

**AMERICAN TELUGU ASSOCIATION
REPORT ON THE EXAMINATION
OF THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

AMERICAN TELUGU ASSOCIATION

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	2 - 3
Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis	4
Statement of Support, Revenue, and Expenses - Modified Cash Basis	
For the Year Ended December 31, 2008	5
For the Year Ended December 31, 2007	6
Statement of Functional Expenses - Modified Cash Basis	
For the Year Ended December 31, 2008	7
For the Year Ended December 31, 2007	8
Statements of Cash Flows	9 - 10
Notes to the Financial Statements	11 - 16



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
American Telugu Association

We have audited the accompanying statements of assets, liabilities, and net assets - modified cash basis of American Telugu Association (a not-for-profit organization) as of December 31, 2008 and 2007 and the related statements of support, revenue, and expenses - modified cash basis, the statements of functional expenses - modified cash basis, and the statements of cash flows for the years then ended. These financial statements are the responsibility of American Telugu Association'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.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

We were not able to obtain adequate documentation to substantiate activity during the year ended December 31, 2008 in a bank account held in India in the name of American Telugu Association, as described in Note 2.

We were unable to obtain a response from all of the Organization's legal counsel to our inquiry regarding a discussion or evaluation of the contingencies described in Note 8.

In our opinion, except for the effects of any adjustments that might have resulted had we been able to obtain adequate documentation regarding the bank account in India during the year ended December 31, 2008, or to otherwise satisfy ourselves as to activity during that time period, and except for the effects of any adjustments and additional disclosure that might have resulted if the scope of our examination had not been limited by our inability to obtain satisfactory evidence relating to the contingencies, as discussed in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of American Telugu Association as of December 31, 2008 and 2007 and its support, revenue, expenses, and cash flows for the years then ended, on the basis of accounting described in Note 1.

Knuttle & Associates, P.C.

**AMERICAN TELUGU ASSOCIATION
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2008 AND 2007**

ASSETS

	2008	2007
CURRENT ASSETS		
Cash	\$ 1,357,394	\$ 1,154,030
Investments	148,566	286,954
	1,505,960	1,440,984
TOTAL CURRENT ASSETS		
FIXED ASSETS		
Furniture and Equipment	4,287	4,287
Leasehold Improvements	2,637	2,637
	6,924	6,924
Less -- Accumulated Depreciation and Amortization	5,647	5,067
	1,277	1,857
TOTAL FIXED ASSETS		
TOTAL ASSETS	\$ 1,507,237	\$ 1,442,841

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Funds Held for Others	\$ 1,050,000	\$ 0
TOTAL CURRENT LIABILITIES	1,050,000	0
TOTAL LIABILITIES	1,050,000	0
NET ASSETS		
Unrestricted		
Undesignated	158,687	123,492
Designated	249,594	287,959
Total Unrestricted	408,281	411,451
Temporarily Restricted	48,956	1,031,390
TOTAL NET ASSETS	457,237	1,442,841
TOTAL LIABILITIES AND NET ASSETS	\$ 1,507,237	\$ 1,442,841

See the Accompanying Notes to the Financial Statements .

**AMERICAN TELUGU ASSOCIATION
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUES				
America Bharathi	\$ 8,475	\$ 0	\$ 0	\$ 8,475
Dividends and Interest	20,834	0	0	20,834
Donations	12,363	0	0	12,363
Dues and Fees	105,397	0	0	105,397
India Projects	0	1,792,852	0	1,792,852
Miscellaneous	1,104	0	0	1,104
2006 Los Angeles Conference	4,000	0	0	4,000
2008 New York Conference				
Donations	106,587	0	0	106,587
Miscellaneous	46,652	0	0	46,652
Registration	1,642,403	0	0	1,642,403
Sponsorship	287,074	0	0	287,074
Stalls	405,337	0	0	405,337
Net Assets Released From Restrictions	2,775,286	(2,775,286)	0	0
TOTAL PUBLIC SUPPORT AND REVENUES	5,415,512	(982,434)	0	4,433,078
EXPENSES AND LOSSES				
Functional Expenses				
Program Services				
India Projects	2,721,777	0	0	2,721,777
Conferences	2,356,888	0	0	2,356,888
American Bharathi	19,521	0	0	19,521
Total Program Services	5,098,186	0	0	5,098,186
Management and General	67,710	0	0	67,710
Fundraising	107,003	0	0	107,003
Total Functional Expenses	5,272,899	0	0	5,272,899
Unrealized Loss on Investments	145,783	0	0	145,783
TOTAL EXPENSES AND LOSSES	5,418,682	0	0	5,418,682
CHANGE IN NET ASSETS	(3,170)	(982,434)	0	(985,604)
NET ASSETS,				
BEGINNING OF YEAR	411,451	1,031,390	0	1,442,841
END OF YEAR	\$ 408,281	\$ 48,956	\$ 0	\$ 457,237

See the Accompanying Notes to the Financial Statements .

**AMERICAN TELUGU ASSOCIATION
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUES				
America Bharathi	\$ 12,076	\$ 0	\$ 0	\$ 12,076
Dividends and Interest	51,385	0	0	51,385
Donations	20,745	0	0	20,745
Dues and Fees	57,701	0	0	57,701
India Projects	0	1,493,002	0	1,493,002
Miscellaneous	6,677	0	0	6,677
2008 New York Conference	64,000	0	0	64,000
Special Events Revenue (Net of Costs of Direct Benefits to Donors of \$42,695)	(10,817)	0	0	(10,817)
Net Assets Released From Restrictions	500,036	(500,036)	0	0
TOTAL PUBLIC SUPPORT AND REVENUES	701,803	992,966	0	1,694,769
EXPENSES AND LOSSES				
Functional Expenses				
Program Services				
India Projects	484,114	0	0	484,114
Conferences	85,496	0	0	85,496
American Bharathi	17,599	0	0	17,599
Donations, Sponsorships, and Scholarships	13,705	0	0	13,705
Total Program Services	600,914	0	0	600,914
Management and General	34,770	0	0	34,770
Fundraising	11,340	0	0	11,340
Total Functional Expenses	647,024	0	0	647,024
Realized Loss on Investments	11,466	0	0	11,466
Unrealized Loss on Investments	18,986	0	0	18,986
TOTAL EXPENSES AND LOSSES	677,476	0	0	677,476
CHANGE IN NET ASSETS	24,327	992,966	0	1,017,293
NET ASSETS,				
BEGINNING OF YEAR	387,124	38,424	0	425,548
END OF YEAR	\$ 411,451	\$ 1,031,390	\$ 0	\$ 1,442,841

See the Accompanying Notes to the Financial Statements .

**AMERICAN TELUGU ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
FUNCTIONAL EXPENSES				
Accounting	\$ 0	\$ 4,250	\$ 0	\$ 4,250
Bank Charges	0	6,378	0	6,378
Depreciation and Amortization	0	580	0	580
India Projects Donations	2,721,777	0	0	2,721,777
Meeting Expenses	891	0	8,074	8,965
Office Expenses	0	11,403	0	11,403
Printing and Postage	19,521	7,476	0	26,997
Rent	0	6,000	0	6,000
2008 New York Conference				
Awards and Decorations	69,201	0	0	69,201
Bank Charges	0	13,166	0	13,166
Banquets and Hospitality	316,168	0	0	316,168
Board Expense	37,738	0	0	37,738
Contractual Services	44,427	0	0	44,427
Food	405,399	0	0	405,399
Miscellaneous	172,851	0	0	172,851
Printing and Postage	0	18,457	0	18,457
Programs and Events	246,980	0	0	246,980
Publicity	62,074	0	98,929	161,003
Registration	55,450	0	0	55,450
Souvenirs	45,859	0	0	45,859
Stalls	46,327	0	0	46,327
Transportation	98,982	0	0	98,982
Venue	754,541	0	0	754,541
TOTAL FUNCTIONAL EXPENSES	\$ 5,098,186	\$ 67,710	\$ 107,003	\$ 5,272,899

See the Accompanying Notes to the Financial Statements .

**AMERICAN TELUGU ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
FUNCTIONAL EXPENSES				
Accounting	\$ 0	\$ 4,648	\$ 0	\$ 4,648
Bank Charges	0	3,015	0	3,015
Depreciation and Amortization	0	644	0	644
Donations and Sponsorships	13,455	0	0	13,455
India Projects Donations	484,114	0	0	484,114
Legal	0	380	0	380
Meeting Expenses	0	0	10,340	10,340
Miscellaneous	0	2,610	0	2,610
Office Expenses	0	13,928	0	13,928
Printing and Postage	17,599	2,027	0	19,626
Rent	0	6,000	0	6,000
Scholarships	250	0	0	250
2006 Los Angeles Conference	14,423	1,518	1,000	16,941
2008 New York Conference	71,073	0	0	71,073
TOTAL FUNCTIONAL EXPENSES	\$ 600,914	\$ 34,770	\$ 11,340	\$ 647,024

See the Accompanying Notes to the Financial Statements .

**AMERICAN TELUGU ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Donors and Members	\$ 4,412,244	\$ 1,686,079
Dividends and Interest Received	20,834	51,385
Paid to Suppliers and Not-For-Profit Organizations	(5,272,319)	(689,075)
Interest Paid	0	0
Income Taxes Paid	0	0
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(839,241)	1,048,389
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the Sale of Investments	0	291,758
Payments for the Purchase of Investments	(7,395)	(328,721)
NET CASH USED IN INVESTING ACTIVITIES	(7,395)	(36,963)
CASH FLOWS FROM FINANCING ACTIVITIES		
Received to be Held for Others	1,050,000	0
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,050,000	0
NET INCREASE IN CASH AND CASH EQUIVALENTS	203,364	1,011,426
CASH AND CASH EQUIVALENTS,		
BEGINNING OF YEAR	1,154,030	142,604
END OF YEAR	\$ 1,357,394	\$ 1,154,030

See the Accompanying Notes to the Financial Statements .

**AMERICAN TELUGU ASSOCIATION
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008	2007
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ (985,604)</u>	<u>\$ 1,017,293</u>
Adjustments to Reconcile Change in Net Assets to Net Cash (Used In) Provided By Operating Activities:		
Depreciation and Amortization	580	644
Realized Loss on Investments	0	11,466
Unrealized Loss on Investments	<u>145,783</u>	<u>18,986</u>
Total Adjustments	<u>146,363</u>	<u>31,096</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (839,241)</u></u>	<u><u>\$ 1,048,389</u></u>

See the Accompanying Notes to the Financial Statements .

**AMERICAN TELUGU ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The American Telugu Association (the Organization) is an Illinois not-for-profit corporation that was established in 1991 to serve people of Telugu origin in North America and India. The Organization is funded through membership dues and private donations, a large portion of which are collected during its bi-annual conventions. The majority of its donations are designated for charitable projects, which the Organization disburses to sponsored projects in India.

A) Method of Accounting

The Organization's accounts are maintained on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, revenues are recognized when collected and expenses are recognized when paid. If the books were maintained on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, all revenues would be recognized when earned and all expenses would be recognized when incurred. The modified cash basis includes fixed assets, as it does on the accrual basis.

The Organization has adopted FASB *Accounting Standards Codification (ASC) 958, Not For Profit Entities*. Under ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under ASC 958, the Organization is required to report 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. As permitted by the statement, the Organization does not use fund accounting.

B) Accounting Policies

Cash and Cash Equivalents - For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

AMERICAN TELUGU ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B) Accounting Policies (Continued)

Investments - The Organization has adopted FASB *Accounting Standards Codification* (ASC) 958, *Not For Profit Entities*. Under ASC 958, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of assets, liabilities, and net assets. Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. Unrealized gains and losses are included in the change in net assets.

Furniture and Equipment - Furniture and equipment are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of fixed assets are capitalized. Depreciation is computed on a straight-line basis over various useful lives. Depreciation expense for the years ended December 31, 2008 and 2007 is \$316 and \$380, respectively.

Leasehold Improvements - Leasehold improvements are stated at cost. Amortization is computed on a straight-line basis over various useful lives. Amortization expense for the years ended December 31, 2008 and 2007 is \$264, respectively.

Donated Services - The Organization receives a significant amount of donated services from unpaid volunteers who serve on the Board of Trustees. No amounts have been recognized in the accompanying statements of support, revenue, and expenses - modified cash basis because the criteria for recognition of such volunteer effort under ASC 958 have not been satisfied.

Income Taxes - The Organization is a nonprofit organization (other than a private foundation) as described in Section 501(c)(3) of the Internal Revenue Service and is exempt from federal and state income taxes.

In December 2008, the Financial Accounting Standards Board issued FASB Staff Position (FSP) FIN 48-3, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises." FSP FIN 48-3 permits an entity within its scope, including not-for-profit entities, to defer the effective date of FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes* (FASB *Accounting Standards Codification* (ASC) 740, *Income Taxes*), to its annual financial statements for fiscal years beginning after December 15, 2008. The Organization has elected to defer the application of the uncertain position provision of ASC 740 for the year ending December 31, 2008. The Organization evaluates its uncertain tax positions, if any, using the provisions of ASC 450, *Contingencies*.

**AMERICAN TELUGU ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B) Accounting Policies (Continued)

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.

NOTE 2 - BANK ACCOUNT IN INDIA

The Organization has a bank account in India with a balance of approximately \$6,212 and \$0 at December 31, 2008 and 2007, respectively. The activity in this account is estimated to be \$120,000 in deposits and disbursements during the year ended December 31, 2008 relating to the 2008 New York conference.

NOTE 3 - INVESTMENTS

At December 31, 2008, investments are stated at fair value and consist primarily of stocks and mutual funds, as follows:

	Balance at December 31, 2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Cost	Unrealized Loss
Stocks	\$ 49	\$ 49	\$ 9,247	\$ (9,198)
Mutual Funds	148,517	148,517	325,627	(177,110)
	<u>\$ 148,566</u>	<u>\$ 148,566</u>	<u>\$ 334,874</u>	<u>\$ (186,308)</u>

At December 31, 2007, investments are stated at fair value and consist primarily of stocks and mutual funds, as follows:

	Balance at December 31, 2007	Quoted Prices in Active Markets for Identical Assets (Level 1)	Cost	Unrealized Loss
Stocks	\$ 244	\$ 244	\$ 9,247	\$ (9,003)
Mutual Funds	286,710	286,710	318,232	(31,522)
	<u>\$ 286,954</u>	<u>\$ 286,954</u>	<u>\$ 327,479</u>	<u>\$ (40,525)</u>

**AMERICAN TELUGU ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE 3 - INVESTMENTS (CONTINUED)

FASB *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were used.

Level 1 Fair Value Measurements

The fair value of stocks and mutual funds is based on quoted market prices of the shares held by the Organization at year-end.

No investment return was restricted during the years ended December 31, 2008 and 2007.

NOTE 4 - FUNDS HELD FOR OTHERS

During the year ended December 31, 2008, the Organization received \$1,050,000 from a donor with instructions to hold the funds until given further instructions. At the donor's request, the Organization returned the funds, minus a 1% handling fee, to an entity related to the donor on April 18, 2009.

NOTE 5 - NET ASSET RESTRICTIONS AND DESIGNATIONS

Temporarily restricted net assets are available for the following purposes at December 31, 2008 and 2007:

	2008	2007
India Projects	\$ 48,956	\$ 1,031,390
Total Temporarily Restricted Net Assets	\$ 48,956	\$ 1,031,390

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors during the years ended December 31, 2008 and 2007:

Purpose Restriction Accomplished:	2008	2007
India Projects	\$ 2,775,286	\$ 500,036
Total Restrictions Released	\$ 2,775,286	\$ 500,036

**AMERICAN TELUGU ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE 5 - NET ASSET RESTRICTIONS AND DESIGNATIONS (CONTINUED)

Unrestricted net assets are designated for the following purposes at December 31, 2008 and 2007:

	2008	2007
Emergencies and Support into Perpetuity	\$ 249,594	\$ 287,959
Total Unrestricted Designated Net Assets	\$ 249,594	\$ 287,959

NOTE 6 - LEASE COMMITMENT

The Organization leased office space under an operating lease that expired in December 2005 for \$500 per month, including electric, heating, and internet charges. The Organization continues to occupy the space with payments on a month-to-month basis. Rent expense for the years ended December 31, 2008 and 2007 is \$6,000, respectively.

NOTE 7 - CONCENTRATION OF CREDIT RISK

At December 31, 2008 and 2007, the Organization has deposits in money market funds, which are not federally insured, with a balance of approximately \$103,000 and \$3,000, respectively. In addition, at December 31, 2008 and 2007, the Organization has deposits at another financial institution in excess of federally insured limits of approximately \$0 and \$1,075,000, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

NOTE 8 - LITIGATION

The Organization is a defendant in a lawsuit filed on December 31, 2002 by one of its former members for alleged violation of the Organization's constitution during an election of trustees. Several other plaintiffs joined the lawsuit against the Organization and now act in concert. The plaintiffs asked the court to declare that the Organization violated its constitution, void previous elections, and hold new elections. The plaintiffs are not seeking any specific monetary damages, but asked the court to award any damages that the court deemed to be warranted. The lawsuit was originally dismissed on May 27, 2005, but the plaintiffs filed an appeal, which was granted on April 16, 2007. Since then, no trial dates have been set, and the Organization has not received any further formal notice from the plaintiffs' attorneys. Outside counsel for the Organization has advised that at this stage in the proceedings, he cannot offer an opinion as to the probable outcome of the lawsuit. If the plaintiffs were to prevail, the Organization would have to bear the cost of holding new elections, but the terms for the positions in the original election have expired. The Organization believes the case is without merit and is vigorously defending its position.

**AMERICAN TELUGU ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE 8 - LITIGATION (CONTINUED)

The Organization is a defendant in another lawsuit filed in 2009 alleging that the Organization's board of trustees election in November 2008 and the officers election in January 2009 are invalid. The plaintiffs seek declaratory judgment and injunctive relief but no monetary damages. The Organization denies the elections were invalid and intends to vigorously contest the claims.

The Organization is a defendant in another lawsuit filed in 2009 by an attorney alleging unpaid legal fees of \$63,723. The Organization denies it is liable for this amount and is contesting the claim. The evaluation of the likelihood of an unfavorable outcome cannot be made as of the date of this report. The potential loss is estimated to be \$70,000.