

NATIONAL VACCINE INFORMATION CENTER

VIENNA, VA

AUDIT REPORT

FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

KENDALL, PREBOLA AND JONES

Certified Public Accountants

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Kendall, Prebola and Jones
Certified Public Accountants

The Board of Directors
National Vaccine Information Center
Vienna, Virginia 22180

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of the National Vaccine Information Center (a nonprofit organization) as of August 31, 2012 and 2011, 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 audit.

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 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 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 the National Vaccine Information Center as of August 31, 2012 and 2011, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of functional expenses is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kendall, Prebola and Jones

Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
December 28, 2012

NATIONAL VACCINE INFORMATION CENTER
COMPARATIVE STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2012 AND 2011

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 566,211	\$ 409,912
Accounts Receivable	278	1,045
Promises Receivable	48,525	20,554
Prepaid Expenses	<u>5,227</u>	<u>15,058</u>
 Total Current Assets	 \$ <u>620,241</u>	 \$ <u>446,569</u>
<u>Fixed Assets:</u>		
Furniture and Equipment	\$ 35,818	\$ 31,833
Less: Accumulated Depreciation	<u>(25,750)</u>	<u>(16,805)</u>
 Total Fixed Assets	 \$ <u>10,068</u>	 \$ <u>15,028</u>
 TOTAL ASSETS	 \$ <u>630,309</u>	 \$ <u>461,597</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ <u>10,584</u>	\$ <u>4,562</u>
 Total Liabilities	 \$ <u>10,584</u>	 \$ <u>4,562</u>
<u>Net Assets:</u>		
Unrestricted	\$ 534,315	\$ 369,562
Board Designated	774	662
Temporarily Restricted	<u>84,636</u>	<u>86,811</u>
 Total Net Assets	 \$ <u>619,725</u>	 \$ <u>457,035</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>630,309</u>	 \$ <u>461,597</u>

(See Accompanying Notes and Auditor's Report)

NATIONAL VACCINE INFORMATION CENTER
COMPARATIVE STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

	August 31, 2012		August 31, 2011		
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:					
Contributions and Grants - Foundations	\$ 327,430	\$ 194,483	\$ 521,913	\$ 2,500	\$ 411,898
Contributions and Grants - Other	291,353	200	291,553	153	274,355
Donated Assets and Services	191,785	-	191,785	-	197,363
Interest Income	113	-	113	-	446
Special Events:					
Sponsorship	-	-	-	\$ 38,250	\$ 38,250
Contributions	-	-	-	-	34,276
Gifts-in-Kind	-	-	-	-	46,358
Registration Fees	-	-	-	-	30,550
Special Event Revenue	-	-	-	-	5,775
Less: Costs of Direct Benefits to Donors	-	-	(60,139)	-	(60,139)
Net Contributions and Revenue from Special Events	\$ -	\$ -	\$ -	\$ 38,250	\$ 95,070
Net Assets Released from Restrictions	196,858	(196,858)	-	(61,575)	-
Total Revenues and Other Support	\$ 1,007,539	\$ (2,175)	\$ 1,005,364	\$ (20,672)	\$ 979,132
Expenses:					
Educational	\$ 545,019	-	\$ 545,019	-	\$ 508,127
Advocacy	56,173	-	56,173	-	57,940
Lobbying	9,938	-	9,938	-	9,125
Support	60,941	-	60,941	-	68,709
Research	108,927	-	108,927	-	58,530
Fundraising	26,018	-	26,018	-	31,113
General and Administrative	35,658	-	35,658	-	43,029
Total Expenses	\$ 842,674	\$ -	\$ 842,674	\$ -	\$ 776,573
Changes in Net Assets	\$ 164,865	\$ (2,175)	\$ 162,690	\$ (20,672)	\$ 202,559
Net Assets, Beginning of Period	370,224	86,811	457,035	107,483	254,476
Net Assets, End of Period	\$ 535,089	\$ 84,636	\$ 619,725	\$ 86,811	\$ 457,035

(See Accompanying Notes and Auditor's Report)

NATIONAL VACCINE INFORMATION CENTER
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2012 AND 2011

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
<u>Cash Flows from Operating Activities:</u>		
Changes in Net Assets	\$ 162,690	\$ 202,559
 <u>Adjustments to Reconcile Changes in Net Assets to Net Cash Flows Provided by Operating Activities:</u>		
Depreciation Expense	8,945	7,936
Accounts Receivable - (Increase)/Decrease	767	(99)
Promises Receivable - (Increase)/Decrease	(27,971)	6,741
Prepaid Expenses - (Increase)/Decrease	9,831	(8,320)
Accounts Payable - (Decrease)/Increase	<u>6,022</u>	<u>(203)</u>
 Net Cash Flows Provided by Operating Activities	 <u>\$ 160,284</u>	 <u>\$ 208,614</u>
 <u>Cash Flows from Investing Activities:</u>		
Acquisition of Fixed Assets	<u>\$ (3,985)</u>	<u>\$ (4,104)</u>
 Net Cash Flows from Investing Activities	 <u>\$ (3,985)</u>	 <u>\$ (4,104)</u>
 Net Increase/(Decrease) in Cash and Cash Equivalents	 \$ 156,299	 \$ 204,510
Cash and Cash Equivalents, Beginning of Period	<u>409,912</u>	<u>205,402</u>
Cash and Cash Equivalents, End of Period	<u>\$ 566,211</u>	<u>\$ 409,912</u>

Supplemental Disclosures:

- a) There was no cash paid for interest or income taxes during the years ended August 31, 2012 and 2011.

(See Accompanying Notes and Auditor's Report)

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION:

The National Vaccine Information Center (NVIC) was originally incorporated as Dissatisfied Parents Together (DPT) in Washington, DC on June 11, 1982, and was recognized as a 501(c)(3) exempt organization on August 14, 1982. The organization was reincorporated in the Commonwealth of Virginia as the National Vaccine Information Center on January 6, 1995, and was again recognized as a 501(c)(3) exempt organization on that date.

The National Vaccine Information Center (NVIC) is a non-profit charitable educational organization incorporated and headquartered in the Commonwealth of Virginia.

The purpose of NVIC is to promote and encourage the health and welfare of American children and adults through its research and education-oriented programs to prevent vaccine injuries and deaths and to assist individuals (both children and adults) who have been vaccine injured.

NVIC is the oldest and largest consumer health organization in America providing vaccine and disease risk information to the general public; advocating safety reforms in the mass vaccination system and endorsing independent scientific research into vaccine-associated deaths, injuries and chronic illness.

NVIC public education program is multi-faceted, including: public conferences, symposiums, workshops; television, radio and print media, and public service announcements; the publication and distribution of books, audio and video tapes, newsletters and other visual and printed materials and it maintains an internet website (<http://www.nvic.org>).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of the National Vaccine Information Center are summarized below:

(a) Accounting Method:

The accompanying financial statements have been prepared on the accrual basis of accounting, which presents financial position, activities, functional expenses, and cash flows in accordance with principles generally accepted in United States of America.

(b) Revenue Recognition:

Contributions -

The National Vaccine Information Center has adopted Financial Accounting Standards Board ASC No. 958-605-25 (formerly SFAS No. 116), *Accounting for Contributions Received and Contributions Made*. As such, contributions are recognized as revenue when they are received or unconditionally pledged.

All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions and promises to give with donor-imposed conditions are recognized as unrestricted support when the conditions on which they depend are substantially met. Contributions and promises to give with donor-imposed restrictions are reported as temporarily restricted support. Unconditional promises to give due in the next year are recorded at their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be receivable.

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(b) Revenue Recognition: (Continued)

Contributions - (Continued)

The National Vaccine Information Center reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. The National Vaccine Information Center reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Auction - Gifts-in-Kind -

During the year ended August 31, 2011, the National Vaccine Information Center held an auction of donated non-cash assets referred to as gifts-in-kind. The gifts-in-kind are recognized at fair value at the time of donation. The difference between the amount received for these items from the winning bidder and the fair value of the gifts-in-kind when originally contributed to the National Vaccine Information Center, is adjusted either upwards or downwards to contribution revenue.

(c) Income Taxes:

The National Vaccine Information Center is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. Accordingly, no income taxes have been provided for in the accompanying financial statements. In addition, the National Vaccine Information Center is exempt from Virginia sales tax. The National Vaccine Information Center is not a private foundation and contributions to the National Vaccine Information Center qualify as a charitable tax deduction by the contributor.

The National Vaccine Information Center has also elected, under Section 501(h) of the Internal Revenue Code, to be recognized as an organization eligible to make expenditures to influence legislation.

(d) Net Assets:

The National Vaccine Information Center has adopted Financial Accounting Standards Board ASC No. 958-205-05 (formerly SFAS No. 117), *Financial Statements of Not-for-profit Organizations*. Under FASB ASC No. 958-205-05, the National Vaccine Information Center is required to report information regarding its financial position and activities according to three classes of net assets.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the National Vaccine Information Center and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control. This classification includes net assets subject to donor-imposed conditions which have been met in the current year and net assets subject to donor-imposed restrictions that have been released from restrictions.

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(d) Net Assets: (Continued)

Unrestricted Net Assets - (Continued)

Board-designated funds included as unrestricted net assets are to be used for research. Board designated funds at August 31, 2012 and 2011 were \$774 and \$662, respectively.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the National Vaccine Information Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Temporarily restricted net assets were available at year end for the following programs:

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Research	\$ 44,636	\$ 86,811
Time Restricted	<u>40,000</u>	<u>-</u>
Total Temporarily Restricted Available	<u>\$ 84,636</u>	<u>\$ 86,811</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors for the following programs:

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Research	\$ 73,875	\$ 23,325
Public and Media Relations	51,519	-
Vaccine Safety Conference	31,464	-
Time Restricted	40,000	-
Valentines for Victoria	<u>-</u>	<u>38,250</u>
Total Released	<u>\$ 196,858</u>	<u>\$ 61,575</u>

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the National Vaccine Information Center. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes. The Organization did not have any permanently restricted net assets as of August 31, 2012 and 2011.

(e) Donated Services and Materials:

Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. Those services which have been recorded in the financial statements have been recognized at the fair market value at the date of contribution and are included in both revenues and expenses. In addition, a substantial number of volunteers donated significant amounts of their time in the National Vaccine Information Center's supporting services for which no value has been assigned.

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(e) Donated Services and Materials: (Continued)

Following are the donated services and materials that have been recorded in the financial statements:

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Information Technology and Web Hosting	\$ 92,495	\$ 72,037
Investigative Research	90,000	120,000
Graphic Design and Artwork	9,080	2,970
Computer Software	-	1,796
Bookkeeping Services	<u>210</u>	<u>560</u>
Total Donated Services and Materials	<u>\$ 191,785</u>	<u>\$ 197,363</u>

(f) Basic Programs:

I. National Public Education Programs

NVIC Public Education & Media Relations

NVIC's pro-education, pro-informed consent position on vaccination was featured in many national and international news outlets such as *Associated Press; USA Today; Wall Street Journal; Forbes; Atlanta Journal & Constitution; Arizona Republic News; New American; The Examiner; Sacramento Bee; Voice of America; CBS TV-4 (Denver); Health Talk Radio; Crosstalk Radio; Progressive Radio Network; KWMR Parent Talk Radio* and more.

Five major public education programs were undertaken in FY2012 that involved online and mainstream media information campaigns, community education outreach and federal vaccine advisory committee work.

1. *Vaccine Awareness Week Program: Vaccine Injuries Profiled* - NVIC cosponsored the Third Annual Vaccine Awareness Week (VAW) with Mercola.com during the first week in October. In this joint public education effort, NVIC staff conducted and filmed on-site interviews with families in Texas and in Connecticut, who suffered catastrophic DPT and influenza vaccine injuries. The two video vaccine injury profiles were published in the NVIC Vaccine E-Newsletter and Mercola.com newsletter issued during VAW.
2. *National Influenza Education Program* - NVIC sponsored and created an educational 3-minute flu prevention video that was produced with InFlight Media for Delta Airline's onboard annual "staying well during the flu season" campaign. NVIC's video included information about common sense ways to prevent influenza and flu-like illness and encouraged travelers to read influenza vaccine package inserts and ask their doctor questions before getting a flu shot.

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(f) Basic Programs: (Continued)

I. National Public Education Programs (Continued)

NVIC Public Education & Media Relations (Continued)

3. *Vaccination: Know the Risks Public Information Campaign* - NVIC produced an educational vaccine awareness digital message shown during the 2011 New Year's Eve celebration in Times Square on the 5,000 square-foot TSQ Digital screen at 47th St. and 7th Ave. in New York City. The 15-second message encouraged informed decision-making about vaccination and was displayed on the megatron between 2 and 12 times an hour for 21 hours a day from mid-December 2011 to mid-January 2012.
4. *Promotion of "The Greater Good" Film* - NVIC participated in public screenings of the award winning documentary film *The Greater Good* with audience Q&A sessions at the Core Club and IFC Center in New York City and the Environmental Film Festival in Washington, D.C. "*The Greater Good*" features NVIC's three decades of educational and advocacy work to prevent vaccine injuries and deaths and defend informed consent rights.
5. *Back to School Program: Informed Vaccine Decision-Making* - In a four-minute segment for Lifetime TV's popular show, "The Balancing Act," celebrity Julie Moran interviewed NVIC's President and Director of Research and Patient Safety. NVIC's vaccine education segment was featured on the show's "Back to School" special and focused on the need for parents to find a doctor they can trust, who will answer their questions and honor the vaccine decisions they make for their children. NVIC created an educational webpage featuring the Lifetime TV segment and highlighted information about state vaccine requirements, recommendations, and questions about vaccine risks that many parents look for when making vaccine decisions for their children.

NVIC E-Newsletter

During FY2012, 24 editions of the free online *NVIC Vaccine E-News* were published containing timely vaccine news analyses and referenced written commentaries and videos educating the public about vaccination and health issues. Readership increased by more than 25% and the *NVIC Vaccine E-News* now has more than 38,000 subscribers, who receive timely information based on original research and analysis of vaccine science, policy, law and ethics, including:

- Vaccine development, regulation, policy, safety and effectiveness;
- Infectious and chronic diseases;
- Legislative initiatives in the states affecting parental and informed consent rights, including lobbying efforts to remove vaccine exemptions from public health laws;
- Media coverage of breaking news stories about vaccination and health;
- Federal vaccine advisory committee activities and related public engagement opportunities;
- Special NVIC events and highlighting of NVIC.org information that help the public become better educated about vaccination and health.

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(f) Basic Programs: (Continued)

I. National Public Education Programs (Continued)

NVIC Website

NVIC's content rich website, NVIC.org, hosted more than 669,682 visits, including access by more than 500,000 "unique" visitors, which was double the number from FYE2011. There were over 1.5 million page views, a 67% increase.

During FY2012, updates and enhancements to NVIC "Diseases and Vaccines" web pages enabled consumers to more quickly identify and acquire well referenced information about vaccines and diseases. State law pages were also updated and standardized. Website visitors were also kept informed about breaking news in vaccine development, regulation, policymaking, and law through posting and archiving of referenced commentaries published in the *NVIC Vaccine E-News* on NVIC.org.

NVIC Social Media Outreach

Visitors to NVIC's Facebook page exceeded 38,200 fans representing an increase of 16,000 new "Fans" compared to FYE 2011. Over 15,000 fans talked about, forwarded or re-posted our articles daily and weekly unique visitors surpassed 423,000 individuals. NVIC's Facebook fan base of 38,200 actively forwarded or displayed NVIC's information to a measured audience of 9.8 million "Friends of Friends" Facebook accounts.

During 2012 NVIC issued 6,764 educational tweets and realized a 127% increase in followers over FYE 2011. This growth in numbers represents thousands of retweets that reach millions of followers.

MedAlerts & Vaccine Ingredients Calculator

Enhancements to two educational interactive databases featured on NVIC.org, which provide unique vaccine information to the public and facilitates informed vaccine decision-making, were undertaken in FY2012.

MedAlerts provides the public with a way to search for information about vaccine adverse event reports submitted to the federal Vaccine Adverse Events Reporting System (VAERS) by health care professionals, drug companies, as well as adults or parents of children, who have suffered a serious health problem following vaccination. Improvements to MedAlerts help visitors more effectively search and retrieve information featured on the MedAlerts database.

The Vaccine Ingredients Calculator (VIC) is a custom designed vaccine education tool that now contains the most current information available on vaccines recommended by the Centers for Disease Control (CDC). Information featured on the Vaccine Ingredients Calculator (VIC) attracted more than 57,000 unique visits from users in 133 nations and produced about 3,000 individualized vaccination plans that were downloaded by VIC website visitors. The VIC produced a total of 8,736 tweets and has 1,228 followers with all tweets from VIC twitter being updated to the VIC Facebook page.

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(f) Basic Programs: (Continued)

I. National Public Education Programs (Continued)

Publications & Vaccine Information Products

During FY2010, NVIC continued to offer print publications and educational DVD's, including the 1985 classic *A Shot in the Dark* by Coulter & Fisher; *Vaccines, Autism & Chronic Inflammation: The New Epidemic* by BL Fisher; a quality MP recording of the Proceedings of the 2009 Fourth International Public Conference on Vaccination; a DVD of the Canadian documentary "Shots in the Dark;" and free brochures, posters, and vaccine information cards.

NVIC Library

NVIC's large library of medical articles, documents, books and videos about vaccination and health, which has been collected, catalogued, preserved and archived during the past three decades, continued to grow during FY2012. The library serves as an information resource for staff to research and develop information about vaccination for the public.

II. Advocacy and Networking Activities

NVIC Advocacy Portal

During FYE 2012, NVIC's free online Advocacy Portal, which is provided as a public service to help citizens protect their parental and informed consent rights in state public health laws, realized significant growth by adding about 10,000 new users. The Advocacy Portal has nearly 24,000 users residing in every state, which represents a 50% increase from FYE 2011. Volunteer advocacy directors were trained in 17 states and 34 action alerts spanning 14 states were sent to users of the Portal so they could contact their legislators and make their voices heard on legislation affecting vaccine choices in their state. There were 42 bills and/or proposed rule changes monitored in 22 states.

Using the Portal, NVIC staff and citizen supporters successfully conducted major grassroots legislative action campaigns in Vermont and California to counter attempts by the American Academy of Pediatrics and other medical trade associations working with Pharma lobbyists and public health officials to eliminate or severely restrict non-medical exemptions to vaccination. In Vermont, the philosophical belief exemption was protected. In California the personal belief exemption was also protected (although it will require the signature of a doctor or state designated medical worker) and the California Governor directed state health department officials to create a religious exemption that does not require a medical worker signature. NVIC staff and volunteers submitted testimony at public hearings in both states, which were covered extensively by the media.

NVIC also provided guidance and support to parents in West Virginia and New Jersey, who are working to add or preserve religious exemptions to vaccination, and to health care workers in California, Colorado, Kansas, Michigan, and Pennsylvania. NVIC took a strong public stand against "no exceptions" influenza and other vaccine mandates for health care workers, which do not include religious, conscientious, or flexible medical exemptions, and allow health care workers to be fired for refusing one or more vaccinations.

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(f) Basic Programs: (Continued)

II. Advocacy and Networking Activities (Continued)

Government Affairs & Vaccine Advisory Committee Representation

Since working with Congress on the National Childhood Injury Act of 1986 to institute vaccine safety protections in the public health system, NVIC has monitored and reported on vaccine research, development, regulation, policymaking and promotion activities of state and federal health agencies.

During the past three decades, NVIC representatives have also provided testimony about diseases and vaccines in state and federal legislative hearings. One of NVIC's co-founders was appointed to serve on the first National Vaccine Advisory Committee (1988-1991) and the Institute of Medicine Vaccine Safety Forum (1995-1998), as well as on the FDA Vaccines & Related Biological Products Advisory Committee (1999-2002) and the CDC's Vaccine Policy Analysis Collaborative (2002-2005).

During FYE 2012, NVIC's Director of Research and Patient Safety, Vicky Debold, served as the consumer member of the FDA Vaccines and Related Biological Products Advisory Committee (VRBPAC). NVIC's President, Executive Director and Director of Patient Safety & Research monitored and/or attended and provided public comment on behalf of NVIC during meetings of the National Vaccine Advisory Committee, Advisory Commission on Childhood Vaccines and VRBPAC.

III. Support Activities

Counseling Service & Community Support Forums

For the past three decades, NVIC has operated a Vaccine Reaction Registry and vaccine reaction counseling service for families reporting vaccine reactions, injuries and deaths. During FYE 2012, NVIC responded to several hundred vaccine injury reports and over 2,300 phone, email and letter inquiries asking for information about how to:

- identify a vaccine reaction;
- report a vaccine reaction to the federal government;
- file for federal vaccine injury compensation;
- find information about state vaccine laws; and
- ask doctors questions when making a vaccine decision.

NVIC.org features an online Memorial for Vaccine Victims, where descriptions and photos of vaccine reactions, injuries, and deaths can be posted by website visitors. The Vaccine Freedom Wall is an online public forum, where NVIC.org visitors can post real-life descriptions of how they have been intimidated or denied medical care or lost employment or health insurance coverage for trying to exercise informed consent to medical risk-taking when it comes to making vaccine choices. There were 155 new harassment reports posted on the Vaccine Freedom Wall.

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(f) Basic Programs: (Continued)

IV. Vaccination and Health Research Program

Since its founding in 1982, NVIC has advocated for scientific research, including bench science and clinical outcome studies, to identify the biological mechanisms and biological high risk factors for vaccine adverse effects leading to chronic brain and immune system dysfunction or death. For decades, NVIC has been a leader in calling for well designed studies conducted by investigators without conflicts of interest to investigate long term health outcomes of highly vaccinated children and adults and those, who use fewer vaccines or remain unvaccinated. In FY2012, NVIC continued to support research that will determine if there are (1) measureable differences in brain and immune system development and function between highly vaccinated and unvaccinated individuals and (2) whether there are genetic, biological or environmental co-factors that affect long term health outcomes of highly vaccinated and unvaccinated individuals.

NVIC's Vaccination and Health Research Program was launched in October 2009 at the Fourth International Public Conference on Vaccination, where over \$100,000 in donations was raised for the purpose of investigating health outcomes of vaccinated and unvaccinated individuals. During FYE 2012, NVIC volunteer Director of Research and Patient Safety continued to work on NVIC funded and IRB approved research conducted through George Mason University into health outcomes among fully and never vaccinated children, including analysis of vaccination patterns and familial genetic risk factors. Research completion extensions were granted and are scheduled for completion in FYE 2013.

(g) Functional Expense Allocation Policies and Procedures:

Management has elected to prepare a schedule of functional expenses that is presented as supplemental information to the financial statements. The schedule of functional expenses presents an allocation of each expense category between program services, general and administrative, and fundraising activities. Program service costs pertain to promoting and encouraging the health and welfare of American children and adults. General and administrative costs pertain to supporting activities. Fundraising expenses relate to fundraising activities such as special events.

Management has established functional expense allocation policies and procedures based on a reasonable analysis of cost drivers and reasonable allocation estimates based on financial results and industry standards.

Direct costs, where identifiable, are allocated in whole to the appropriate functional category.

Personnel expenses for salaries and payroll taxes are allocated based on job descriptions and management estimates of time spent on particular activities. Personnel expenses for salaries are divided into employee categories and then a percentage of time spent on program services, general and administrative activities, and fundraising activities is applied. All other personnel expenses (benefits, payroll taxes) are allocated based on the weighted average allocation of the direct salaries.

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(g) Functional Expense Allocation Policies and Procedures: (Continued)

For other expenses where it would not be appropriate to designate 100 percent as a program service cost, general and administrative cost, or fundraising cost are allocated based on management estimates of use of resources.

(h) Use of 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, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(i) Fundraising:

During the years ended August 31, 2012 and 2011, expenses in the amount of \$26,018 and \$31,113, respectively, were incurred for the purposes of fundraising.

3. NEW ACCOUNTING PRONOUNCEMENTS AND POLICIES:

(a) ASC 105-10 the Hierarchy of Generally Accepted Accounting Principles

Effective for reporting periods ending after September 15, 2009, the FASB Accounting Standards Codification (Codification) became the single official source of authoritative, nongovernmental U.S. generally accepted accounting principles (GAAP), superseding existing Financial Accounting Standards Board, American Institute of Certified Public Accountants, Emerging Issues Task Force standards, pronouncements, interpretations and related literature. Pursuant to the Codification, only one level of authoritative GAAP now exists, excluding the guidance issued by the Securities and Exchange Commission (SEC). The Codification did not change GAAP; instead, it introduced a new structure. The Codification reorganized the thousands of U.S. GAAP pronouncements into accounting topics displaying all topics using a consistent structure. Accordingly, the National Vaccine Information Center is presenting these financial statements and related disclosures in accordance with the Codification.

(b) Accounting for Uncertain Tax Positions

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB ASC No. 740-10 [formerly Interpretation No. 48 (FIN 48)], *Accounting for Uncertainty in Income Taxes*, which is an interpretation of ASC 740's (formerly SFAS No. 109), *Accounting for Income Taxes*. FASB ASC No. 740-10 clarifies the accounting for uncertainty in income taxes recognized in the National Vaccine Information Center's financial statements in accordance with ASC 740's and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC No. 740-10 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the National Vaccine Information Center's tax return to determine whether the tax positions have a "more-likely-than-not" probability of being sustained by the applicable tax authority.

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

3. NEW ACCOUNTING PRONOUNCEMENTS AND POLICIES: (Continued)

(b) Accounting for Uncertain Tax Positions (Continued)

The National Vaccine Information Center performed an evaluation of uncertain tax positions for the year ended August 31, 2012, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of August 31, 2012, the statute of limitations for tax years 2008 through 2010 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of August 31, 2012, the Organization had no accruals for interest and/or penalties.

4. CASH AND CASH EQUIVALENTS:

Cash and Cash Equivalents at year end consisted of the following:

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Non-Interest Bearing Checking Account	\$ 270,797	\$ 332,522
Savings Account	5	-
Certificate of Deposit	250,000	-
Interest Bearing Checking Account	<u>45,409</u>	<u>77,390</u>
Total	<u>\$ 566,211</u>	<u>\$ 409,912</u>

For purposes of the cash flow statement and financial statement presentation, cash and cash equivalents are short term, highly liquid investments with maturities of three months or less. Certificates of Deposit with original maturities in excess of three months are considered to be cash, provided that the stated terms do not restrict the withdrawal of funds and such withdrawals do not have substantial penalties associated with them.

The National Vaccine Information Center maintains its deposits in two financial institutions in the form of business checking accounts, a savings account and a certificate of deposit. The checking accounts are covered under the Federal Deposit Insurance Corporation (FDIC) program. General Federal Deposit Insurance Corporation (FDIC) Insurance coverage was \$100,000 per account category prior to October 2, 2008 and \$250,000 thereafter. Effective December 31, 2010 through December 31, 2012, non-interest bearing accounts are insured in full under the Dodd-Frank rule. The savings account and certificate of deposit are covered under the National Credit Union Administration (NCUA) program. General National Credit Union Administration (NCUA) Insurance coverage is \$250,000.

As of August 31, 2012, \$5 of the bank balance was deposited in excess of National Credit Union Administration insurance limits. The Organization has not experienced any losses related to these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

5. ACCOUNTS AND PROMISES RECEIVABLE:

Accounts Receivable:

Accounts receivable at August 31, 2012 and 2011 were considered to be fully collectible by management. Balances at year end consisted of the following:

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Travel Refund	\$ 278	\$ 814
Reimbursable Expense	<u>-</u>	<u>231</u>
Total Accounts Receivable	<u>\$ 278</u>	<u>\$ 1,045</u>

The Organization's accounts receivable consists of unsecured amounts due from program participants and funding sources whose ability to pay is subject to changes in general economic conditions. The Organization performs ongoing credit evaluations of its program participants and funding sources and generally does not require collateral. The Organization was at credit risk due to the type of organization for the balance of the accounts receivable at August 31, 2012.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts, third-party contracts, and other circumstances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Trade receivables related to program service fees (i.e. publication sales, registration fees, etc.) are recognized as revenue on the accrual basis of accounting at the time the program activity has occurred. Credit is extended for a period of 60 days with no interest accrual at which time payment is considered delinquent. Trade receivables are written off as uncollectable when payment has not been received after 180 days.

Promises Receivable:

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Promises to give represent amounts committed by donors that have not been received by the National Vaccine Information Center. The organization uses the allowance method to determine uncollectible promises to give.

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Time Restricted	\$ 40,000	\$ -
Public and Media Relations	3,500	-
Unrestricted	<u>5,025</u>	<u>20,554</u>
Total Promises Receivable	<u>\$ 48,525</u>	<u>\$ 20,554</u>

The above unconditional promises are due to be received within the next year.

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

6. FIXED ASSETS - FURNITURE AND OFFICE EQUIPMENT:

Furniture and office equipment are recorded at cost or, in the case of contributed property, at the fair market value at the date of contribution. If an expenditure in excess of \$500 results in an asset having an estimated useful life, which extends substantially beyond the year of acquisition, the expenditure is capitalized at cost and depreciated over the estimated useful life of the asset. Maintenance and repairs are charged to expenses as incurred. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any other resulting gain or loss is reflected in income for the period. Depreciation has been provided on the straight-line method over the estimated useful lives of the assets of 3 to 10 years. Depreciation expense for the years ended August 31, 2012 and 2011 was \$8,945 and \$7,936, respectively.

A summary of fixed assets at year end were as follows:

<u>August 31, 2012</u>				
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Depreciation</u>
Computer Equipment	\$ 26,830	\$ 20,246	\$ 6,584	\$ 6,733
Office Furniture	<u>8,988</u>	<u>5,504</u>	<u>3,484</u>	<u>2,212</u>
Totals	<u>\$ 35,818</u>	<u>\$ 25,750</u>	<u>\$ 10,068</u>	<u>\$ 8,945</u>
<u>August 31, 2011</u>				
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Depreciation</u>
Computer Equipment	\$ 23,245	\$ 13,513	\$ 9,732	\$ 6,193
Office Furniture	<u>8,588</u>	<u>3,292</u>	<u>5,296</u>	<u>1,743</u>
Totals	<u>\$ 31,833</u>	<u>\$ 16,805</u>	<u>\$ 15,028</u>	<u>\$ 7,936</u>

7. EMPLOYEE BENEFITS:

The cost of fringe benefits incurred consisted of the following:

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Social Security/Medicare	\$ 20,106	\$ 18,115
Worker's Compensation	<u>635</u>	<u>384</u>
Total Fringe Benefits	<u>\$ 20,741</u>	<u>\$ 18,499</u>

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

8. JOINT COST ACTIVITIES:

The National Vaccine Information Center achieves some of its programmatic and management and general goals through direct mail campaigns that include requests for contributions. The costs of conducting those campaigns during the years ended August 31, 2012 and 2011 included a total of \$14,984 and \$8,040, respectively, of joint costs that are not directly attributable to either program or fundraising components of the activities. Those joint costs were allocated as follows:

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Educational	\$ 9,526	\$ 5,184
Fundraising	<u>5,458</u>	<u>2,856</u>
Total Joint Costs	<u>\$ 14,984</u>	<u>\$ 8,040</u>

9. COMMITMENTS:

Office Lease:

The National Vaccine Information Center entered into an operating lease agreement with Thomas V. Staats for the lease of office space located in Vienna, Virginia. This lease called for monthly payments of \$750 through December 31, 2010 and \$850 per month thereafter. This lease operates on a month-to-month basis. Rental expense for years ended August 31, 2012 and 2011 was \$10,200 and \$9,800, respectively.

Storage Space Lease:

The National Vaccine Information Center entered into an operating lease agreement on August 1, 2008 for the storage of the organizations' research library. This lease called for monthly payments of \$435 through July 2012 and \$454 thereafter. This lease operates on a month-to-month basis. Rental expense for the years ended August 31, 2012 and 2011 was \$5,293 and \$5,068, respectively.

10. CONCENTRATIONS:

Based on the nature and purpose of the National Vaccine Information Center, significant revenues are received through parties interested in promoting the health and welfare of the public, its research and education programs. During the years ended August 31, 2012 and 2011, an amount of \$300,000 and \$260,000 which represents thirty-seven percent (37%) and thirty-three percent (33%) of total financial support was received in the form of contributions from a single foundation. In addition, approximately twelve percent (12%) of total financial support for the year ending August 31, 2011, was derived from the "Valentines for Victoria" special event fundraiser.

11. RELATED PARTY TRANSACTIONS:

Contributions:

Various board members of the National Vaccine Information Center gave contributions during the years ended August 31, 2012 and 2011 to the organization in the amount of \$1,025 and \$20,721, respectively. Of the board donations made during the year ended August 31, 2011, \$12,801 were payments of direct expenses related to the "Valentines for Victoria" fundraiser. In addition, a board member purchased a gift-in-kind through an auction during the "Valentines for Victoria" event in the amount of \$16,000.

NATIONAL VACCINE INFORMATION CENTER
NOTES TO FINANCIAL STATEMENTS

11. RELATED PARTY TRANSACTIONS: (Continued)

Contributions: (Continued)

During the year ending August 31, 2012, a foundation for which a board member is affiliated provided funding in the amount of \$82,983 for the production of a Vaccine Safety Conference Video as well as for a Public and Media Relations campaign.

During the year ending August 31, 2011, a foundation for which a board member is affiliated provided funding in the amount of \$120,218 for a scientific workshop that was held during the year. In addition, payment in the amount of \$25,000 was made during the year on a promise to give that was committed and recognized as of August 31, 2010. This promise was for the purpose of conducting vaccine safety research.

Guarantee of Indebtedness:

The National Vaccine Information Center utilizes a credit card issued by Capital One F.S.B. for purchases related to the organization's activity. The credit card is issued in the name of the organization with a credit limit of \$20,000, however the debt is guaranteed by an employee of the organization.

Other:

Two members of the Board of Directors are also paid employees of the National Vaccine Information Center. Compensation is for the purpose of performing services related to the mission of the organization.

12. CONTINGENCIES:

The organization depends on contributions and grants for a significant portion of its revenue. The ability of the organization's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon future economic conditions and continued deductibility for income tax purposes of contributions and grants to the organization. While the organization's board of directors and management believes the organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

13. SUBSEQUENT EVENTS:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 28, 2012, the date the financial statements were available to be issued.

NATIONAL VACCINE INFORMATION CENTER
 SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED AUGUST 31, 2012

	Supporting Services				Program Services			
	Total	General and Administrative	Fundraising	Educational	Advocacy	Lobbying	Support	Research
<u>Expenses:</u>								
Salaries and Wages	\$ 259,195	\$ 18,966	\$ 7,720	\$ 122,769	\$ 49,983	\$ 8,383	\$ 39,349	\$ 12,025
Fringe Benefits	20,741	1,518	618	9,823	4,000	671	3,149	962
Graphic Design and Artwork	9,080	-	376	8,704	-	-	-	-
Investigative Research	90,000	-	-	67,500	-	-	13,500	9,000
Information Technology and Web Hosting	92,495	-	-	80,340	-	-	-	12,155
Payroll Service Fees	1,842	135	55	872	355	60	280	85
Accounting	12,359	494	247	10,630	247	247	247	247
Consulting	-	-	-	-	-	-	-	-
Temporary Help	-	-	-	-	-	-	-	-
Subcontract - Research	73,875	-	-	-	-	-	-	73,875
Legal Fees	3,300	-	3,300	-	-	-	-	-
Telephone	11,345	449	-	6,290	1,010	-	3,596	-
Internet	6,177	343	1,036	4,798	-	-	-	-
Postage and Shipping	16,999	3,680	2,841	10,236	-	-	242	-
Printing and Reproduction	15,573	662	2,844	12,067	-	-	-	-
Marketing and Public Relations	119,591	-	-	119,591	-	-	-	-
Press Releases	5,917	-	-	5,917	-	-	-	-
Occupancy	10,200	408	204	8,772	204	204	204	204
Storage	5,293	-	-	5,293	-	-	-	-
Travel	21,084	-	-	21,084	-	-	-	-
Meetings and Conferences	31,532	-	-	31,532	-	-	-	-
Office Supplies and Expense	5,672	1,136	94	4,063	95	94	95	95
Equipment Rental and Maintenance	266	-	30	236	-	-	-	-
Dues, Subscriptions and Taxes	3,273	773	-	2,500	-	-	-	-
State Registration	3,191	3,191	-	-	-	-	-	-
Licenses and Permits	3,242	3,242	-	-	-	-	-	-
Corporate Insurance	5,010	201	100	4,309	100	100	100	100
Bank and Service Charges	6,477	103	6,374	-	-	-	-	-
Depreciation Expense	8,945	357	179	7,693	179	179	179	179
Total Expenses	\$ 842,674	\$ 35,658	\$ 26,018	\$ 545,019	\$ 56,173	\$ 9,938	\$ 60,941	\$ 108,927

(See Accompanying Notes and Auditor's Report)

**NATIONAL VACCINE INFORMATION CENTER
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2011**

	Supporting Services				Program Services			
	Total	General and Administrative	Fundraising	Educational	Advocacy	Lobbying	Support	Research
<u>Expenses:</u>								
Salaries and Wages	\$ 236,802	\$ 18,457	\$ 2,966	\$ 105,886	\$ 50,242	\$ 7,976	\$ 39,700	\$ 11,575
Fringe Benefits	18,499	1,442	232	8,272	3,925	623	3,101	904
Graphic Design and Artwork	2,970	-	810	2,160	-	-	-	-
Investigative Research	120,000	-	-	90,000	-	-	18,000	12,000
Information Technology and Web Hosting	72,037	-	-	63,537	-	-	-	8,500
Payroll Service Fees	1,792	140	22	801	380	60	301	88
Accounting	11,869	10,023	39	1,690	39	-	39	39
Consulting	2,538	-	1,000	38	-	-	1,500	-
Temporary Help	480	-	-	480	-	-	-	-
Subcontract - Research	23,325	-	-	-	-	-	-	23,325
Legal Fees	3,800	-	3,800	-	762	-	-	-
Telephone	10,488	422	-	5,928	-	-	3,376	-
Internet	4,686	-	909	3,777	-	-	-	-
Postage and Shipping	11,993	813	5,407	5,320	227	-	113	113
Printing and Reproduction	20,241	631	4,270	15,340	-	-	-	-
Marketing and Public Relations	34,750	-	-	34,750	-	-	-	-
Press Releases	4,105	-	-	4,105	-	-	-	-
Occupancy	9,800	392	196	8,428	196	196	196	196
Storage	5,068	-	-	5,068	-	-	-	-
Travel	14,197	-	3,400	10,797	-	-	-	-
Meetings and Conferences	124,183	29	14	124,084	14	14	14	14
Office Supplies and Expense	10,084	1,231	1,640	1,898	1,898	-	1,898	1,519
Equipment Rental and Maintenance	1,119	710	-	409	-	-	-	-
Dues, Subscriptions and Taxes	3,574	733	-	2,841	-	-	-	-
State Registration	2,779	2,779	-	-	-	-	-	-
Licenses and Permits	3,807	2,095	-	1,498	-	-	214	-
Corporate Insurance	4,879	195	98	4,195	98	97	98	98
Bank and Service Charges	8,772	2,620	6,152	-	-	-	-	-
Depreciation Expense	7,936	317	158	6,825	159	159	159	159
Total Expenses	\$ 776,573	\$ 43,029	\$ 31,113	\$ 508,127	\$ 57,940	\$ 9,125	\$ 68,709	\$ 58,530

(See Accompanying Notes and Auditor's Report)