

AS OUR OWN, NFP

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

AS OUR OWN, NFP

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

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Independent Accountants' Review Report

Board of Directors
As Our Own, NFP
Chicago, Illinois

We have reviewed the accompanying statement of assets, liability and net assets – modified cash basis of As Our Own, NFP (the Organization) as of September 30, 2012 and 2011 and the related statements of revenues and expenses – modified cash basis and functional expenses – modified cash basis for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting, as described in Note 1.



November 20, 2012

AS OUR OWN, NFP

STATEMENT OF ASSETS, LIABILITY AND NET ASSETS
(Modified cash basis)

September 30,	2012			2011		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
ASSETS						
Cash and cash equivalents	\$ 357,379	\$ 194,962	\$ 552,341	\$ 174,925	\$ 62,849	\$ 237,774
Inventory	3,960		3,960			
Property and equipment, net (Note 2)	23,732		23,732	22,423		22,423
Total assets	\$ 385,071	\$ 194,962	\$ 580,033	\$ 197,348	\$ 62,849	\$ 260,197
LIABILITY AND NET ASSETS						
Liability:						
Credit card payable	\$ 2,529		\$ 2,529	\$ 1,849		\$ 1,849
Net assets (Note 3)	382,542	\$ 194,962	577,504	195,499	\$ 62,849	258,348
Total liability and net assets	\$ 385,071	\$ 194,962	\$ 580,033	\$ 197,348	\$ 62,849	\$ 260,197

See accountants' review report and notes to financial statements.

AS OUR OWN, NFP

STATEMENT OF REVENUES AND EXPENSES
(Modified cash basis)

Years ended September 30,	2012			2011		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Revenues and support:						
Rescue		\$ 59,919	\$ 59,919		\$ 95,072	\$ 95,072
Aftercare		59,979	59,979		141,845	141,845
Prevention		133,284	133,284		101,377	101,377
Capital Campaign		106,000	106,000			
Contributions	\$ 822,505		822,505	\$ 567,334		567,334
Merchandising	10,311		10,311			
Non-cash contributions	6,960		6,960	9,360		9,360
Total revenues and support	839,776	359,182	1,198,958	576,694	338,294	914,988
Other revenues:						
Investment income	56		56	63		63
Other miscellaneous income				719		719
Total other revenues	56		56	782		782
Net assets released from restrictions	227,069	(227,069)		333,756	(333,756)	
Total revenues and other support	1,066,901	132,113	1,199,014	911,232	4,538	915,770
Expenses:						
Program services	650,884		650,884	555,280		555,280
Management and general	92,059		92,059	68,502		68,502
Fundraising	136,915		136,915	116,958		116,958
Total expenses	879,858		879,858	740,740		740,740
Change in net assets	187,043	132,113	319,156	170,492	4,538	175,030
Net assets:						
Beginning of year	195,499	62,849	258,348	25,007	58,311	83,318
End of year	\$ 382,542	\$ 194,962	\$ 577,504	\$ 195,499	\$ 62,849	\$ 258,348

See accountants' review report and notes to financial statements.

AS OUR OWN, NFP

STATEMENT OF FUNCTIONAL EXPENSES (Modified cash basis)

Year ended September 30, 2012	Program services	Management and general	Fundraising	Total
Advertising	\$ 8,276	\$ 5,517	\$ 13,794	\$ 27,587
Bank service charges		7,040	5,670	12,710
Communications expense	5,200	5,076	10,151	20,427
Compensation and payroll taxes	187,096	23,349	57,205	267,650
Depreciation		5,059		5,059
Dues and subscriptions		1,145	3,436	4,581
Employee benefits		1,200		1,200
Fundraising			1,189	1,189
Insurance	7,997	2,666		10,663
Meetings and seminars		5,101	1,700	6,801
Miscellaneous expense	1,175	3,162		4,337
Office		108		108
Professional fees	36,059	23,074	4,800	63,933
Program services:				
CIC Foundation	23,522			23,522
I Foundation	10,000			10,000
NTP Ministries	337,945			337,945
Promotional merchandise	2,497			2,497
Rent		310		310
Shipping and postage		1,448	4,345	5,793
Staff development	1,245			1,245
Stationary and printing		3,584	10,754	14,338
Supplies		1,542	4,627	6,169
Taxes and licenses		117		117
Telephone	6,438		339	6,777
Travel:				
Domestic	1,271	1,727	15,644	18,642
International	22,163			22,163
Meals			2,011	2,011
Website fees		834	1,250	2,084
Total functional expenses	\$ 650,884	\$ 92,059	\$ 136,915	\$ 879,858

See accountants' review report and notes to financial statements.

AS OUR OWN, NFP

STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED) (Modified cash basis)

Year ended September 30, 2011	Program services	Management and general	Fundraising	Total
Advertising			\$ 3,993	\$ 3,993
Bank service charges		\$ 4,145		4,145
Communications expense		2,244	6,734	8,978
Compensation and payroll taxes	\$ 117,218	18,824	52,199	188,241
Depreciation	1,769	274	448	2,491
Dues and subscriptions		1,588	3,729	5,317
Finance charges		3,790		3,790
Fundraising			1,807	1,807
Insurance	2,898	966		3,864
Meals and entertainment			1,321	1,321
Meetings and seminars		3,010		3,010
Miscellaneous expense	397	320		717
Office	312	938		1,250
Professional fees	466	13,721	13,200	27,387
Program services:				
I Foundation	23,000			23,000
NTP Ministries	377,434			377,434
Promotional merchandise	5,398			5,398
Shipping and postage		1,585	1,585	3,170
Stationary and printing		13,817	13,817	27,634
Supplies	122	1,277	1,277	2,676
Telephone	4,590	574	574	5,738
Travel:				
Domestic			14,386	14,386
International	21,676			21,676
Meals			459	459
Website fees		1,429	1,429	2,858
Total functional expenses	\$ 555,280	\$ 68,502	\$ 116,958	\$ 740,740

See accountants' review report and notes to financial statements.

AS OUR OWN, NFP

NOTES TO FINANCIAL STATEMENTS (Modified cash basis)

1. Summary of significant accounting policies

Nature of organization:

As Our Own, NFP (the Organization) is an Illinois not-for-profit corporation, incorporated in April 2006 exclusively for religious, charitable and educational purposes and may make distributions to qualified organizations. The eligibility of the recipients is determined by the Organization's management following its operating guidelines. On January 29, 2007, the Internal Revenue Service determined the Organization to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization maintains four programs; Rescue, Aftercare, Prevention and Capital Campaign.

Rescue: The Organization rescues children in India from lives of slave labor, such as organized begging and the sex trade. With a unique presence in the red-light district, the Organization works to prevent second-generation sex slavery. Despite the difficult and dangerous conditions, the Organization is standing in the gap, ushering in potential for hope and a new way of life.

Aftercare: The rescued children are welcomed into the As Our Own family where they receive loving, lifelong aftercare including nurture, education and guidance. Excellence is sought in every aspect: the best English education for each child; ample opportunities to develop gifts and talents through art, music and sports and advanced training and university education opportunities.

Prevention: To prevent ongoing patterns and cycles of exploitation and enslavement, the Organization works with local Christian leaders, trains pastors at its Hope College and works in broken communities through its Lighthouse Church Network to bring transformation and strength through the love of Jesus Christ.

Capital Campaign: To redefine how orphan care operates in India, the Organization seeks to help create a model facility in India with best practices in education, care, staffing and spiritual discipleship. This facility will be owned and managed by a strategic partner in India. This facility will care for orphan children and equip and train other organizations to do the same.

The Organization's programs are supported primarily by public donations.

AS OUR OWN, NFP

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **(Modified cash basis)**

1. Summary of significant accounting policies (continued)

Basis of presentation:

The financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification) for *Financial Statements of Not-for-Profit Organizations*. Under the Codification, the Organization is required to report information regarding its financial position and activities in three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted - Unrestricted net assets are available to finance the general operations of the Organization. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates and the purposes specified in its articles of incorporation. Voluntary resolutions by the Board of Directors to designate a portion of the Organization's unrestricted net assets for specified purposes do not result in restricted funds.

Temporarily Restricted - Temporarily restricted net assets result (a) from contributions and other inflows of assets, the use of which the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by action of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time or their fulfillment and removal by actions of the Organization pursuant to those stipulations. See Note 3.

Permanently Restricted - Permanently restricted net assets (generally referred to as endowment funds) are assets that have donor-imposed restrictions that stipulate that the contributed resources be maintained permanently, but permit the Organization to utilize or expend part or all of the income or other economic benefits derived from the donated assets. The Organization had no permanently restricted net assets as of September 30, 2012 and 2011.

AS OUR OWN, NFP

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **(Modified cash basis)**

1. Summary of significant accounting policies (continued)

Modified cash basis of accounting:

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting. Therefore, certain revenues are recognized when cash is received rather than when an asset is earned and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. Financial statements prepared on the modified cash basis of accounting are not intended to be in accordance with generally accepted accounting principles.

Use of estimates:

The preparation of financial statements prepared substantially on the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash:

The Organization maintains its cash in bank deposit accounts at various institutions which, at times, may exceed federally-insured limits. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk on cash.

Inventory:

Inventory consists of apparel items for sale to support the Organization's running initiative. The items are sold through the Organization's website. They are stated at the lower of cost (first-in, first-out basis) or market.

Property and equipment and related depreciation:

Equipment is recorded at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Donated items are recorded at fair value on the date of donation. Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expenses as incurred.

Allocated expenses:

Operating expenses are charged to the function that they are directly identified with. In the case that these expenses are identified with more than one functional area, they are allocated on the basis of ratios estimated by management.

See accountants' review report.

AS OUR OWN, NFP

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **(Modified cash basis)**

1. Summary of significant accounting policies (continued)

Income taxes:

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined to be an organization that is not a private organization under Section 509(a) of the Code. Accordingly, no provision for income or excise tax has been made in the accompanying financial statements.

Contributions:

The financial statement presentation follows the Codification for *Accounting for Contributions Received and Contributions Made*. Under the Codification, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by donors are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are received. All other temporarily restricted support is reclassified to unrestricted net assets upon satisfaction of the restriction. There were no permanently restricted contributions received for the years ended September 30, 2012 and 2011.

Contributed services and in-kind contributions:

As required by the Codification, the Organization recognizes the fair value of contributed services when the contributed services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would need to be purchased if not provided by donation.

The amounts shown as contributed services revenue represents the estimated fair value of the services performed by outside accountants. The amounts of such contributed services revenue were determined by the amount of costs for such services which would otherwise have to be paid to obtain them.

Accordingly, significant contributed services are included as both support revenue and corresponding management or program expense, with the specific costs detailed by the amount of expense which was donated. For the years ended September 30, 2012 and 2011, the Organization has included as revenue and expense the donation of accounting and tax preparation at \$6,960 and \$9,360, respectively.

AS OUR OWN, NFP

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **(Modified cash basis)**

1. Summary of significant accounting policies (continued)

Contributed services and in-kind contributions: (continued)

The Organization received a significant amount of donated services from unpaid volunteers who assist in fundraising, clerical and special projects. No amounts have been recognized in the statement of revenues and expenses because the criteria for recognition under the Codification for *Accounting for Contributions Received and Contributions Made* have not been satisfied.

Advertising costs:

Advertising is primarily used by the Organization to promote its activities and programs among donors and prospective donors. Advertising costs are expensed as incurred. The Organization's advertising costs totaled \$27,587 and \$3,993 for the years ended September 30, 2012 and 2011, respectively.

Reclassifications:

Certain amounts reported in the prior year financial statements have been reclassified in order to conform to the current year presentation.

Shipping and handling costs:

Shipping and handling costs are generally charged to customers and have been included in revenue for the year ended September 30, 2012. Shipping costs incurred by the Organization are recorded and allocated appropriately.

2. Property and equipment

Property and equipment consist of the following:

September 30,	2012	2011
Computer and equipment	\$ 1,996	\$ 628
Website development	29,914	24,914
	31,910	25,542
Less accumulated depreciation	(8,178)	(3,119)
Property and equipment, net	\$ 23,732	\$ 22,423

See accountants' review report.

AS OUR OWN, NFP

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **(Modified cash basis)**

3. Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes or periods:

<u>September 30,</u>	<u>2012</u>	<u>2011</u>
Purpose restricted funds:		
Rescue	\$ 26,248	\$ 15,421
Aftercare	27,211	37,827
Prevention	58,616	9,601
Capital Campaign	82,887	
Total temporarily restricted net assets	\$ 194,962	\$ 62,849

During the years ended September 30, 2012 and 2011, net assets were released from donor restrictions by incurring expenses that satisfy the purpose and time restrictions specified by donors as follows:

<u>Years ended September 30,</u>	<u>2012</u>	<u>2011</u>
Purpose restricted funds:		
Rescue	\$ 47,765	\$ 93,061
Aftercare	49,519	133,241
Prevention	106,671	107,454
Capital Campaign	23,114	
Total net assets released from restrictions	\$ 227,069	\$ 333,756

4. Subsequent events

Management of the Organization has reviewed and evaluated subsequent events from September 30, 2012, the financial statement date, through November 20, 2012, the date the financial statements were available to be issued. No events have occurred in this period that would be required to be recognized and/or disclosed in these financial statements as required by the modified cash basis of accounting.

See accountants' review report.