

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**
Years ended September 30, 2011 and 2010

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
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TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

Independent auditors' report.....	1
Statements of financial position	2
Statement of activities - 2011	3
Statement of activities -	4
Statements of cash flows	5
Notes to financial statements	6

SUPPLEMENTARY INFORMATION

Schedule of functional expenses - 2011.....	13
Schedule of functional expenses -	14

INDEPENDENT AUDITORS' REPORT

Board of Directors

Native Seeds Southwestern Endangered Aridland Resource Clearing House, Inc.
Tucson, Arizona

We have audited the accompanying statements of financial position of Native Seeds Southwestern Endangered Aridland Resource Clearing House, Inc. (Native Seeds) (an Arizona nonprofit organization) as of September 30, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Native Seeds as of September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information beginning on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


DEVRIES CPAS OF ARIZONA, P.C.

February 1, 2012

Integrity is the highest form of service.

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents:		
Restricted for facilities	\$ 16,440	\$ 28,251
Available for operations	213,206	105,723
	<u>229,646</u>	<u>133,974</u>
Accounts receivable	3,001	1,446
Grants receivable - Note 3	203,000	100,000
Inventory	46,617	61,770
Prepaid expenses	9,020	8,495
Pledges receivable - Notes 4 and 13	10,730	15,851
Property and equipment - Notes 5, 7 and 8	<u>1,457,354</u>	<u>1,513,549</u>
	<u>\$ 1,959,368</u>	<u>\$ 1,835,085</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 36,076	\$ 110,632
Accrued expenses	22,797	28,743
Deferred revenue - Note 6	27,655	26,443
Line of credit - Note 7	57,444	63,507
Note payable - Note 8	<u>406,252</u>	<u>445,015</u>
	550,224	674,340
Net assets:		
Unrestricted - Note 9	960,691	1,091,211
Temporarily restricted - Note 10	<u>448,453</u>	<u>69,534</u>
	<u>1,409,144</u>	<u>1,160,745</u>
	<u>\$ 1,959,368</u>	<u>\$ 1,835,085</u>

See Accompanying Notes.

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.**
STATEMENT OF ACTIVITIES
Year ended September 30, 2011

	<u>Unrestricted net assets</u>	<u>Temporarily restricted net assets</u>	<u>Totals</u>
Public support and revenues:			
Grants	\$ 87,000	\$ 425,000	\$ 512,000
Contributions	102,349	44,632	146,981
In-kind contributions - Note 11	13,382		13,382
Membership dues	109,710		109,710
Store and catalog sales, net of cost of goods sold of \$122,450	250,695		250,695
Tuition revenue	17,150		17,150
Investment income - Note 12	1,101	60	1,161
Other revenue	3,045		3,045
Special event revenue, net of direct donor benefit costs of \$11,566	20,113		20,113
	<u>604,545</u>	<u>469,692</u>	<u>1,074,237</u>
Releases from restrictions	89,773	(89,773)	0
Total public support and revenues	<u>694,318</u>	<u>379,919</u>	<u>1,074,237</u>
Expenses and losses:			
Program services	640,558		640,558
Administration	98,201		98,201
Fundraising and membership	86,079		86,079
	<u>824,838</u>		<u>824,838</u>
Loss on provision for doubtful pledges		1,000	1,000
Total expenses and losses	<u>824,838</u>	<u>1,000</u>	<u>825,838</u>
Change in net assets	(130,520)	378,919	248,399
Net assets, beginning of year, as restated - Note 16	<u>1,091,211</u>	<u>69,534</u>	<u>1,160,745</u>
Net assets, end of year	<u>\$ 960,691</u>	<u>\$ 448,453</u>	<u>\$ 1,409,144</u>

See Accompanying Notes.

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.**
STATEMENT OF ACTIVITIES
Year ended September 30, 2010

	<u>Unrestricted net assets</u>	<u>Temporarily restricted net assets</u>	<u>Permanently restricted net assets</u>	<u>Totals</u>
Public support and revenues:				
Grants	\$ 120,977	\$ 155,000		\$ 275,977
Contributions	123,944	15,572		139,516
In-kind contributions - Note 11	75,752			75,752
Membership dues	117,585			117,585
Store and catalog sales, net of cost of goods sold of \$119,867	245,667			245,667
Investment income - Note 12	349	3,811		4,160
Other revenue	2,514			2,514
Special event revenue, net of direct donor benefit costs of \$18,116	19,423			19,423
Gain on sale of assets	130,704			130,704
	<u>836,915</u>	<u>174,383</u>		<u>1,011,298</u>
Releases from restrictions	880,484	(880,484)		0
Total public support and revenues	1,717,399	(706,101)		1,011,298
Expenses and losses:				
Program services	920,304			920,304
Administration	90,826			90,826
Fundraising and membership	68,472			68,472
	<u>1,079,602</u>			<u>1,079,602</u>
Loss on provision for doubtful pledges		10,645		10,645
Total expenses and losses	<u>1,079,602</u>	<u>10,645</u>		<u>1,090,247</u>
Change in net assets	637,797	(716,746)		(78,949)
Transfer per donor stipulation		10,000	\$ (10,000)	0
Net assets, beginning of year, as restated - Note 16	<u>453,414</u>	<u>776,280</u>	<u>10,000</u>	<u>1,239,694</u>
Net assets, end of year, as restated - Note 16	<u>\$ 1,091,211</u>	<u>\$ 69,534</u>	<u>\$ 0</u>	<u>\$ 1,160,745</u>

See Accompanying Notes.

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.
STATEMENTS OF CASH FLOWS**

Years ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 248,399	\$ (78,949)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Donated stock	(7,893)	(15,584)
Realized (gains) losses on investments	58	(2,315)
Provision for discount to present value	519	(1,672)
Donated property	0	(61,700)
Depreciation	57,302	37,032
Loss on provision for doubtful pledges	1,000	10,645
(Gain) on sale of asset	0	(130,704)
(Increase) decrease in operating assets:		
Accounts receivable	(1,555)	(177)
Grants receivable	(103,000)	(100,000)
Inventory	15,153	(1,187)
Prepaid expenses	(525)	5,908
Increase (decrease) in operating liabilities:		
Accounts payable	(74,556)	85,988
Accrued expenses	(5,946)	(15,572)
Deferred revenue	1,212	2,742
Contributions for long term purposes	(44,632)	0
Net cash provided by (used in) operating activities	<u>85,536</u>	<u>(265,545)</u>
Cash flows from investing activities:		
Reinvested interest and dividends	0	(177)
Proceeds from sales of donated stock/investments	7,835	83,247
Proceeds from sale of property and equipment	0	217,081
Refund of construction costs	7,696	0
Purchases of property and equipment	(8,803)	(616,836)
Net cash (used in) investing activities	<u>6,728</u>	<u>(316,685)</u>
Cash flows from financing activities:		
Borrowings on line of credit	64,000	111,762
Repayments on line of credit	(70,063)	(48,255)
Payments on note payable	(38,763)	(4,985)
Collection of contributions for long-term purposes	48,234	42,227
Net cash provided by financing activities	<u>3,408</u>	<u>100,749</u>
Change in cash and cash equivalents	95,672	(481,481)
Cash and cash equivalents, beginning of year	133,974	615,455
Cash and cash equivalents, end of year	<u>\$ 229,646</u>	<u>\$ 133,974</u>
Supplementary cash flow information:		
Cash paid for interest	<u>\$ 29,775</u>	<u>\$ 10,126</u>
No cash paid for income taxes in 2011 or 2010.		
Noncash financing and investing activities		
Proceeds from note payable used to finance property and equipment	<u>\$ 0</u>	<u>\$ 450,000</u>

See Accompanying Notes.

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.**
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE 1 - Organization

Native Seeds Southwestern Endangered Aridland Resource Clearing House, Inc. (Native Seeds) was founded in 1983 as an Arizona nonprofit corporation whose mission is to conserve, distribute, and document the adapted and diverse varieties of agricultural crops and their wild relatives of the American Southwest and Northwest Mexico. Specifically, the goals of Native Seeds are to preserve specific genetic types, promote their use and of their wild relatives by gathering, safeguarding and distributing their seeds to farming and gardening communities as well as working to preserve knowledge about their uses.

Native Seeds' programs consist of the following:

- Conservation – Conservation of rare arid lands crop seeds at the seed bank, including grow-outs at Native Seeds' farm.
- Distribution – Retail seed, craft and food sales and seed donations to Native Americans. Net proceeds support Native Seeds' mission.
- Membership and volunteers – Reaching out to the community through membership as well as volunteers.
- Education – Increasing public awareness of seed stewardship through newsletters, social media, educational material, lectures, seed schools, salons and other means.

Funding for Native Seeds comes primarily from grants, contributions, and sales.

NOTE 2 – Summary of significant accounting policies

Financial statement presentation

Native Seeds is required under generally accepted accounting principles to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Use of estimates

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

Cash and cash equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity date of three months or less. Native Seeds maintains its cash balances in bank deposit accounts. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. There was no uninsured cash at September 30, 2011.

Inventory

Inventory consists of books and gift shop items, and is stated at the lower of cost or market determined by the first-in, first-out method.

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.**
NOTES TO FINANCIAL STATEMENTS – continued
September 30, 2011 and 2010

NOTE 2 – Summary of significant accounting policies – continued

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Property and equipment

Native Seeds capitalizes all expenditures for property and equipment in excess of \$500 with a useful life of more than one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

Recognition of donor restrictions

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the expiration expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated goods, facilities and services

Donated goods and facilities are valued at their fair market value. Donated services are recognized in the financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although Native Seeds utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

Expense allocation

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

Advertising expenses

Advertising costs are expensed as incurred. Advertising expense was \$3,018 and \$1,328 for the years ended September 30, 2011 and 2010, respectively.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.**
NOTES TO FINANCIAL STATEMENTS – continued
September 30, 2011 and 2010

NOTE 2 – Summary of significant accounting policies – continued

Income tax status

Native Seeds is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Native Seeds' tax-exempt purpose may be subject to taxation as unrelated business income. In addition, Native Seeds qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification No. 740-10 (ASC 740-10), Native Seeds holds no uncertain tax positions and, therefore, has no policy for evaluating them. Native Seed's Form 990, *Return of Organization Exempt from Income Taxes*, and Arizona Form 99, *Arizona Exempt Organization Annual Information Return*, are generally subject to examination by the IRS for three years and the Arizona Department of Revenue for four years, respectively, after the date the returns were filed.

NOTE 3 – Grants receivable

Grants receivable were as follows at September 30, 2011 and 2010:

	2011	2010
Christensen Fund	\$ 50,000	\$ 75,000
Gila River Indian Community	150,000	0
Cliff Bar Foundation	3,000	0
CS Fund	0	25,000
	<u>\$ 203,000</u>	<u>\$ 100,000</u>

NOTE 4 – Pledges receivable

During the year ended September 30, 2006, the Native Seeds launched a capital campaign to secure a home for the seed bank and professional workplace for the organization. Pledges due after one year are discounted at a rate of 6%.

Pledges receivable consisted of the following at September 30, 2011 and 2010:

	2011	2010
Pledges receivable in one year	\$ 6,280	\$ 15,602
Pledges receivable in one to five years	5,000	280
Less discount to present value	(550)	(31)
	<u>\$ 10,730</u>	<u>\$ 15,851</u>

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.**
NOTES TO FINANCIAL STATEMENTS - continued
September 30, 2011 and 2010

NOTE 5 - Property and equipment

Property and equipment consisted of the following at September 30, 2011 and 2010:

	2011	2010
Land	\$ 77,855	\$ 77,855
Building	1,407,364	1,411,183
Leasehold improvements	12,441	12,441
Furniture and equipment	352,919	398,108
Vehicles	6,012	6,012
	<u>1,856,591</u>	<u>1,905,599</u>
Less accumulated depreciation	(399,237)	(392,050)
	<u>\$ 1,457,354</u>	<u>\$ 1,513,549</u>

NOTE 6 - Deferred revenue

Deferred revenue consisted of the following at September 30, 2011 and 2010:

	2011	2010
Sales awaiting shipment	\$ 747	\$ 223
Deferred memberships	23,058	26,220
Deferred tuition	3,850	0
	<u>\$ 27,655</u>	<u>\$ 26,443</u>

NOTE 7 - Revolving line of credit

Native Seeds has a \$150,000 revolving line of credit with a financial institution to be drawn down as needed based on the timing of cash received on grants awarded. The line of credit bears interest at the LIBOR Rate plus 3.4% (3.63% at September 30, 2011), is secured by real property and matures in January 2013. The line of credit contains a provision whereby, in case of default, the bank has the right to charge or offset all sums owed on the line of credit against any checking and savings accounts held by Native Seeds at that bank. At September 30, 2011 and 2010, the outstanding balances were \$57,444 and \$63,507, respectively.

NOTE 8 - Note payable

Native Seeds has a note payable to a bank secured by real property. Payments on the note payable are \$3,229 per month (including interest at 5.75% per annum) with the note maturing in May 2015. The outstanding balance at September 30, 2011 and 2010 was \$406,252 and \$445,015, respectively. The note payable also requires Native Seeds to be in compliance with certain financial and nonfinancial covenants, with which Native Seeds was in compliance at September 30, 2011. Required principal payments on the note payable are as follows:

Year ending September 30, 2012	\$ 16,982
2013	17,417
2014	18,445
2015	353,408
	<u>\$ 406,252</u>

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.**
NOTES TO FINANCIAL STATEMENTS - continued
September 30, 2011 and 2010

NOTE 9 - Unrestricted net assets

At September 30, 2011 and 2010, Native Seeds had unrestricted net assets designated for the following:

	2011	2010
Undesignated (deficit)	\$ (190,411)	\$ (129,323)
Reserve for future purposes	100,000	100,000
Designated for paydown of line of credit	0	52,000
Expended on property and equipment	1,051,102	1,068,534
	<u>\$ 960,691</u>	<u>\$ 1,091,211</u>

NOTE 10 - Temporarily restricted net assets

Temporarily restricted net asset activity was as follows for the year ended September 30, 2011:

	Beginning balance	Grants/ contri- butions	Investment income	Bad debt losses	Appropriations and releases	Ending balance
Facilities	\$ 44,102	\$ 44,632	\$ 60	\$ (1,000)	\$ (60,624)	\$ 27,170
Community Connections	13,608	300,000			(18,567)	295,041
Sierra Madre	11,824				(2,398)	9,426
Sowing the Seeds	0	100,000			(8,184)	91,816
Native Partnerships	0	25,000				25,000
	<u>\$ 69,534</u>	<u>\$ 469,632</u>	<u>\$ 60</u>	<u>\$ (1,000)</u>	<u>\$ (89,773)</u>	<u>\$ 448,453</u>

NOTE 11 - In-kind contributions

In-kind contributions consisted of the following for the years ended September 30, 2011 and 2010:

	2011	2010
Expenses:		
Supplies	\$ 445	\$ 7,051
Professional fees	6,269	7,001
Advertising	512	0
Garden and lab expense	3,936	0
Office supplies	1,150	0
Printing	1,070	0
Donated property	0	61,700
	<u>\$ 13,382</u>	<u>\$ 75,752</u>

NOTE 12 - Investment income

Native Seeds has a brokerage account available for donors to use for securities donations. All securities donations are immediately sold, and Native Seeds does not hold any other investments in this account. The account balance was \$0 at both September 30, 2011 and 2010.

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.**
NOTES TO FINANCIAL STATEMENTS – continued
September 30, 2011 and 2010

NOTE 12 – Investment income – continued

Investment income for the years ended September 30, 2011 and 2010 is reported in the statements of activities as follows:

	2011	2010
Interest and dividend income	\$ 1,219	\$ 1,845
Realized gains (losses)	(58)	2,315
	<u>\$ 1,161</u>	<u>\$ 4,160</u>

NOTE 13 – Fair value measurements

Fair value measurements are determined based on the assumptions—referred to as inputs—that market participants would use in pricing the asset. The fair value hierarchy distinguishes between market participant assumptions and Native Seeds' own assumptions about market participant assumptions. Observable inputs are assumptions based on market data obtained from independent sources; while unobservable inputs are Native Seeds' own assumptions about what market participants would assume based on the best information available in the circumstances.

Level 1 inputs. A quoted price in an active market for an identical asset or liability is considered to be the most reliable evidence of fair value. Native Seeds does not utilize Level 1 inputs.

Level 2 inputs. These are observable inputs, either directly or indirectly, other than quoted prices included within Level 1. Native Seeds does not utilize Level 2 inputs.

Level 3 inputs. These inputs are unobservable and are used to measure fair value only when observable inputs are not available. The fair value of pledges receivable are estimated using an interest which approximates the present value of future cash flows.

Assets measured at fair value on a non-recurring basis using significant unobservable inputs (Level 3) at September 30, 2011 and 2010 consisted of pledges receivable valued at \$10,730 and \$15,851, respectively.

NOTE 14 – Leases

Native Seeds leases retail and office space and equipment under various non-cancelable operating leases expiring through April 2015. Rent expense for the years ended September 30, 2011 and 2010 was \$48,202 and \$54,649, respectively. Future minimum lease payments are as follows:

Year ending September 30, 2012	\$ 42,641
2013	34,112
2014	14,096
2015	3,912
	<u>\$ 94,761</u>

NOTE 15 – Related party transactions

During the years ended September 30, 2011 and 2010, respectively, Native Seeds purchased inventory in the amount of \$9,114 and \$12,344 from a company owned by two board members, representing 10% and 11% of total purchases during the year. Accounts payable to this company were \$927 and \$751 at September 30, 2011 and 2010, respectively.

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.**
NOTES TO FINANCIAL STATEMENTS – continued
September 30, 2011 and 2010

NOTE 16 – Restatement of net assets

During the year ended September 30, 2011, the following restatements were made to net assets at September 30, 2010:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets at September 30, 2009, as originally reported	\$ 476,877	\$ 776,280	\$ 10,000	\$ 1,263,157
Understatement of deferred revenue	(23,463)			(23,463)
Net assets at September 30, 2009, as restated	453,414	776,280	10,000	1,239,694
Change in net assets for the year ended September 30, 2010, as originally reported	640,554	(716,746)		(76,192)
Transfer per donor stipulation		10,000	(10,000)	0
Understatement of deferred revenue	(2,757)			(2,757)
Net assets at September 30, 2010 as restated	<u>\$ 1,091,211</u>	<u>\$ 69,534</u>	<u>\$ 0</u>	<u>\$ 1,160,745</u>

NOTE 17 – Operational risk (unaudited)

While noting a 640% increase in restricted net assets since the previous fiscal year due to the success of obtaining multi-year grants from charitable foundations for the Native Seeds' mission-related programs, management nonetheless acknowledges a 12% decline in unrestricted net assets, which management plans to reduce through continued expense management and revenue diversification. Further, management notes the following risk factors that may affect the Native Seeds' future mission sustainability:

- A continued depressed economic outlook for the U.S. economy and its effect upon charitable giving and retail sales
- Native Seeds' ongoing dependency on multi-year grants from charitable foundations for a significant portion of its total revenue
- Native Seeds' long-term liabilities.

NOTE 18 – Subsequent events

Subsequent events have been evaluated through February 1, 2012, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.**

SCHEDULE OF FUNCTIONAL EXPENSES

Year ended September 30, 2011

	Conservation	Distribution	Membership and volunteers	Education	Total program services	Adminis- tration	Fundraising and membership	Total
Salaries and wages	\$ 125,170	\$ 116,776	\$ 42,998	\$ 12,973	\$ 297,917	\$ 54,240	\$ 43,059	\$ 395,216
Payroll taxes and benefits	19,104	14,336	8,211	992	42,643	7,919	3,484	54,046
Advertising	144,274	131,112	51,209	13,965	340,560	62,159	46,543	449,262
Depreciation		312	146		458		2,560	3,018
Dues and subscriptions	35,245	6,042	3,902	2,340	47,529	6,526	3,247	57,302
Garden and lab expense		50	25		75	600	543	1,218
Insurance	8,232				8,232			8,232
Interest	9,765	5,139	3,458	993	19,355	2,928	2,024	24,307
Miscellaneous expense	14,876	214	2,302	3,837	21,229	6,244	2,302	29,775
Office expense	102	9,109	1,179	145	10,535	1,199	1,250	12,984
Postage and printing	1,381	3,339	1,348	15	6,083	1,683	1,651	9,417
Professional fees	7,720	38,393	10,541	1,594	58,248	702	13,665	72,615
Rent	2,519	8,598	5,347	2,759	19,223	11,115	2,795	33,133
Repairs and maintenance	3,540	40,566	2,184		46,290	1,357	555	48,202
Supplies	5,062	2,928	820	442	9,252	1,006	566	10,824
Taxes and licenses	3,871	218	2,361	8,988	15,438		5,259	20,697
Telephone and utilities		478			478	46		524
Training and development	16,293	12,231	1,836	1,447	31,807	2,175	1,463	35,445
Travel	4,603	55			55	265	129	449
Total expenses	257,483	259,892	86,658	36,525	640,558	98,201	86,079	824,838
Cost of goods sold		122,450			122,450			122,450
Direct donor benefit costs								
Loss on provision for doubtful pledges							11,566	11,566
Total functional expenses and losses	\$ 257,483	\$ 382,342	\$ 86,658	\$ 36,525	\$ 763,008	\$ 98,201	\$ 98,645	\$ 959,854

**NATIVE SEEDS SOUTHWESTERN ENDANGERED
ARIDLAND RESOURCE CLEARING HOUSE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES**

Year ended September 30, 2010

	Conservation	Membership		Total	Adminis-	Fundraising	Total
		Distribution	and volunteers	program	tration	and	
	\$	\$	\$	services	\$	membership	\$
Salaries and wages	214,088	113,860	52,991	422,280	53,729	33,114	509,123
Payroll taxes and benefits	28,221	16,132	5,967	53,455	7,528	4,081	65,064
	<u>242,309</u>	<u>129,992</u>	<u>58,958</u>	<u>475,735</u>	<u>61,257</u>	<u>37,195</u>	<u>574,187</u>
Advertising	50	484	15	1,028		300	1,328
Depreciation	25,721	5,141	1,249	32,111	3,738	1,183	37,032
Dues and subscriptions	160		47	207	647	726	1,580
Garden and lab expense	6,516			6,516			6,516
Insurance	14,017	3,929	1,640	19,586	1,216	1,771	22,573
Interest	3,811		723	6,094	3,441	591	10,126
Miscellaneous expense	6,039	17,552	856	24,447	939	683	26,069
Office expense	2,151	3,944	3,084	9,541	4,109	1,918	15,568
Postage and printing	15,536	41,058	12,186	71,287	1,159	13,165	85,611
Professional fees	12,952	10,184	4,377	28,444	7,325	4,590	40,359
Program sponsorship	132,813			132,813			132,813
Rent	7,843	38,945	3,298	50,090	2,304	2,255	54,649
Repairs and maintenance	6,196	1,571	366	8,155	773	177	9,105
Supplies	10,425	388	1,105	12,293		699	12,992
Taxes and licenses		859		859	52		911
Telephone and utilities	18,276	9,969	2,382	30,649	3,505	1,928	36,082
Training and development	135	130		265	45	382	692
Travel	9,373	674	130	10,184	316	909	11,409
	<u>514,323</u>	<u>264,820</u>	<u>90,416</u>	<u>920,304</u>	<u>90,826</u>	<u>68,472</u>	<u>1,079,602</u>
Cost of goods sold		119,867		119,867			119,867
Direct donor benefit costs						18,116	18,116
Loss on provision for doubtful pledges						10,645	10,645
Total functional expenses and losses	<u>\$ 514,323</u>	<u>\$ 384,687</u>	<u>\$ 90,416</u>	<u>\$ 1,040,171</u>	<u>\$ 90,826</u>	<u>\$ 97,233</u>	<u>\$ 1,228,230</u>