

SHARE OUR SELVES, INC.
FINANCIAL STATEMENTS
June 30, 2011 and 2010

WITH
INDEPENDENT AUDITORS' REPORT

SHARE OUR SELVES, INC.

CONTENTS

	<u>Page</u>
Organizational Data:	
Mission Statement	ii
History and Services	iii
A Summary of the Situation	vi
SOS Operational Budget	x
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8

ORGANIZATIONAL DATA

Mission Statement

We are servants who provide care and assistance to those in need and act as advocates for systematic change.

HISTORY AND SERVICES

The Share Our Selves (SOS) mission, “*We are servants who provide care and assistance to those in need and act as advocates for systemic change,*” is demonstrated daily with every act of kindness provided by staff and volunteers to Orange County (OC) residents living in poverty. SOS was established in 1970 to provide for the most serious concerns of the poor residing in OC, including food, clothing, and emergency financial aid for housing, transportation, prescriptions, and children’s basic needs.

In 1984, the SOS mission was expanded to include free medical, and in 1987, to include free dental care. In 2005, SOS opened the Comprehensive CARE Center providing counseling and case management. In the fall of 2010, SOS collaborated with the El Sol Science and Arts Academy, a charter school in Santa Ana, to open the SOS – El Sol Wellness Center providing social services, screening and urgent care to the students and their families. Today, SOS is one of the largest, most comprehensive, voluntary support agencies serving the poor in OC. SOS is a multi-site service provider, with locations in Costa Mesa and Santa Ana. SOS is known by stakeholders and clients, alike, as a trusted community asset in:

Delivering Comprehensive Care: SOS has a ‘no wrong door’ approach to health care and social support services: From multiple entry points, SOS connects low-income and medically-underserved children and their families to primary care, dental care, specialty medical care, and referrals to mental health counseling and enabling social services, such as benefit enrollment assistance, emergency financial aid, clothing and food supplies. As SOS transitions into a health center, additional service lines in prenatal, pediatric, and geriatric care will be integrated into its existing programs and services.

Implementing Effective Systems: SOS has a highly-trained leadership team with centralized administrative oversight and financial controls, enabling the agency to achieve management efficiency across all programs. Service excellence is modeled and encouraged through close attention to quality assurance in all programs. SOS has a long-established experience in adopting Lean Transformation/Lean Thinking, a practice transformation framework based on the effective management of processes and resources in order to generate zero waste and improve service quality.

Providing Leadership in Child and Adolescent Health: SOS is committed to building a strong social service and healthcare safety net for children and adolescents. The goal that SOS shares with community members and leaders is for area families to stay together and for schools and nonprofits to be seen as trusted community partners. To achieve this goal, SOS works in coordination with school administrators, local school-based clinics and community leaders in implementing the local area improvements defined in the Santa Ana Building Healthy Communities Community Action Plan. SOS’s social and health care programs, including those at SOS/El Sol Wellness Center are driven by a fundamental commitment to building a network of care that provides timely, accessible, neighborhood-based services.

HISTORY AND SERVICES **(Continued)**

Responding to Community Health Needs: SOS's wellness programs are in line with Access Plan for California, the strategic goal of California Primary Care Association to widen health access in medically-underserved areas; they are also aligned with the mission of California Department of Health Services to improve the health of all Californians, particularly in the following three key objectives:

a. Optimizing Local Public Health Capacity. The SOS service delivery model recognizes the need for collaboration with key stakeholders to deliver the highest quality public health, environmental health and medical care available to all Californians. It seeks to build on existing clinic capacity by increasing health care resources and enhancing the efficacy of clinic programs and services. SOS actively coordinates with OC health care stakeholders and the Coalition of Orange County Health Centers.

b. Improving Coverage, Access and Outcomes. SOS works in tandem with state efforts to improve access for Californians who are eligible for low-cost and no-cost quality health insurance. SOS works in tandem with county-level and state efforts to standardize quality assurance programs, data collection and warehousing, and develop systems of care between community clinics and health care delivery systems.

c. Fostering Integrated Service Delivery. SOS works in tandem with county-level and state-level efforts in streamlining and coordinating programs and administrative functions. Its lifespan-oriented service delivery model is designed to enhance the integration of programs and services across specialties and clinic locations available in its health and human development programs countywide.

SOS clients come from across OC, with 75% living in Santa Ana and Costa Mesa. They represent diverse ethnicities living at or below 200% of the Federal Poverty Level. Many are seniors on fixed incomes or have disabilities that limit their employment options. Services are delivered on a sliding fee scale; no one is turned away due to inability to pay. OC has no County hospital and the Costa Mesa/Newport Beach/Irvine area has no community clinic, making SOS the only affordable health care option for those living in poverty in the area.

SOS has three core programs that are integrated to address the complex issues poverty presents to our community and those we serve:

SOS Dental Clinic

This program is the only comprehensive dental clinic for adults in Orange County providing hygiene, partials, root canals, radiographs, restorations, extractions and dentures for over 7,000 patient visits per year. The Clinic serves patients who have no other access to healthcare. Patients live in poverty, are uninsured, and do not qualify for government medical insurance programs. This integration of services puts SOS on the cutting edge of the healthcare system, where it is clear that integration of services is critical when caring for indigent patients. The comprehensive and accessible services SOS provides are the reason the local school system, hospitals, community groups, faith

HISTORY AND SERVICES (Continued)

based organizations, and county agencies refer individuals and families to SOS to receive vital services.

SOS Medical Clinic

This program provides over 15,000 patient visits annually to individuals with no other access to medical care. The Clinic operates a daily urgent care/walk in clinic, primary and chronic care, specialty clinics, pharmacy, laboratory, access to medical specialists, and health education. The Chief Medical Officer, an employee of Hoag Hospital, is a bilingual, bicultural internist with extensive clinical experience. She instituted the County MSI (Medical Services Initiative) program at SOS, increasing access to medical care for those patients.

SOS Social Services

This program provides food, clothing, financial aid, resources and referrals, training and education, legal aid, and special seasonal programs helping approximately 100,000 individuals each year. Social Services has provided assistance since the inception of SOS. During the fiscal year ending June 30, 2011, the program provided financial aid totaling more than \$900,000 and distributed more than 65,000 bags of groceries to low-income individuals and families. Support and educational programs include a Military Support Group for mothers of soldiers serving overseas, diabetes education for adults through Latino Health Access, and a Financially Fit Program teaching budgeting and banking.

In addition to these core programs, SOS provides special holiday programs and advocacy regarding issues of expanded health insurance, fair housing, and employment opportunities providing a living wage.

A SUMMARY OF THE SITUATION

No one is immune from the current economic crisis, least of all those families already struggling to meet their basic needs. The September 14, 2011 edition of the Los Angeles Times reports that nearly 1 in 5 Californians lack health insurance and in 2010, "6 million...live below the federal poverty line of \$22,113 for a family of four" as a result of national poverty rate rising for the third consecutive year to 15.1%, the same level it was in 1993. Without a doubt, the current economic crisis is the worst since the Great Depression. California budget cuts have added to the bleak economic landscape, and Orange County (OC) has not been spared; rising local unemployment and cuts in public services continue to narrow access to vital health care and human services.

Share Our Selves (SOS) waiting rooms are overflowing as unemployment is up, health insurance is down, and foreclosed properties have skyrocketed. SOS is the only multiservice agency in OC providing the breadth and depth of services necessary to meet the current crisis. The newly unemployed from the mortgage, real estate, banking, construction, and retail industries have joined the working poor in accessing basic safety net services, including medical and dental care, counseling and case management, emergency food and financial assistance, access to clothing and benefits-linkage. SOS is especially crowded during the holidays when all its programs experience a dramatic increase in demand.

Statement of Community Need: As a result, there is a deeper reliance on basic safety net services in OC. More OC families now turn to community clinics for low-cost primary health care, with many clinics seeing a three-fold increase in community demand for their safety net services. Medi-Cal enrollments in OC increased by 9.1% between 2008 and 2009; in July 2008 the number of enrollments reached 308,489, and in July 2009 the number of enrollments reached 336,707. From July 2006 to July 2009, the number of Medical Services for the Indigent (MSI) members nearly doubled (from 14,763 to 28,603) (OCHNA, 2011).

The situation is made even less favorable for uninsured and low-income consumers by the fact that OC does not have a county-run hospital system, *despite having a federal health professional shortage area designation in the dental care, mental health and primary care professions.*¹ To meet the demand for healthcare, 23 community clinics and health centers, representing approximately 144 providers (primary care physicians, physician's assistants and nurse practitioners) make up the healthcare safety net in the county. SOS is one of these 23 safety net community clinics. The uninsured are primarily dependent on the 23 safety net community clinics, specifically those participating in government benefit programs.

Even before the current economic situation, OC was a tough place to live for many. Recent data find that 9.1% of adults age 18-64 years did not have health coverage in OC (OCHNA, 2009) and 10.7% of the population in 2009 lived below the poverty level (U.S. Census, 2009) compared to 10.3% in 2000 (CSUF Center for Demographic Research, 2009). Furthermore, consider that in OC:

- A minimum wage earner must work 130 hour per week to afford a one-bedroom apartment

¹ Shortage Designation Branch, HRSA Bureau of Health Professions National Center for Health Workforce Analysis, <<http://hpsafind.hrsa.gov/>>, July 18, 2011

A SUMMARY OF THE SITUATION (Continued)

- \$1,584 is the average cost of a 2-bedroom rental.
- 150,141 residents or 4.7% of the County's population receive food stamps (County of Orange, 2011)

These major indicators of wellness and self-sufficiency can make it a difficult place to raise children, even when working full time; for seniors on fixed incomes and those living with a disability, wellness and self-sufficiency can be a daily struggle.

Along with the homeless, working poor, seniors on fixed incomes, those with a mental illness or are newly unemployed, and the uninsured are also finding their way to 1550 Superior Avenue. Each day, SOS volunteers hear the statement, "I never thought that I would need a food pantry/free clinic/financial assistance..." SOS volunteers work here because they have a big heart and want to give back. Most have been serving for many years and today many are commenting how difficult it is, how stressful to make people wait, to see them stand in line, and perhaps ask them to come back the next day. They have had to further hone their skills, work faster, manage crowds, and learn to do more with less. They are the heroes who stretch limited resources and care without judgment and with a sincere smile.

The families who come to SOS for food, clothing, emergency financial assistance, medical care and dental care have little or no other resources available to them. Their situation is complicated by the fact that their household wages do not keep pace with the high cost of housing. Many have lost their job and with it their health insurance. It takes very little time to deplete assets as medical costs escalate. Others are low-income workers and family breadwinners, providing the every day services many OC residents rely on: nannies, housekeepers, gardeners, day care workers, food service and hotel workers, and car wash attendants. A family earning minimum wage does not have money put away for tough times, which are now the norm. When a family living in poverty is displaced from their housing, or has a temporary disability, or the breadwinner's hours are cut back, a fragile balance is undone. SOS provides the helping hand, the lifeline -- the immediate assistance to overcome the many obstacles many of us may face.

Through SOS, help is here for those struggling in Orange County. Thanks to over 40 years of community support, SOS has been able to provide a "safety net" of services.

Purpose of Share Our Selves: The purpose of SOS is to provide a circle of care to meet the emergency, life sustaining needs of OC's unemployed, uninsured, homeless, seniors, the disabled, and working poor individuals and families. Our goals to accomplish this purpose are as varied and as comprehensive as the daily needs presented to our agency by our clients and patients.

- 1) To provide food, approximately 250 bags of groceries each day, helping our families meet the basic need of food security,
- 2) To provide financial assistance, last fiscal year over \$900,000 in direct financial assistance, to keep families in their homes, fill prescriptions, and take care of their children,
- 3) To provide free medical care to the uninsured and underinsured families living in poverty, including diagnosis, treatment, prescriptions, lab work, education, and access to a wide range of medical specialists willing to donate their professional skills to our patients,

A SUMMARY OF THE SITUATION (Continued)

- 4) To provide free dental care to those with no other access to this care, preserving and restoring their dental health and their hope for a better future,
- 5) To provide comprehensive counseling for diverse medical and psycho-social needs including depression screening, crisis intervention, support groups, counseling, and case management,
- 6) To provide a facility open to the community where those in need of services can meet with those who provide services, including legal aid, medical insurance enrollment, counseling, education, and information on services for those with HIV/AIDS,
- 7) To advocate for the disenfranchised for expanded health insurance, fair housing, and employment opportunities providing a living wage, and
- 8) To provide a resource where volunteers can give back to the community in a meaningful way including seniors, students, youth groups and members of many religious institutions.

Most services are provided by SOS's dedicated volunteer corps comprised of 400+ individuals. These volunteers include all ages, faiths, and professions. Many are members of local faith groups. Most of the volunteer medical professionals are on staff at Hoag Memorial Hospital Presbyterian and also include medical, dental, pharmacy, physician assistant, and nursing students. Over 100 local physicians annually volunteer to see SOS patients in their offices. The SOS *Celebrity Chefs* Dinner Committee, the *Wild and Crazy Taco Night* Committee, the *Festival of Trees* Committee, the *Adopt A Family* Christmas Committee, the Back to School Committee and the SOS Auxiliary – *The A-Team* – provide countless hours of volunteer service each year. Without these corps of volunteers, SOS would not exist and its work not fully fulfilled. Today, SOS is one of the largest most comprehensive, voluntary support agencies serving the poor in OC. In recognition of our service, SOS has recently received:

- 2009 Mary K. Dewane Safety Net Award from CalOptima
- 2009 Chancellor's Award for Outstanding Community Based Organization from the University of California, Irvine
- 2010 Immunization Hero Award was issued to the SOS Pharmacy from the American Pharmacist Association (one of three clinics nationally)
- 2010 Community Partner of the Year Award from the Public Law Center
- 2010 Southern CA American Cancer Society Harold Freeman Award for contributions to reduce cancer disparities among medically underserved.
- 2010 Inaugural Irvine Health Foundation Prize for innovation in healthcare and safety-net services.
- 2011 American Cancer Society, Special Recognition Award for Prevention and Early Detection (highest honor).

Operations: The SOS staff and volunteers are predominately bilingual and multi-cultural. Since all services and programs are provided free of charge, the agency operates without earned income and is almost entirely dependent upon gifts and grants.

Because of the support of so many volunteers, the SOS annual audit consistently demonstrates that approximately ninety cents of every dollar donated funds direct program expenses. Contributions are generously given from an incredibly diverse group of donors – individuals and families from all walks of life, family trusts, Southern California businesses of all sizes, local and

A SUMMARY OF THE SITUATION (Continued)

national foundations, the City of Santa Ana, the State of California, the federal government, and the County of Orange.

The Need for Gift and Grant Support from the Community: As a local, community based non-profit, SOS depends on the generosity of the community. Most services are provided by a core of over 400 volunteers. Philanthropic support of our fund raising objective involves the combination of outright gifts and grants from individuals, foundations and corporations, revenue from special events, and the application of governmental funding. Many supporters include SOS in their wills and other planned giving options. The fiscal budget is only part of the story. The true operational budget of SOS paints a much different picture, one of an organization providing service valued many times greater than the fiscal budget represents. In-kind support through volunteers, food, clothing, medical and dental services, additional professional services, and additional goods allow SOS to operate at a very efficient level.

We need your help. Today, due to the recession, the pull back of government services to the needy, the proliferation of nonprofits increasing competition for limited funds, and to SOS's increasingly vital role in the health and security of our community, your support is needed more than ever.

If you have been a donor and volunteer at SOS in the past, we are grateful. If you haven't had the opportunity, we invite you to visit to see first hand the daily work of SOS's volunteers and staff and to consider a tax-deductible gift. We understand that relatively few projects can work into your charitable budget each year. Hopefully, the record of accomplishments at SOS and the growing population of at risk families in OC will help our request to stand out in its appeal to your generosity.

We are deeply grateful for the support of the community and look forward to counting you in our partnership in service to others. As I like to say:

These acts of caring, kindness and tolerance toward one another exemplify the enduring belief that the quality of our lives most likely will be judged not by our material wealth but by our response to one another.

Karen McGlinn
Executive Director

SOS Operational Budget

The following financial statements of SOS provide a partial picture of the services provided to SOS clients. However, to truly understand the nature and scope of SOS's service to the community, it is important to understand the Operating Budget as well. The pie chart below is included to provide a graphic description of that budget, demonstrating that SOS manages a much larger budget than the picture presented in the financial statements. Staff time and expertise are needed to manage these important services.

Revenue and other support is the information presented in the following financial statements.

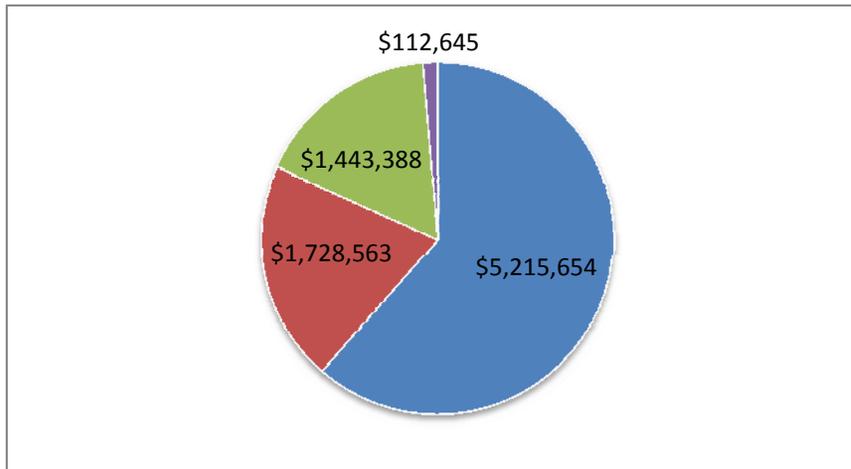
Hoag Ancillary/In-kind Services represent the value of services Hoag Memorial Hospital Presbyterian provides to the patients of the SOS Free Medical Clinic and includes advanced diagnostics, surgery, and medication.

SOS Cares Pharmacy is the value of donated medications donated through pharmaceutical companies' Patient Assistance Programs and additional in-kind medications.

Volunteer Providers refers to the value of donated services by licensed healthcare professionals donating their services to SOS patients.

Statement of Activities For the Year Ended June 30, 2011

Total Revenue Including Services Not Reflected in the Financial Statements



Source	Amount
Revenue and other support	\$ 5,215,654
Hoag Ancillary/In-kind Services	\$ 1,728,563
SOS Cares Pharmacy	\$ 1,443,388
Volunteer Providers	\$ 112,645
Total Services	\$ 8,500,250

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Share Our Selves, Inc.

We have audited the accompanying statements of financial position of Share Our Selves, Inc. ("SOS") (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2011. These financial statements are the responsibility of SOS'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Share Our Selves, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the year ended June 30, 2011 in conformity with accounting principles generally accepted in the United States of America.

Link, Murrel & Co.

Irvine, California
October 10, 2011

FINANCIAL STATEMENTS

SHARE OUR SELVES, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Totals</u> June 30, 2011	<u>Totals</u> June 30, 2010
Current Assets:					
Cash and cash equivalents	\$ 1,507,353	\$ 152,419	\$ 30,939	\$ 1,690,711	\$ 3,539,362
Receivables	438,621	-	-	438,621	370,016
Investments, current portion	229,494	-	248,439	477,933	721,380
Inventory	129,521	-	-	129,521	146,787
Prepaid expenses	<u>69,417</u>	<u>-</u>	<u>-</u>	<u>69,417</u>	<u>42,295</u>
Total Current Assets	2,374,406	152,419	279,378	2,806,203	4,819,840
Property and Equipment:					
Building and improvements	1,605,445	-	-	1,605,445	1,580,906
Land	900,000	-	-	900,000	900,000
Equipment	470,337	-	-	470,337	478,314
Automobiles	47,092	-	-	47,092	47,092
Construction in progress	<u>25,518</u>	<u>-</u>	<u>-</u>	<u>25,518</u>	<u>-</u>
	3,048,392	-	-	3,048,392	3,006,312
Less accumulated depreciation	<u>(1,192,463)</u>	<u>-</u>	<u>-</u>	<u>(1,192,463)</u>	<u>(1,107,602)</u>
Property and Equipment, net	1,855,929	-	-	1,855,929	1,898,710
Other Assets:					
Investments, long-term portion	255,591	-	92,932	348,523	-
Deposits	<u>48,236</u>	<u>-</u>	<u>-</u>	<u>48,236</u>	<u>11,419</u>
Total Other Assets	<u>303,827</u>	<u>-</u>	<u>92,932</u>	<u>396,759</u>	<u>11,419</u>
Total Assets	<u>\$ 4,534,162</u>	<u>\$ 152,419</u>	<u>\$ 372,310</u>	<u>\$ 5,058,891</u>	<u>\$ 6,729,969</u>

See accompanying notes.

SHARE OUR SELVES, INC.

STATEMENTS OF FINANCIAL POSITION

(Continued)

June 30, 2011 and 2010

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	Totals <u>June 30, 2011</u>	Totals <u>June 30, 2010</u>
Current Liabilities:					
Accounts payable	\$ 234,431	\$ -	\$ -	\$ 234,431	\$ 55,911
Accrued expenses:					
Accrued vacation	95,644	-	-	95,644	89,757
Accrued salaries	101,304	-	-	101,304	87,842
Other	26,486	-	-	26,486	49,501
Due to OCCAA	<u>4,652</u>	<u>-</u>	<u>-</u>	<u>4,652</u>	<u>30,307</u>
 Total Current Liabilities	 462,517	 -	 -	 462,517	 313,318
Net Assets:					
Unrestricted:					
Undesignated	1,215,716	-	-	1,215,716	1,147,002
Designated for program expansion	-	-	-	-	1,900,000
Designated for cash reserve	1,000,000	-	-	1,000,000	1,000,000
Net investment in property and equipment	1,855,929	-	-	1,855,929	1,898,710
Temporarily restricted	-	152,419	-	152,419	105,002
Permanently restricted	<u>-</u>	<u>-</u>	<u>372,310</u>	<u>372,310</u>	<u>365,937</u>
 Total Net Assets	 <u>4,071,645</u>	 <u>152,419</u>	 <u>372,310</u>	 <u>4,596,374</u>	 <u>6,416,651</u>
 Total Liabilities and Net Assets	 <u>\$ 4,534,162</u>	 <u>\$ 152,419</u>	 <u>\$ 372,310</u>	 <u>\$ 5,058,891</u>	 <u>\$ 6,729,969</u>

See accompanying notes.

SHARE OUR SELVES, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Totals</u>
Revenues and Other Support:				
Contributions	\$ 2,232,618	\$ -	\$ 6,373	\$ 2,238,991
Grants	1,332,761	-	-	1,332,761
In-kind	1,107,807	-	-	1,107,807
Fundraising	255,501	94,000	-	349,501
Program fees	72,911	-	-	72,911
Investment income (loss)	17,998	(316)	-	17,682
Net unrealized investment gains	43,682	52,252	-	95,934
Other income, net	<u>67</u>	<u>-</u>	<u>-</u>	<u>67</u>
Total Revenues and Other Support	5,063,345	145,936	6,373	5,215,654
Net assets released from restrictions	<u>98,519</u>	<u>(98,519)</u>	<u>-</u>	<u>-</u>
Total Revenues, Other Support, and Net Assets Released from Restrictions	5,161,864	47,417	6,373	5,215,654
Expenses:				
Program services:				
Social services	1,760,588	-	-	1,760,588
Clinics	4,579,866	-	-	4,579,866
Supporting services:				
Management and general	489,881	-	-	489,881
Fundraising	<u>205,596</u>	<u>-</u>	<u>-</u>	<u>205,596</u>
Total Expenses	7,035,931	-	-	7,035,931
Increase (Decrease) in Net Assets	(1,874,067)	47,417	6,373	(1,820,277)
Net Assets, July 1, 2010	<u>5,945,712</u>	<u>105,002</u>	<u>365,937</u>	<u>6,416,651</u>
Net Assets, June 30, 2011	<u>\$ 4,071,645</u>	<u>\$ 152,419</u>	<u>\$ 372,310</u>	<u>\$ 4,596,374</u>

See accompanying notes.

SHARE OUR SELVES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2011

	Program Services			Supporting Services			
	Social Services	Clinics	Total	Management and General			Totals
	Social Services	Clinics	Total	Social Services	Clinics	Fundraising	Totals
Salaries	\$ 308,895	\$ 1,644,598	\$ 1,953,493	\$ 106,195	\$ 318,585	\$ 99,367	\$ 2,477,640
Payroll taxes and benefits	61,570	304,694	366,264	8,811	26,432	7,602	409,109
Total Personnel	370,465	1,949,292	2,319,757	115,006	345,017	106,969	2,886,749
Accounting services	3,001	-	3,001	4,442	25,416	-	32,859
Bank and investment fees	10,042	26,335	36,377	-	-	-	36,377
Contract professionals	68,484	571,668	640,152	-	-	-	640,152
Dues, fees and education	2,896	24,734	27,630	-	-	-	27,630
Emergency aid	1,025,569	-	1,025,569	-	-	-	1,025,569
Events	-	-	-	-	-	73,080	73,080
Hosting fees	-	55,570	55,570	-	-	-	55,570
In-kind	89,252	996,215	1,085,467	-	-	22,340	1,107,807
Insurance	22,727	101,330	124,057	-	-	-	124,057
Lab fees	-	94,220	94,220	-	-	-	94,220
Office supplies	28,056	110,649	138,705	-	-	2,995	141,700
Other	21,007	27,485	48,492	-	-	212	48,704
Pharmaceutical and supplies	-	224,270	224,270	-	-	-	224,270
Rent	35,355	38,793	74,148	-	-	-	74,148
Repairs and maintenance	46,708	175,985	222,693	-	-	-	222,693
Utilities	15,056	76,083	91,139	-	-	-	91,139
Expenses before depreciation	1,738,618	4,472,629	6,211,247	119,448	370,433	205,596	6,906,724
Depreciation	21,970	107,237	129,207	-	-	-	129,207
Total Expenses	\$ 1,760,588	\$ 4,579,866	\$ 6,340,454	\$ 119,448	\$ 370,433	\$ 205,596	\$ 7,035,931

See accompanying notes.

SHARE OUR SELVES, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2011

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Decrease in net assets	\$ (1,820,277)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation	129,207
Loss on disposal of equipment	13,637
Contributions restricted for permanent endowment	(6,373)
Net unrealized investment gains	(52,152)
In-kind donations of inventory	41,130
(Increases) decreases in:	
Receivables	(68,605)
Inventory	(23,864)
Prepaid expenses	(27,122)
Deposits	(36,817)
Increases (decreases) in:	
Accounts payable	178,520
Accrued expenses	(3,666)
Due to OCCAA	(25,655)
	<hr/>
Total adjustments	118,240
	<hr/>
Net Cash Used in Operating Activities	(1,702,037)

Cash Flows from Investing Activities:

Purchases of equipment	(100,063)
Investments - net change	(52,924)
	<hr/>
Net Cash Used in Investing Activities	(152,987)

Cash Flows from Financing Activities:

Investment in permanent endowment	6,373
	<hr/>

Net Decrease in Cash and Cash Equivalents	(1,848,651)
Cash and Cash Equivalents, July 1, 2010	3,539,362
	<hr/>
Cash and Cash Equivalents, June 30, 2011	\$ 1,690,711
	<hr/>

See accompanying notes.

SHARE OUR SELVES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

1. Summary of Significant Accounting Policies

Organization and Nature of Services

Share Our Selves, Inc. ("SOS") was incorporated on January 16, 1978 under the general non-profit corporation laws of the State of California. The governing body of SOS is the Board of Directors. SOS provides free assistance to those who are homeless, hungry, and financially disadvantaged in Orange County through the following programs: SOS Social Services, SOS Free Medical Clinic, SOS Free Dental Clinic, SOS Comprehensive CARE Center, and SOS Family Center.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Basis of Accounting

SOS prepares its financial statements using the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

In accordance with FASB ASC 958-205, SOS reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

SHARE OUR SELVES, INC.
NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

1. Summary of Significant Accounting Policies - (Continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, SOS considers all money market funds, mutual funds and highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Fair Value Measurements

SOS reports in accordance with the provisions of FASB ASC 820, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. FASB ASC 820 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. FASB ASC 820 also establishes the framework for measuring fair value and expands disclosures about fair value measurements.

The carrying value of cash and cash equivalents, receivables, prepaid expenses, accounts payable, due to OCCAA and accrued expenses approximate their respective fair values due to their short term maturities.

Investments

SOS reports in accordance with FASB ASC 958-320. This standard requires not-for-profit organizations to report at quoted market value investments in equity securities with readily determinable fair values and all investments in debt securities with gains and losses included in the statement of activities.

Inventory

Inventory, consisting of pharmaceutical supplies and gift cards, is stated at the lower of cost or market or, if donated, at the approximate fair value on the date of donation. Cost is determined by the first-in, first-out method.

SHARE OUR SELVES, INC.
NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

1. Summary of Significant Accounting Policies - (Continued)

Property and Equipment

Assets are carried at cost, if purchased, or fair market value at date of contribution, if contributed. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. SOS follows the practice of capitalizing all expenditures for equipment in excess of \$1,000. Depreciation is calculated using the straight-line method over the estimated useful lives of thirty to forty years for buildings and improvements, and five to ten years for equipment and automobiles.

Long lived assets, such as property and equipment are reviewed on an ongoing basis for impairment based on comparison of carrying value against undiscounted future cash flows. If impairment is identified, the assets' carrying amounts are adjusted to fair value. There were no such adjustments during the year ended June 30, 2011.

Accumulated Vacation

SOS has a policy permitting employees to accumulate unused vacation benefits. Upon termination or retirement, unused vacation benefits will be paid at the employee's regular payroll rate. A liability is reflected in the accompanying financial statements for unpaid vacation incurred through the balance sheet date.

Promises to Give

Although SOS receives donations on a regular and recurring basis from some of its donors, there are no written promises to give agreements. SOS records these monthly contributions as revenue as they are received. Amounts recorded in receivables are for grants and are all receivable within one year. At June 30, 2011 and 2010, SOS considered all remaining grants receivable to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

SHARE OUR SELVES, INC.
NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

1. Summary of Significant Accounting Policies – (Continued)

Contributions

Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions, pursuant to FASB ASC 958-605. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

SOS is a California nonprofit corporation which has qualified for tax exempt status under Section 501(c)(3) of the Internal Revenue Code and the California Revenue and Tax Code Section 23701(d). Accordingly, no provision of income taxes has been made in the accompanying financial statements.

SOS follows the provisions of FASB ASC 740 which clarifies the accounting for uncertainty in income taxes recognized in a nonpublic entity's financial statements. It details how entities should recognize, measure, present, and disclose uncertain tax positions that have been or are expected to be taken. As such, financial statements will reflect expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the position and all relevant facts. There was no impact to SOS's financial statements as a result of FASB ASC 740.

SHARE OUR SELVES, INC.
NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

1. Summary of Significant Accounting Policies – (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities.

SOS records some insurance, all professional fees, fundraising expenses and some salaries as supporting services. The Executive Director also functions as the Social Services Director. The Social Services Director's salary is allocated between program services and management.

SOS provides the following programs:

SOS Social Services provides food, clothing, financial aid, resources and referrals, and other basic living essentials. Direct financial aid is also provided once every ninety days upon request.

The SOS Free Medical Clinic is a primary care and urgent care clinic providing care for those who are uninsured or underinsured and have no other option for health care. The SOS Free Medical Clinic treats patients with diabetes, hypertension, thyroid disorders, asthma and other conditions. Both a pharmacy and laboratory are available on site.

The SOS Free Dental Clinic provides restorative and preventative general dentistry to Orange County residents who have no other resources for care services. Includes, but not limited to, dental hygiene, x-rays, fillings, root canals, extractions, dentures and transitional partials.

SHARE OUR SELVES, INC.
NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

1. Summary of Significant Accounting Policies – (Continued)

Functional Allocation of Expenses – continued

The SOS Comprehensive CARE (Counseling, Advocacy, Resources, and Emergency Services) Center provides free, effective and efficient mental health services in a culturally appropriate manner. Services include, but are not limited to, depression screening, crisis intervention, support groups, counseling, and case management for diverse medical and psycho-social needs. The goal of the counseling services is to increase patient self-determination, self advocacy, the capacity for problem solving, coping skills, psychosocial functioning, and the ability to provide plans for material and/or physical well being.

The SOS Family Center provides health education and in-home support services for pregnant women and families with children ages five and under.

Advertising

SOS follows the policy of charging the costs of advertising to expenses as incurred. There is no advertising expense for the year ended June 30, 2011.

Concentration of Credit Risk

SOS occasionally maintains cash deposits in excess of federally insured limits. FASB ASC 825 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

SHARE OUR SELVES, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

2. Inventory, Investments and Fair Value Measurements

SOS measures investments according to the provisions of FASB ASC 820 for the fair value measurements that are recognized or disclosed at fair value in the financial statements on a recurring basis. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements). Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based on quoted prices for similar assets in active or inactive markets or quoted prices that are observable for the asset or inputs that are derived from observable market data by correlation or other means. Financial assets valued using level 3 inputs are based on valuation methodology that is unobservable and significant to the fair value measurement. Valuation techniques utilized to determine fair value are applied consistently.

Fair value of investments and donated inventory measured on a recurring basis at June 30, 2011 and 2010 are as follows:

<u>June 30, 2011</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using Level 1</u>	<u>Fair Value Measurements Using Level 2</u>
Bond mutual funds	\$369,231	\$390,925	\$390,925	\$ -
Equity mutual funds	<u>400,019</u>	<u>435,531</u>	<u>435,531</u>	<u>-</u>
Total Investments	769,250	826,456	826,456	-
Inventory – Donated	<u>-</u>	<u>46,855</u>	<u>-</u>	<u>46,855</u>
Totals	<u>\$769,250</u>	<u>\$873,311</u>	<u>\$826,456</u>	<u>\$ 46,855</u>

SHARE OUR SELVES, INC.
NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

2. Inventory, Investments and Fair Value Measurements – (Continued)

<u>June 30, 2010</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using Level 1</u>	<u>Fair Value Measurements Using Level 2</u>
Bond mutual funds	\$368,841	\$387,150	\$387,150	\$ -
Equity mutual funds	<u>407,112</u>	<u>334,230</u>	<u>334,230</u>	<u>-</u>
Total Investments	775,953	721,380	721,380	-
Inventory – Donated	<u>-</u>	<u>88,000</u>	<u>-</u>	<u>88,000</u>
Totals	<u>\$775,953</u>	<u>\$809,380</u>	<u>\$721,380</u>	<u>\$ 88,000</u>

Net investment earnings (investment income net of unrealized losses) for the year ended June 30, 2011 was approximately \$113,600. Investment fees are reported as an expense.

3. Due to Orange County Certified Application Assistance Task Force

SOS acts in an agency capacity for the Orange County Certified Application Task Force (“OCCAA”), whereby all financial transactions relating to OCCAA are handled by SOS’s accounting personnel and flow through SOS’s bank account. At June 30, 2011 and 2010, approximately \$5,000 and \$30,000, respectively, was due to OCCAA.

SHARE OUR SELVES, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

4. Endowment Fund

SOS's endowment consists of cash and mutual funds established from donor restricted funds. The permanently restricted cash is due to a donation for investments that has not yet been invested. As required by U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of SOS has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, SOS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by SOS in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, SOS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of SOS and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of SOS
- (7) The investment policies of SOS

SHARE OUR SELVES, INC.
NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

4. Endowment Fund – (Continued)

SOS reports in accordance with FASB ACS 958-205, which provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006.

FASB ACS 958-205 states that the amount classified as permanently restricted shall be the amount of the fund that must be retained permanently in accordance with explicit donor stipulations or that in the absence of such stipulations, the organization's governing board determines the amount that must be retained permanently consistent with relevant law.

FASB ACS 958-205 further states that the organization shall classify the portion of the fund not classified as permanently restricted net assets as temporarily restricted net assets (time restricted) until appropriated for expenditure by the organization.

SOS has no board-designated endowment funds. The following represents the net asset classes of SOS's Endowment Fund at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Temporarily restricted	\$ 58,419	\$ 12,002
Permanently restricted	<u>372,310</u>	<u>365,937</u>
	<u>\$430,729</u>	<u>\$377,939</u>

SHARE OUR SELVES, INC.
NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

4. Endowment Fund – (Continued)

The following table presents changes for the periods ended June 30, 2011 and 2010:

	Endowment Fund		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at November 1, 2009	\$ 16,397	\$338,484	\$354,881
Contribution	-	27,453	27,453
Investment return:			
Investment income	460	-	460
Net depreciation	<u>(4,855)</u>	<u>-</u>	<u>(4,855)</u>
Endowment net assets at June 30, 2010	\$ 12,002	\$365,937	\$377,939
Contribution	-	6,373	6,373
Investment return:			
Investment loss	(316)	-	(316)
Net appreciation	52,252	-	52,252
Net assets released from restriction	<u>(5,519)</u>	<u>-</u>	<u>(5,519)</u>
Endowment net assets at June 30, 2011	<u>\$ 58,419</u>	<u>\$372,310</u>	<u>\$430,729</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires SOS to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in unrestricted or temporarily restricted net assets.

SHARE OUR SELVES, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

4. Endowment Fund – (Continued)

SOS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of revenue to fund scholarships supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Under this policy the endowment assets have return objectives that are weighted against income needs and risk tolerances. SOS evaluates the portfolio's performance using the S&P 500 index as a benchmark. Actual returns in any given year may vary from these comparisons.

To satisfy its long-term rate-of-return objectives, SOS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). SOS targets a diversified asset allocation that contains equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

SOS's policy allows it to appropriate for distribution each year the lesser of the income earned or 5% of the corpus. SOS has not appropriated funds for distribution in certain years. In establishing this policy, SOS considered the long-term expected return on its endowment funds. Accordingly, over the long-term, SOS expects the current spending policy to allow its endowment fund to grow. This policy is consistent with SOS's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a donor-specified term as well as to provide additional real growth through new gifts and investment return.

SHARE OUR SELVES, INC.
NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

5. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Endowment fund unappropriated income	\$ 58,419	\$ 12,002
Celebrity Chef event sponsorships	<u>94,000</u>	<u>93,000</u>
	<u>\$152,419</u>	<u>\$105,002</u>

6. Revenues and Other Support

SOS is primarily funded through private and government grants, contributions from individuals and organizations, and in-kind contributions. SOS's largest donor is Hoag Memorial Presbyterian Hospital, representing approximately 32% of total revenues and other support. Hoag Memorial Hospital Presbyterian's support includes in-kind contributions for salaries, medical supplies and pharmaceuticals.

7. Contributed Services and Supplies

A substantial number of unpaid volunteers have made significant contributions of their time to the different SOS program services. Many others have contributed food and other items that are essential to the success of SOS's Social Services program service. The value of these contributions is not reflected in these statements since they do not meet the criteria for recognition as contributed services.

SOS receives free medical supplies, approximately \$1,443,000 for the year ended June 30, 2011, from various drug companies for specific patients. There was approximately \$293,000 of inventory from these companies on hand at June 30, 2010. The value of this inventory is not included in the financial statements, as they do not meet the criteria of revenue recognition, as SOS is merely a pass-through entity.

SHARE OUR SELVES, INC.
NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

7. Contributed Services and Supplies – (Continued)

SOS provides gifts and food to over 1,500 Orange County families in need through a program entitled Adopt-A-Family. The families include more than 5,200 children. The program, which has been operating every year since 1970, works with area schools to identify the families, then matches donors to families. The value of donations contributed directly to these families are not included in the financial statements, as they do not meet the criteria of revenue recognition, as SOS is merely a pass-through entity. Cash donations of approximately \$65,000 to buy gifts for the families are recorded in the financial statements.

SOS also receives donations for other programs that are not included in the financial statements recognition. These programs include a Back to School Backpack program, clothing program and decorator expertise for the Festival of Trees event.

Contributions include in-kind donations in the following categories for the year ended June 30, 2011.

Clinical providers	\$566,324
Pharmaceuticals	112,804
Repairs and maintenance	267,314
Supplies and equipment	49,784
Fundraising events	27,383
Other	19,535
Adopt-A-Family	23,305
Social services	<u>41,358</u>
	<u>\$1,107,807</u>

SHARE OUR SELVES, INC.
NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

8. Lease Commitments

On September 15, 2005, SOS signed a lease for office space. The commencement date of this lease was May 1, 2006. Base monthly rent is \$5,000 with a 3% step increase each year on May 1. The lease is for five years and was extended in December 2010 through October 2013.

SOS leases equipment under noncancelable operating leases. In December 2009, SOS signed a lease for a copier. The lease is for five years with a base monthly rent of \$1,010. The lease will be effective until December 2014. SOS also signed a lease for a postage machine in October 2009. This lease is for twenty-seven months with a base quarterly rent of \$222. The lease will be effective until January 2012.

Future minimum annual lease payments under these non-cancelable operating leases are as follows:

<u>Years Ending June 30,</u>	<u>Building</u>	<u>Equipment</u>	<u>Total</u>
2012	\$ 54,000	\$ 12,786	\$ 66,786
2013	56,430	12,120	68,550
2014	18,810	12,120	30,930
2015	<u> -</u>	<u> 6,060</u>	<u> 6,060</u>
	<u>\$129,240</u>	<u>\$ 43,086</u>	<u>\$172,326</u>

Office and equipment rent expense for the year ended June 30, 2011 is \$71,697.

9. Retirement Plan

In June 2003, SOS adopted a Section 403(b) tax deferred annuity plan for substantially all employees. Discretionary employer matching contributions for the year ended June 30, 2011 were approximately \$20,500.

SHARE OUR SELVES, INC.
NOTES TO FINANCIAL STATEMENTS

(Continued)

June 30, 2011 and 2010

10. Related Party Transactions

SOS receives and utilizes legal services from one Board member's law firm. For the year ended June 30, 2011, SOS paid \$1,382 in legal fees and received \$12,208 in donated services.

11. Date of Management's Review

SOS has evaluated subsequent events through October 10, 2011, the date the financial statements were available to be issued.