u>				
Direct Programs:				
Food Distribution - 08	FDPIR08	10.567	335,498	198,002
Food Distribution - 09	FDPIR07	10.567	363,148	<u>162,053</u>
				<u>360,055</u>
<u>Institute of Museum and Library Services</u>				
Direct Programs:				
Library Services	NG050809908	45.311	12,000	<u>12,000</u>
				<u>12,000</u>
<u>Office of Emergency Services</u>				
Am. Indian Child Intertribal Court	TC06038525	93.	100,000	<u>208,606</u>
				<u>208,606</u>

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2009

EXHIBIT E

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>CONTRACT GRANT NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AWARD AMOUNT</u>	<u>EXPENDITURES</u>
<u>Passed Through State of California Department of Social Services</u>				
Temporary Assistance for Needy Families - 09	04-6055	93.558	\$ 6,708,308	\$ 4,910,000
Temporary Assistance for Needy Families - 08	04-6055	93.558	6,708,308	<u>692,792</u>
				5,602,792
<u>California Department of Education</u>				
Child Develop. Services	CSCC-8280	93.575	2,000	2,000 **
Child Develop. Services	CIMS-8534	93.575	613	613 **
Child Develop. Services	CCTR-7338	93.575	174,998	73,547 ***
Child Develop. Services	CCTR-8329	93.575	174,998	170,198 **
Child Develop. Services	CCAP-8332	93.575	2,149	<u>2,149</u>
				248,507
Total Federal Assistance				<u>\$14,355,168</u>

** Expenditures incurred July 01, 2008 Through March 31, 2009

*** Expenditures incurred April 01, 2008 through June 30, 2008

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the expenditures of Southern California Tribal Chairman's Association, under programs of the federal government for the year March 31, 2009. Because the Schedule presents only a selected portion of the operations of the Association, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows for the Association.

For purposes of the Schedule, federal awards include all grants and contracts entered into directly between the Association and agencies, and departments of the federal government. The awards are classified into major program categories in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Government and Non-Profit Organizations.

NOTE 2: BASIS OF ACCOUNTING

For purposes of the Schedule, expenditures for federal programs are recognized on the modified accrual basis of accounting. Expenditures are determined using the cost accounting principles and procedures set forth in OMB Circular - Cost Principles for Local Governments.

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
COMBINING STATEMENT OF ACTIVITIES - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2009

EXHIBIT F

	<u>DEPT OF IHS</u>	<u>STATE OF CALIFORNIA</u>	<u>STATE OF CALIFORNIA</u>	<u>DEPT OF AGRICULTURE</u>	<u>OTHER GRANTS</u>	
	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	AMERICAN INDIAN CHILDREN'S COURT	FOOD DISTRIBUTION PROGRAM		
	<u>TOTAL</u>	<u>FAMILIES</u>	<u>FAMILIES</u>	<u>PROGRAM</u>	<u>GRANTS</u>	
REVENUE:						
Grant/Contract-Fed	\$14,386,531	\$ 7,651,692	\$ 5,602,792	\$ 208,606	\$ 360,055	\$ 563,386
Grant/Contract-Non Fed	144,897	0	0	0	113,160	31,737
Other income	19,858	0	0	0	0	19,858
	<u>14,551,286</u>	<u>7,651,692</u>	<u>5,602,792</u>	<u>208,606</u>	<u>473,215</u>	<u>614,981</u>
EXPENDITURES:						
Personnel	3,842,482	887,929	2,502,778	110,709	187,345	153,721
Fringe Benefits	1,226,967	123,291	955,692	30,374	57,581	60,029
Materials & supplies	466,553	0	366,596	18,020	20,033	61,904
Travel & Training	415,409	0	370,213	10,000	26,159	9,037
Consultant & contractual	4,381,025	4,120,642	218,831	12,139	2,486	26,927
Other	<u>4,218,850</u>	<u>2,519,830</u>	<u>1,188,682</u>	<u>27,364</u>	<u>179,611</u>	<u>303,363</u>
	<u>14,551,286</u>	<u>7,651,692</u>	<u>5,602,792</u>	<u>208,606</u>	<u>473,215</u>	<u>614,981</u>
Excess of revenue over expense	0	0	0	0	0	0
Net Assets, April 01, 2008	0	0	0	0	0	0
Net Assets, March 31, 2009	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
COMBINING STATEMENT OF ACTIVITIES – ADMIN. AND GENERAL
FOR THE YEAR ENDED MARCH 31, 2009

EXHIBIT G

	<u>TOTAL</u>	<u>ADMINISTRATIVE AND GENERAL</u>	<u>HI-REZ DIGITAL SOLUTIONS</u>
REVENUE:			
Lease/rental	\$ 701,336	\$ 701,336	\$ 0
Interest	2,219	2,219	0
Other	<u>195,388</u>	<u>164,448</u>	<u>30,940</u>
	<u>898,943</u>	<u>868,003</u>	<u>30,940</u>
EXPENDITURES:			
Personnel	0	0	0
Fringe benefits	70,510	41,122	29,388
Materials & supplies	14,880	13,448	1,432
Travel & training	109,672	109,672	0
Consultant & contractual	399,814	399,814	0
Other	424,768	424,648	120
Depreciation	<u>56,380</u>	<u>56,380</u>	<u>0</u>
	<u>1,076,024</u>	<u>1,045,084</u>	<u>30,940</u>
Excess of revenue Over expenditures	(177,081)	(177,081)	0
Net Assets, April 01, 2008	<u>3,567,668</u>	<u>3,558,004</u>	<u>9,664</u>
Net Assets, March 31, 2009	<u>\$ 3,390,587</u>	<u>\$ 3,380,923</u>	<u>\$ 9,664</u>

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED MARCH 31, 2009

No prior audit findings scheduled

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Southern California Tribal
Chairmen's Association, Inc.
Valley Center, California

We have audited the financial statements of the Southern California Tribal Chairmen's Association, Inc. as of and for the year ended March 31, 2009, and have issued our report thereon dated April 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Southern California Tribal Chairmen's Association, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Southern California Tribal Chairmen's Association, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the association's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the association's financial statements that is more than inconsequential will not be prevented or detected by the association's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the association's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southern California Tribal Chairmen's Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the U.S. Department of Health and Human Services, the Board of Directors, and management and is not intended to be and should not be used by anyone other than these specified parties.

Frank J. O'Leary, CPA

Certified Public Accountant

April 29, 2009
Oklahoma City, Oklahoma

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Southern California Tribal
Chairmen's Association, Inc.
Valley Center, California

Compliance

We have audited the compliance on the Southern California Tribal Chairmen's Association, Inc., with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended March 31, 2009. Southern California Tribal Chairmen's Association, Inc.'s major federal programs are identified in the summary of auditor's results section to the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Southern California Tribal Chairmen's Association, Inc.'s management. Our responsibility is to express an opinion on the Southern California Tribal Chairmen's Association, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Associations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about the Southern California Tribal Chairmen's Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Southern California Tribal Chairmen's Association, Inc.'s compliance with those requirements.

In our opinion, Southern California Tribal Chairmen's Association, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2009.

Internal Control Over Compliance

The management of Southern California Tribal Chairmen's Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Southern California Tribal Chairmen's Association, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southern California Tribal Chairmen's Association's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the U.S. Department of Health and Human Services, Board of Directors, and management and it is not intended to be and should not be used by anyone other than these specified parties.

Frank J. O'Leary, CPA

Certified Public Accountant

Oklahoma City, Oklahoma
April 29, 2009

SOUTHERN CALIFORNIA TRIBAL CHAIRMEN'S ASSOCIATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2009

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Southern California Tribal Chairmen's Association, Inc.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the Southern California Tribal Chairmen's Association, Inc. were disclosed during the audit.
4. No significant deficiencies in internal control relating to the audit of the major federal awards programs are reported in the Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Southern California Tribal Chairmen's Association, Inc. expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for the Southern California Tribal Chairmen's Association, Inc. are reported.
7. The programs tested as major programs include:

<u>NAME</u>	<u>Grant/contract No.</u>	<u>CFDA No.</u>
U.S. Dept of Health & Human Services:		
Temporary Assistance for Needy Families	G08INCATANF	93.558
Temporary Assistance for Needy Families	G07INCATANF	93.558
Temporary Assistance for Needy Families	G06INCATANF	93.558
Pass-through:		
State of California – Dept of Social Services:		
Temporary Assistance for Needy Families	04-6055	93.558

8. The threshold for distinguishing Types A and B Programs was \$300,000.
9. The Southern California Tribal Chairmen's Association, Inc. was determined to be a low-risk auditee.

U.S. Department of Commerce
Broadband Technology Opportunities Program
Authentication and Certifications

1. I certify that I am the duly Authorized Organization Representative (AOR) of the applicant organization, and that I have been authorized to submit the attached application on its behalf.
2. I certify that I have examined this application, that all of the information and responses in this application, including certifications, and forms submitted, all of which are part of this grant application, are material representations of fact and true and correct to the best of my knowledge, that the entity(ies) that is requesting grant funding pursuant to this application and any subgrantees and subcontractors will comply with the terms, conditions, purposes, and federal requirements of the grant program; that no kickbacks were paid to anyone; and that a false, fictitious, or fraudulent statements or claims on this application are grounds for denial or termination of a grant award, and/or possible punishment by a fine or imprisonment as provided in 18 U.S.C. §1001 and civil violations of the False Claims Act.
3. I certify that the entity(ies) I represent have and will comply with all applicable federal, state, and local laws, rules, regulations, ordinances, codes, orders and programmatic rules and requirements relating to the project. I acknowledge that failure to do so may result in rejection or deobligation of the grant or loan award. I acknowledge that failure to comply with all federal and program rules could result in civil or criminal prosecution by the appropriate law enforcement authorities.
4. I certify that the entity(ies) I represent has and will comply with all applicable administrative and federal statutory, regulatory, and policy requirements set forth in the Department of Commerce Pre-Award Notification Requirements for Grants and Cooperative Agreements ("DOC Pre-Award Notification"), published in the Federal Register on February 11, 2008 (73 FR 7696), as amended; DOC Financial Assistance Standard Terms and Conditions (Mar. 8, 2009); the Department of Commerce American Recovery and Reinvestment Act Award Terms (Apr. 9, 2009); and any Special Award Terms and Conditions that are included by the Grants Officer in the award.
5. I certify that any funds awarded to the entity(ies) I represent as a result of this application will not result in any unjust enrichment of such entity(ies) or duplicate any funds such entity(ies) receive under federal universal service support programs administered by the Universal Service Administrative Corporation (USAC).
6. I certify that the entity(ies) I represent has secured access to pay the 20% of total project cost or has petitioned the Assistant Secretary of NTIA for a waiver of the matching requirement.

Date

3/10/10

Authorized Organization Representative Signature

Tessie Guillaermo

Print Name

President & CEO

Title

BTOP Public Computer Center and Sustainable Broadband Detailed Budget

Please complete the Detailed Budget, breaking out individual line items under each category heading (add rows to each section as necessary to accommodate your line items). Please ensure line item total columns in the "General" and "Detail" sections are equal for each line item (a yellow highlight indicates an inconsistency). Also, you may utilize the provided space for additional notes, if desired (there is also a Budget Narrative question in the application in which you provide narrative detail on this budget).

Specifics needed for each cost category line item:

Personnel: For each position, list the number of positions, the location or geography of position, the job/task responsibilities for the position, the annual salary, and the percent of time a person at the position will spend working on the proposed BTOP project. For lines with more than one position, the Quarters Employed field should represent number of quarters per person (e.g. for two employees each working for one year, Quarters Employed should be 4 rather than 8).

Fringe: For each position, note the number of positions, the annual salary, the percent of time a person filling this position will spend working on the proposed BTOP project, and the fringe rate at the position. For lines with more than one position, the Quarters Employed field should represent number of quarters per person (e.g. for two employees each working for one year, Quarters Employed should be 4 rather than 8).

Equipment: List all equipment units required for the project and provide program purpose. For each item, note the number of units and the unit cost. The multiple of these two factors will yield the total for that line item. For example, an Applicant planning to buy 100 laptops at \$500/laptop have a total line item cost of \$50,000. Again, although unit costs may include cents, once multiplied by the number of units, the result must be rounded to the nearest whole dollar. Clearly separate Applicant equipment and user equipment, as indicated in the detailed budget template. When providing the unit cost indicate whether the unit cost has been impacted by a discount and software equipment list specific package names.

Travel: For each trip list the program purpose of the trip, destination city and the number of people traveling. For each line item (e.g., trip), note the number of trips and the cost per trip. The multiple of these two factors will yield the total for that line item. For example, if the Applicant was accounting for 10 trips at \$25 per trip, the total cost would be \$250. The cost per trip should be justified on its own, *not* derived by dividing the line item total by the number of trips. Such calculation will prompt further inquiry from the reviewers about justification for the trip cost. Rather, the *total* trip cost should be derived from the number of trips *times* the justifiable cost per trip.

Supplies: Separate supplies by item type, describing the program purpose or use. For each line item, note the number of units and the unit costs. The multiple of these two factors will yield the total for that line item. For example, an Applicant planning to buy 20 boxes of printer paper at \$30/box have a total line item cost of \$600. Again, although unit costs may include cents, once multiplied by the number of units, the result must be rounded to the nearest whole dollar.

Other: Separate item types; for awareness program cost items, such as ads, separate ad types (radio, newspaper, etc) and include geography in which they will run.

Contractual: For each line item, identify the contractor and note the number of contracted hours

and hourly rate, if applicable. For example, an Applicant planning to hire a technology consultant for 100 hours at a rate of \$40/hour would have a total line item cost of \$4,000.

Indirect: Provide the indirect rate and basis used. In the space provided at the bottom of the form, briefly explain the calculation used to derive the indirect costs (including the indirect rate and basis included in the basis). If a negotiated indirect cost rate agreement exists and is being used, identify the cognizant agency.

The category subtotals for this Detailed Budget should correspond to the data provided in SF-424A, and both the SF-424 budget and this Detailed Budget should match the Federal Grant Request and Total Match Amount provided on the Project Budget page of the application. Review both budget attachments, the budget narrative in the application, and the Project Budget page for consistency before submitting the application. If you are submitting a PCC project as an SF-424C instead of an SF-424A, the sections of this Detailed Budget will not align directly with the categories of the SF-424C, but you should complete this Detailed Budget, allocating costs to appropriate cost categories.

The data provided via this template will be subject to automated processing. Applicants are therefore required to provide this attachment as an Excel file, and not to convert it to a PDF. When submitting a copy of their application on an appropriate electronic medium, such as a CD-ROM, or flash drive. Additionally, applicants should not modify the format of this file.

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**BTOP Public Computer Center and Sustainable Broadband Adoption
Detailed Budget Template**

Easy Grants ID: 5507
 Applicant: ZeroDivide
 Project Title: Tribal Digital Village Broadband Adoption Program

SF-424A Object Class Category	General	Detail							
a. Personnel - List position, number of staff, annual salaries, % time spent on project	Position	Federal Support	Matching Support	Total	# of Positions	Salary	% Time Spent on Project	Quarters Employed	Total
	Chief Executive - ZeroDivide	\$0.00		\$0.00	1				\$0.00
	Chief Community Investment Officer - ZeroDivide								
	Sr. Community Investment Officer - ZeroDivide								
	Technology Manager - ZeroDivide								
	Director of Partnerships - ZeroDivide								
	Director of Technology - TDV								
	Asst. Dir. Network Admin TDV								
	Asst. Dir. IT - TDV								
	Studio Online Content Trainer - TDV								
	Administrative Logistics Mgr - TDV								
				\$0.00					\$0.00
				\$0.00					\$0.00
Subtotal		\$463,634.00	\$47,100.00	\$510,734.00					

b. Fringe Benefits - Include salaries and fringe rate.	Position	Federal Support	Matching Support	Total	# of Positions	Salary	% Time Spent on Project	Quarters Employed	Fringe Rate	Total
	Chief Community Investment Officer - ZeroDivide	\$0.00		\$0.00						\$0.00
	Sr. Community Investment Officer - ZeroDivide									
	Technology Manager - ZeroDivide									
	Director of Partnerships - ZeroDivide									
	Director of Technology - TDV									
	Asst. Dir. Network Admin TDV									
	Asst. Dir. IT - TDV									
	Studio Online Content Trainer - TDV									
	Administrative Logistics Mgr - TDV									
				\$0.00						\$0.00
				\$0.00						\$0.00
				\$0.00						\$0.00
Subtotal		\$121,223.00	\$6,462.00	\$127,685.00						

c. Travel - For significant costs, include details such as number and purpose of trips, destinations.	Purpose of Trip	Federal Support	Matching Support	Total	# of Trips	Cost per Trip	Total
	ZD Travel to TDV (Airfare \$350, lodging \$175, per diem \$150, local travel \$150) for capacity building work, trainings and due diligence		\$1,650.00	\$1,650.00	2	\$825.00	\$1,650.00
	TDV travel to ZD (Airfare \$350, lodging \$175, per diem \$150, local travel \$150) for participation joint training and documentation	\$1,650.00		\$1,650.00	2	\$825.00	\$1,650.00
	Local Transportation to training sites (average RT mileage: 150 x \$.50/mile x 31 sites)	\$4,650.00		\$4,650.00	2	\$2,325.00	\$4,650.00
				\$0.00			\$0.00
Subtotal		\$6,300.00	\$1,650.00	\$7,950.00			

d. Equipment Costs - List equipment with # of units and unit costs. Distinguish between equipment intended for applicant use versus equipment for the end user.		Federal Support	Matching Support	Total	#Units	Unit Cost	Total
Applicant Equipment							
	Sony VAIO VPCF11 Intel Core i7 Notebook PC	\$1,100.00		\$1,100.00	1	\$1,100.00	\$1,100.00
	Epson PowerLite 1725 Multimedia Projector	\$1,200.00		\$1,200.00	1	\$1,200.00	\$1,200.00
	Buhl Industries TPS-T60 Mobile Screen	\$200.00		\$200.00	1	\$200.00	\$200.00
	Sony VAIO VPCF11 Intel Core i7 Notebook PC	\$1,100.00		\$1,100.00	1	\$1,100.00	\$1,100.00
	Viewsonic Pro8100 LCD Projector	\$1,350.00		\$1,350.00	1	\$1,350.00	\$1,350.00
	Elite Screens VMAX2 Projector Screen	\$350.00		\$350.00	1	\$350.00	\$350.00
	HP ProBook 4710s Intel Core 2 Duo Notebook PC	\$2,400.00		\$2,400.00	3	\$800.00	\$2,400.00
	HP Elitebook 8530w Intel Core 2 Duo Notebook PC	\$1,500.00		\$1,500.00	1	\$1,500.00	\$1,500.00
	Intel Core 2 Duo, Windows 7 Professional PC	\$44,000.00		\$44,000.00	40	\$1,100.00	\$44,000.00
				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
User Equipment							
				\$0.00			
				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
				\$0.00			\$0.00
Subtotal		\$53,200.00	\$0.00	\$53,200.00			

e. Supplies - List costs associated with materials/printing, curriculum, translations, and other supplies	Description	Federal Support	Matching Support	Total	#Units (If Applicable)	Unit Cost (If Applicable)	Total
	Misc Supplies	\$1,000.00		\$1,000.00			\$1,000.00
	Mailing list - Awareness Campaign	\$1,000.00		\$1,000.00			\$1,000.00
				\$0.00			\$0.00
				\$0.00			\$0.00
Subtotal		\$2,000.00	\$0.00	\$2,000.00			

f. Contractual - List contractors with purpose of contract, hourly rate or total fixed rate.	Contractor	Federal Support	Matching Support	Total	# Hours (If Applicable)	Hourly Rate (If Applicable)	Total Contract
	Design and Printing - Marketing Awareness Campaign	\$8,500.00		\$8,500.00			\$8,500.00
	Website Design	\$4,500.00		\$4,500.00			\$4,500.00
	Tribal P.E.A.C.E. online repository	\$4,000.00		\$4,000.00			\$4,000.00
	Bay Area Video Coalition - Broadband Training		\$45,000.00	\$45,000.00			\$45,000.00
	Women's Audio Mission	\$900.00		\$900.00			\$900.00
	Broadband Guest Trainer Stipend (36@\$250)	\$9,000.00		\$9,000.00			\$9,000.00
				\$0.00			\$0.00
Subtotal		\$26,900.00	\$45,000.00	\$71,900.00			

g. Construction - If applicable, list construction costs	Description	Federal Support	Matching Support	Total
				\$0.00
				\$0.00
				\$0.00
				\$0.00
Subtotal		\$0.00	\$0.00	\$0.00

h. Other - List costs associated with grant subrecipients as well as other costs not listed above such as rent, technology (website hosting, internet connection), advertising (TV, radio, online), etc.							
Description	Federal Support	Matching Support	Total	#Units (If Applicable)	Unit Cost (If Applicable)	Total	
Clicktools licenses (\$300/yr * 3 yrs)	\$1,200.00		\$1,200.00			\$1,200.00	
Pre-award expense	\$11,700.00		\$11,700.00				
			\$0.00				
			\$0.00				\$0.00
Subtotal	\$12,900.00	\$0.00	\$12,900.00				

i. Total Direct Charges (sum of a-h)	\$686,157.00	\$100,212.00	\$786,369.00
j. Indirect Charges		\$199,691.00	\$199,691.00
Total Eligible Project Costs	\$686,157.00	\$299,903.00	\$986,060.00
Match Percentage	30.4%		

Explanation of Indirect Charges

#####

Additional Budget Notes

Personnel salaries includes annual 2.5% adjustment for inflation.



ZERO DIVIDE
COMMUNITY / TECHNOLOGY / OPPORTUNITY

Income Statement/Statement of Activities December 2009 YTD - Unaudited

Accrual Basis

	Restricted / Programs	Unrestricted Admin & Fund Development	Allocated Costs	Temp Restricted	TOTAL
Revenue					
4030 · Grants & Contributions	2,187	500,783		849,738	1,352,708
4200 · Net Assets Rlsd from Restr	1,988,285	118,531		(2,106,815)	
4300 · Investment Income		592,136			592,136
4400 · Gain / (Loss) on Investment		1,336,080			1,336,080
4600 · Miscellaneous Income		214			214
Total Revenue	1,990,472	2,547,744		(1,257,077)	3,281,139
Operating Expense					
5000 · Salary	798,393	454,288			1,252,681
5100 · Fringe Benefits & Payroll Tax	212,209	120,754			332,963
6000 - Allocated Common Costs	258,189	140,882	(402,251)		(3,180)
6100 · Board of Directors	15,028	15,695			30,723
6120 · Communications	8,677	6,943	23,862		39,482
6150 · Depreciation			30,844		30,844
6151 · Donation Obsolescence Expense	21,144				21,144
6160 · Insurance			14,384		14,384
6180 · Memberships and Subscriptions	1,870	389	4,046		6,305
6190 · Miscellaneous		3,998			3,998
6200 · Printing and Reproduction			12,095		12,095
6300 · Professional Fees	211,027	58,526	45,666		315,219
6360 · Rent and Utilities	7,150		187,907		195,057
6390 · Technology			46,738		46,738
6400 · Staff Development			16,858		16,858
6410 · Supplies	5,788		13,732		19,520
6500 · Travel	29,927	36,089	6,027		72,043
6600 · Meetings and Events	51,462	4,933	91		56,486
8500 · Direct Grantee Expenses	13,500				13,500
Total Operating Expense	1,634,364	842,498			2,476,861
8000 · Grants Awarded	827,320				827,320
Total Expense	2,461,684	842,498			3,304,181
Change in Net Assets	(471,212)	1,705,247		(1,257,077)	(23,042)

Balance Sheet / Statements of Financial Position
(in \$, Unaudited)

	<u>December</u> <u>2009</u>	<u>December</u> <u>2008</u>
ASSETS		
Current Assets		
Cash		
1000 · UBOC	124,719	116,859
1005 · Vanguard MMF	332,389	651,216
1006 · Petty Cash	315	315
1100 · Portfolio - Cash Equivalents	521,888	1,172,581
Total Cash	<u>979,311</u>	<u>1,940,970</u>
Grants and other Receivables	397,928	142,334
Other Current Assets		
1215 · Prepaid Expense	3,902	17,822
1220 · Prepaid Rent	15,350	15,350
1300 · Paypal	2,135	2,044
1400 · Investment Accounts	10,217,138	10,213,781
1700 · Undeposited Funds	47,337	
Total Other Current Assets	<u>10,285,862</u>	<u>10,248,997</u>
Total Current Assets	<u>11,663,101</u>	<u>12,332,301</u>
Fixed Assets		
Total Fixed Assets	<u>34,036</u>	<u>46,598</u>
Other Assets		
1810 · Security Deposit	33,931	33,931
1830 · Undepreciated Donated Assets	0	33,644
Total Other Assets	<u>33,931</u>	<u>67,575</u>
TOTAL ASSETS	<u><u>11,731,068</u></u>	<u><u>12,446,473</u></u>



Balance Sheet / Statements of Financial Position
(in \$s, Unaudited)

	<u>December</u>	<u>December</u>
	<u>2009</u>	<u>2008</u>
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accrued Expenses	27,774	24,693
2010 · Grants Payable	238,477	874,855
Total Accounts Payable	<u>266,251</u>	<u>899,548</u>
Other Current Liabilities		
2200 · Payroll Liabilities	1,150	45,046
2300 · Accrued Vacation	89,910	73,730
Total Other Current Liabilities	<u>91,060</u>	<u>118,776</u>
Think Tank Liability	16,785	48,138
Total Liabilities	<u>374,096</u>	<u>1,066,462</u>
Net Assets		
3010 · Net Assets	11,380,013	17,643,107
Change in Net Assets	-23,042	-6,263,094
Total Net Assets	<u>11,356,971</u>	<u>11,380,013</u>
TOTAL LIABILITIES & NET ASSETS	<u>11,731,068</u>	<u>12,446,474</u>

Statement of Cash Flows

December 2009 YTD, Unaudited

OPERATING ACTIVITIES	
Net Income	-23,042
Adjustments to reconcile Net Income to net cash provided by operations:	
1200 · Accounts Receivable	79
1201 · Grants Receivable	-259,705
1202 · Unamortized Discount on Grants	4,032
1215 · Prepaid Expense	13,921
1300 · PayPal Account	-91
1400 · Investment Accounts	-650,693
1411 · ICG - Bonds	2,670,802
1412 · ICG -Bonds Accrued Interest	22,163
1414 · ICG -Equities	-19,520
1421 · Vanguard Short-Term Bond Index	-254,384
1422 · Vanguard Short-Term Investment Grade Fund	-1,771,726
2000 · Accrued Expenses	3,081
2014 · 2006 Grants	-25,000
2015 · 2007 Grants	-62,500
2016 · 2008 Grants	-680,178
2017 · 2009 Grants	131,300
2200 · Payroll Liabilities	-43,896
2300 · Accrued Vacation	16,180
Net cash provided by Operating Activities	<u>-929,176</u>
INVESTING ACTIVITIES	
1610 · Equipment	-18,282
1615 · Depreciation Equipment	28,785
1625 · Depreciation Leasehold Improvement	2,059
1835 · Donated Assets - Regranting	33,644
Net cash provided by Investing Activities	<u>46,206</u>
FINANCING ACTIVITIES	
Think Tank Liability	-31,353
Net cash provided by Financing Activities	<u>-31,353</u>
Net change in cash for period	<u>-914,322</u>
Cash at beginning of period	<u>1,940,970</u>
Cash at end of period	<u><u>1,026,648</u></u>

ZERODIVIDE
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 1,894,877	\$ 3,644,688
Cash held in trust (Note 7)	48,138	273,026
Investments (Note 3)	10,213,782	14,328,996
Grants receivable (Note 4)	128,309	275,000
Property and equipment – net (Note 5)	46,598	66,993
Other assets (Note 2)	114,772	780,654
	<u>\$ 12,446,476</u>	<u>\$ 19,369,357</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 143,469	\$ 153,280
Grants payable (Note 6)	874,855	1,299,944
Fiscal liability (Note 7)	48,138	273,026
Total liabilities	<u>1,066,462</u>	<u>1,726,250</u>
Net assets:		
Unrestricted	3,694,511	5,527,357
Temporarily restricted (Note 8)	7,685,503	12,115,750
Total net assets	<u>11,380,014</u>	<u>17,643,107</u>
Total liabilities and net assets	<u>\$ 12,446,476</u>	<u>\$ 19,369,357</u>

ZERODIVIDE
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008		
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
Support and revenue:			
Contributions	\$ 663,535	\$ -	\$ 663,535
In-kind contributions	13,248	74,551	87,799
Interest and investment income	866,330	-	866,330
Revenue from special events	56,698	-	56,698
Less: cost of special events	(19,612)	-	(19,612)
Realized and unrealized loss from investments (Note 3)	(2,846,556)	-	(2,846,556)
Other income	13,344	-	13,344
Net assets released from restrictions (Note 8)	4,504,798	(4,504,798)	-
Total support and revenue	<u>3,251,785</u>	<u>(4,430,247)</u>	<u>(1,178,462)</u>
Expenses:			
Program services	4,324,832	-	4,324,832
Management and general	340,882	-	340,882
Fundraising	418,917	-	418,917
Total expenses	<u>5,084,631</u>	<u>-</u>	<u>5,084,631</u>
Change in net assets	(1,832,846)	(4,430,247)	(6,263,093)
Net assets, beginning of year	<u>5,527,357</u>	<u>12,115,750</u>	<u>17,643,107</u>
Net assets, end of year	<u>\$ 3,694,511</u>	<u>\$ 7,685,503</u>	<u>\$ 11,380,014</u>

ZERODIVIDE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Cash flows from operating activities:		
Change in net assets	\$ (6,263,093)	\$ (1,506,146)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	43,233	94,660
Loss on impairment of assets	179,002	462,468
Unrealized and realized loss on investments	2,846,556	99,774
Amortization of discount on grants receivable	-	(1,352,146)
In-kind donations made – net	500,000	26,324
(Increase) decrease in assets:		
Other assets	(13,120)	(30,264)
Grants receivable	146,691	5,678,583
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(9,811)	31,989
Grants payable	(425,089)	220,696
Net cash provided by (used in) operating activities	(2,995,631)	3,725,938
Cash flows from investing activities:		
Net (increase) decrease in investments	1,268,658	(1,321,530)
Purchase of property and equipment	(22,838)	(23,182)
Net cash provided by (used in) investing activities	1,245,820	(1,344,712)
Increase (decrease) in cash and cash equivalents	(1,749,811)	2,381,226
Cash and cash equivalents, beginning of year	3,644,688	1,263,462
Cash and cash equivalents, end of year	\$ 1,894,877	\$ 3,644,688