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# Return of Organization Exempt From Income Tax

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements

Department of the Treasury  
Internal Revenue Service

**A** For the 2012 calendar year, or tax year beginning 2012, and ending 2012

**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Terminated  
 Amended return  
 Application pending

**C** Name of organization The SPHERE Institute  
 Doing Business As \_\_\_\_\_  
 Number and street (or P O box if mail is not delivered to street address) Room/suite  
500 Airport Blvd. 340  
 City, town or post office, state, and ZIP code  
Burlingame, CA 94010-1926

**D** Employer identification number 91-1748201

**E** Telephone number 650-558-3982

**F** Name and address of principal officer  
Thomas E. MaCurdy, 895 Lathrop Drive, Stanford, CA 94305

**G** Gross receipts \$ 4,413,806

**H(a)** Is this a group return for affiliates?  Yes  No  
**H(b)** Are all affiliates included?  Yes  No  
 If "No," attach a list (see instructions)

**H(c)** Group exemption number ▶ \_\_\_\_\_

**I** Tax-exempt status  501(c)(3)  501(c) ( ) ◀ (insert no)  4947(a)(1) or  527

**J** Website: ▶ http://www.sphereinstitute.org

**K** Form of organization  Corporation  Trust  Association  Other ▶ Non-profit

**L** Year of formation 1996

**M** State of legal domicile CA

Part I Summary		Prior Year	Current Year
Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <u>The mission: To innovate and improve the data and information provided to policy makers at federal, state, and local level who design, change, test, and implement health, welfare, education, housing, and human resources programs at the national, state, county, and municipal level. The SPHERE Institute provides research, evaluation, and data to improve health and human services programs and delivery of services to the public.</u>		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	5
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	4
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	45
	6 Total number of volunteers (estimate if necessary)	6	-0-
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	-0-
7b Net unrelated business taxable income from Form 990-T, line 34	7b	-0-	
Revenue	8 Contributions and grants (Part VIII, line 1h)	-0-	-0-
	9 Program service revenue (Part VIII, line 2g)	3,599,150	3,933,569
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7b)	429	585
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9e, 10c, and 11e)	-0-	479,652
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,599,579	4,413,806
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	-0-	-0-
	14 Benefits paid to or for members (Part IX, column (A), line 4)	-0-	-0-
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	2,341,457	2,825,813
	16a Professional fundraising fees (Part IX, column (A), line 11e)	-0-	-0-
	b Total fundraising expenses (Part IX, column (D), line 25) ▶		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	1,103,598	976,407
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	3,445,055	3,802,220	
19 Revenue less expenses. Subtract line 18 from line 12	154,524	611,586	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year 641,110	End of Year 1,682,153
	21 Total liabilities (Part X, line 26)	(8,602)	420,855
	22 Net assets or fund balances Subtract line 21 from line 20	649,712	1,261,298

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here: Thomas E. MaCurdy Signature of officer, Date: 05/01/13  
Thomas E. MaCurdy Type or print name and title, President

Paid Preparer Use Only: Print/Type preparer's name: Michael S. Bernstam, Preparer's signature: [Signature], Date: 05/01/13, Check  if self-employed, PTIN: P01317508  
 Firm's name: Patrac, Firm's EIN: 94-3192370  
 Firm's address: 144 Pacchetti Way, Mountain View, CA 94040, Phone no: 650-723-0527

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

SCANNED JUN 04 2013

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III [X]

1 Briefly describe the organization's mission:

The mission of the SPHERE Institute is to innovate and significantly improve the data and the information provided to policy makers... who design, revise, test, and implement health care, education, welfare, housing programs and labor market preparedness and training programs at the national, state, and local... county and municipal... level... The SPHERE Institute's research and evaluation improve... health and human services programs and facilitate their optimal delivery to the public.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [ ] Yes [X] No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [ ] Yes [X] No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: 518210 ) (Expenses \$ 2,453,372 including grants of \$ 0 ) (Revenue \$ 3,089,849 )

Health and social policy. In conjunction with its related organization, Acumen LLC, The SPHERE Institute offers The Center for Medicare and Medicaid Services and other federal agencies, the National Institutes of Health, and corresponding government agencies at the state and local level, as well as public health practitioners, a powerful policy analysis capability, providing specific, impartial advice and context evaluation for policy formation. In developing models for timely analysis capability, SPHERE has created a deep understanding of health and social trends in the U.S. and the state of California that also provides a solid infrastructure for its long-term research program. With these interrelated goals, SPHERE serves the interests of the public, government, and the business and research communities. The projects Data Link, Medicare Wage Index, Prescription Drug Data, Cost Effectiveness of Four HRSA Special Programs of National Significance (SPNS) for the Department of Health and Human Services, Health Resources and Services Administration (HRSA) are current and long-running studies. SPNS assesses the comparative effectiveness and costs of four Ryan Act CARE special programs. They engage marginalized HIV-positive populations into primary health care by employing peer-based outreach methods. The large-scale project Data Link shows how to increase effectiveness of health programs through consolidation.

4b (Code: 518210 ) (Expenses \$ 507,458 including grants of \$ 0 ) (Revenue \$ 773,169 )

Health and social policy. The SPHERE Institute conducted projects for Agency for Health Care Quality (AHCQ) and for the U.S. Department of Health and Human Services. These projects provided research and technical assistance on a variety of health policy issues, including health care insurance coverage for indigent populations, the provision and financing of health care services, the role of safety net providers in delivering care, and ways to assess and improve the quality of care per the AHCQ mandate. Our health policy research encompasses a wide range of analytical and evaluative approaches, from the examination of large claims data for government health insurance programs to the collection of information through employee surveys of preferences for employer-provided health care benefits. These projects inform policy makers at this crucial juncton of the national health care reform. They contribute to the current and future implementation of the Patient Protection and Affordable Care Act.

4c (Code: 518210 ) (Expenses \$ 98,979 including grants of \$ 0 ) (Revenue \$ 70,551 )

Social, labor, and child and family policies. The SPHERE Institute conducted ongoing projects for the California Department of Social Services and for the Department of Development Services. These projects in 2012 were conducted in the Santa Clara and San Bernadino counties in California. In addition, child welfare policies projects were continued in the Santa Clara county in coordination with Child Welfare Agencies. These projects include a wide range of social services programs and sub-programs, providing technical assistance to many of the service providers and performing analyses of the systems in which these programs exist. SPHERE makes ongoing research projects on home visitation, foster youth services, and child care assistance. Projects in these areas address the provision of human services by both public agencies and private, community-based organizations, emphasizing the effective use of analysis and data in program design, service integration, and outcome-based management. SPHERE has developed Comprehensive Assessment Tool (CAT), Safety and Risk Assessment System for California Department of Social Services. It is evidence-based system for use in counties' Child Welfare Services. It has been already implement in 13 counties. It assists social workers to gather critical information and ensure that key information is reviewed at each decision point in the life of a case. The SPHERE Institute works with counties official to train social workers to use this tool.

4d Other program services (Describe in Schedule O.) (Expenses \$ 742,411 including grants of \$ -0- ) (Revenue \$ 479,652 )

4e Total program service expenses \$3,802,220

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>2</b> Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>4 Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>5</b> Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>6</b> Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>9</b> Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>11</b> If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>b</b> Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>c</b> Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>d</b> Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>f</b> Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>12 a</b> Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>14 a</b> Did the organization maintain an office, employees, or agents outside of the United States? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV. . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>17</b> Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions) . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>20 a</b> Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>

**Part IV Checklist of Required Schedules (continued)**

		Yes	No
21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .		✓
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .		✓
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	✓	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> . . . . .		✓
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .		✓
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .		✓
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .		✓
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .		✓
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .		✓
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . .		✓
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .		✓
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .		✓
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .		✓
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	✓	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .		✓
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .		✓
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .		✓
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .		✓
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .		✓
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	✓	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)? . . . . .		✓
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .		
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .		✓
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .		✓
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	✓	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

Table with columns for question number, question text, and Yes/No response boxes. Includes questions 1a through 14b regarding IRS filings and tax compliance.

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions. Check if Schedule O contains a response to any question in this Part VI

**Section A. Governing Body and Management**

		Yes	No
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year . . . . . <b>1a</b> 5 If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
<b>b</b>	Enter the number of voting members included in line 1a, above, who are independent . . . . . <b>1b</b> 4		
<b>2</b>	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	<input checked="" type="checkbox"/>	
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person? . . . . .		<input checked="" type="checkbox"/>
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .		<input checked="" type="checkbox"/>
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .		<input checked="" type="checkbox"/>
<b>6</b>	Did the organization have members or stockholders? . . . . .		<input checked="" type="checkbox"/>
<b>7a</b>	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . .		<input checked="" type="checkbox"/>
<b>b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .		<input checked="" type="checkbox"/>
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b>	The governing body? . . . . .	<input checked="" type="checkbox"/>	
<b>b</b>	Each committee with authority to act on behalf of the governing body? . . . . .		<input checked="" type="checkbox"/>
<b>9</b>	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .		<input checked="" type="checkbox"/>

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
<b>10a</b>	Did the organization have local chapters, branches, or affiliates? . . . . .		<input checked="" type="checkbox"/>
<b>b</b>	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? . . . . .		
<b>11a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . .	<input checked="" type="checkbox"/>	
<b>b</b>	Describe in Schedule O the process, if any, used by the organization to review this Form 990. . . . .		
<b>12a</b>	Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .	<input checked="" type="checkbox"/>	
<b>b</b>	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	<input checked="" type="checkbox"/>	
<b>c</b>	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . .	<input checked="" type="checkbox"/>	
<b>13</b>	Did the organization have a written whistleblower policy? . . . . .	<input checked="" type="checkbox"/>	
<b>14</b>	Did the organization have a written document retention and destruction policy? . . . . .	<input checked="" type="checkbox"/>	
<b>15</b>	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>a</b>	The organization's CEO, Executive Director, or top management official . . . . .	<input checked="" type="checkbox"/>	
<b>b</b>	Other officers or key employees of the organization . . . . .	<input checked="" type="checkbox"/>	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .		<input checked="" type="checkbox"/>
<b>b</b>	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .		

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed ► California
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
 Own website     Another's website     Upon request     Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► Thomas F. MaCurdy, 895 Lathrop Drive, Stanford, CA 94305

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response to any question in this Part VII

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Thomas E. MaCurdy President	20 40			✓				84,638	-0-	907,747
(2) Gerald P. Gillespie Chairman of the Board	5	✓						-0-	-0-	-0-
(3) Semion Lvandres Vice-Chairman of the Board	2	✓						-0-	-0-	-0-
(4) Peter R. Mefferl Board Member	1	✓						-0-	-0-	-0-
(5) Thomas D. Sece Board Member	0.5	✓						-0-	-0-	-0-
(6) Jonathan Gibbs Research Associate	40					✓	173,599	-0-	-0-	
(7) Kelly T. MaCurdy IT Manager	40					✓	141,713	-0-	-0-	
(8) Jonathan Stanton Research Associate	40					✓	93,674	-0-	-0-	
(9) Felix Tismer Accounts Manager	40					✓	94,444	-0-	-0-	
(10)										
(11)										
(12)										
(13)										
(14)										

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15)										
(16)										
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
<b>1b Sub-total</b>							588,068	907,747	-0-	
<b>c Total from continuation sheets to Part VII, Section A</b>							-0-	-0-	-0-	
<b>d Total (add lines 1b and 1c)</b>							588,068	907,747	-0-	

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **2**

	Yes	No
<b>3</b> Did the organization list any <b>former</b> officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		✓
<b>4</b> For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	✓	
<b>5</b> Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		✓

**Section B. Independent Contractors**

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
		-0-

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **0-**

**Part VIII Statement of Revenue**

Check if Schedule O contains a response to any question in this Part VIII.

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b> Federated campaigns . . . . .	<b>1a</b>					
	<b>b</b> Membership dues . . . . .	<b>1b</b>					
	<b>c</b> Fundraising events . . . . .	<b>1c</b>					
	<b>d</b> Related organizations . . . . .	<b>1d</b>					
	<b>e</b> Government grants (contributions)	<b>1e</b>					
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>					
	<b>g</b> Noncash contributions included in lines 1a-1f: \$						
	<b>h Total.</b> Add lines 1a-1f . . . . . ▶			0			
<b>Program Service Revenue</b>	<b>2a</b> Data analysis, policy research . . . . .	Business Code 518210	3,933,569	3,933,569	-0-	-0-	
	<b>b</b> . . . . .						
	<b>c</b> . . . . .						
	<b>d</b> . . . . .						
	<b>e</b> . . . . .						
	<b>f</b> All other program service revenue . . . . .						
	<b>g Total.</b> Add lines 2a-2f . . . . . ▶			3,933,569			
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		585	585	-0-	-0-	
	<b>4</b> Income from investment of tax-exempt bond proceeds ▶		-0-				
	<b>5</b> Royalties . . . . . ▶		-0-				
	<b>6a</b> Gross rents . . . . .	(i) Real					
		(ii) Personal					
	<b>b</b> Less: rental expenses . . . . .						
	<b>c</b> Rental income or (loss) . . . . .						
	<b>d</b> Net rental income or (loss) . . . . . ▶			-0-	-0-	-0-	-0-
	<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities					
		(ii) Other					
	<b>b</b> Less cost or other basis and sales expenses . . . . .						
	<b>c</b> Gain or (loss) . . . . .						
	<b>d</b> Net gain or (loss) . . . . . ▶			-0-	-0-	-0-	-0-
	<b>8a</b> Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18 . . . . .	<b>a</b>					
		<b>b</b> Less: direct expenses . . . . .	<b>b</b>				
<b>c</b> Net income or (loss) from fundraising events . . ▶				-0-	-0-	-0-	
<b>9a</b> Gross income from gaming activities See Part IV, line 19 . . . . .	<b>a</b>						
	<b>b</b> Less: direct expenses . . . . .	<b>b</b>					
	<b>c</b> Net income or (loss) from gaming activities . . ▶						
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>						
	<b>b</b> Less: cost of goods sold . . . . .	<b>b</b>					
	<b>c</b> Net income or (loss) from sales of inventory . . ▶						
Miscellaneous Revenue		Business Code					
<b>11a</b> Net receivables on accrual 2011 . . . . .	518210	479,652	479,652	-0-	-0-		
<b>b</b> . . . . .							
<b>c</b> . . . . .							
<b>d</b> All other revenue . . . . .							
<b>e Total.</b> Add lines 11a-11d . . . . . ▶			479,652				
<b>12 Total revenue.</b> See instructions. . . . . ▶			4,413,806	4,413,806	-0-	-0-	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response to any question in this Part IX

**Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	-0-	-0-		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	-0-	-0-		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	-0-	-0-		
4 Benefits paid to or for members	-0-	-0-		
5 Compensation of current officers, directors, trustees, and key employees	588,068	493,624	94,444	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	-0-	-0-	-0-	
7 Other salaries and wages	1,671,298	1,642,670	28,628	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	75,751	71,029	4,722	
9 Other employee benefits	322,308	315,540	6,768	
10 Payroll taxes	168,388	160,486	7,902	
11 Fees for services (non-employees):				
a Management	991	991	-0-	
b Legal	24,063	24,063	-0-	
c Accounting	25,017	12,508	12,509	
d Lobbying	-0-			
e Professional fundraising services. See Part IV, line 17	-0-			
f Investment management fees	-0-			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	368,801	368,801	-0-	
12 Advertising and promotion	520	520	-0-	
13 Office expenses	25,682	24,432	1,250	
14 Information technology	18,064	18,064	-0-	
15 Royalties	-0-			
16 Occupancy	351,653	348,409	3,244	
17 Travel	10,331	10,331	-0-	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	-0-			
19 Conferences, conventions, and meetings	811	811	-0-	
20 Interest	-0-			
21 Payments to affiliates	-0-			
22 Depreciation, depletion, and amortization	-0-			
23 Insurance	11,064	11,064	-0-	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Project Tasks/Activities	133,827	133,827	-0-	
b Printing and reproduction	3,766	3,766	-0-	
c Licenses, dues, and subscriptions	193	193	0	
d Telephone, postage, and delivery	663	663	-0-	
e All other expenses Bank service charges	961	50	911	
25 Total functional expenses. Add lines 1 through 24e	3,802,220	3,641,842	160,378	-0-
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

**Part X Balance Sheet**

Check if Schedule O contains a response to any question in this Part X

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	450,064	<b>1</b>	380,904
	<b>2</b> Savings and temporary cash investments . . . . .	229,754	<b>2</b>	512,638
	<b>3</b> Pledges and grants receivable, net . . . . .		<b>3</b>	
	<b>4</b> Accounts receivable, net . . . . .	(56,811)	<b>4</b>	770,507
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .		<b>5</b>	
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L . . . . .		<b>6</b>	
	<b>7</b> Notes and loans receivable, net . . . . .		<b>7</b>	
	<b>8</b> Inventories for sale or use . . . . .		<b>8</b>	
	<b>9</b> Prepaid expenses and deferred charges . . . . .		<b>9</b>	
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	<b>10a</b>		
	<b>b</b> Less: accumulated depreciation . . . . .	<b>10b</b>		<b>10c</b>
	<b>11</b> Investments—publicly traded securities . . . . .		<b>11</b>	
	<b>12</b> Investments—other securities. See Part IV, line 11 . . . . .		<b>12</b>	
	<b>13</b> Investments—program-related. See Part IV, line 11 . . . . .		<b>13</b>	
	<b>14</b> Intangible assets . . . . .		<b>14</b>	
	<b>15</b> Other assets. See Part IV, line 11 . . . . .	18,103	<b>15</b>	18,104
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	641,110	<b>16</b>	1,682,153	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	(28,384)	<b>17</b>	218,707
	<b>18</b> Grants payable . . . . .		<b>18</b>	
	<b>19</b> Deferred revenue . . . . .		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities . . . . .		<b>20</b>	
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .		<b>21</b>	
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .		<b>23</b>	
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .		<b>24</b>	
	<b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D . . . . .	19,782	<b>25</b>	202,148
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	(8,602)	<b>26</b>	420,855
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets . . . . .		<b>27</b>	
	<b>28</b> Temporarily restricted net assets . . . . .		<b>28</b>	
	<b>29</b> Permanently restricted net assets . . . . .		<b>29</b>	
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund . . . . .		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .	649,712	<b>32</b>	1,261,298
<b>33</b> Total net assets or fund balances . . . . .	649,712	<b>33</b>	1,261,298	
<b>34</b> Total liabilities and net assets/fund balances . . . . .	641,110	<b>34</b>	1,682,153	

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response to any question in this Part XI

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	<b>4,413,806</b>
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	<b>3,802,220</b>
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	<b>611,586</b>
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	<b>649,712</b>
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	<b>-0-</b>
<b>6</b>	Donated services and use of facilities	<b>6</b>	<b>-0-</b>
<b>7</b>	Investment expenses	<b>7</b>	<b>-0-</b>
<b>8</b>	Prior period adjustments	<b>8</b>	<b>-0-</b>
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	<b>-0-</b>
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	<b>1,261,298</b>

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response to any question in this Part XII

- 1** Accounting method used to prepare the Form 990:  Cash  Accrual  Other \_\_\_\_\_  
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . .  
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant? . . . . .  
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? . . . . .  
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . .
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
<b>2a</b>	✓	
<b>2b</b>	✓	
<b>2c</b>		✓
<b>3a</b>	✓	
<b>3b</b>	✓	

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

**Public Charity Status and Public Support**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Department of the Treasury  
Internal Revenue Service

Name of the organization

The SPHERE Institute

Employer identification number

91-1748201

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h
  - a  Type I    b  Type II    c  Type III—Functionally integrated    d  Type III—Non-functionally integrated
  - e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
  - f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
  - g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? . . . . .	11g(i)	
(ii) A family member of a person described in (i) above? . . . . .	11g(ii)	
(iii) A 35% controlled entity of a person described in (i) or (ii) above? . . . . .	11g(iii)	
  - h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
<b>Total</b>									

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**  
 (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") . . . . .						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>4 Total.</b> Add lines 1 through 3 . . . . .						
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) . . . . .						
<b>6 Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>7</b> Amounts from line 4 . . . . .						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on . . . . .						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) . . . . .						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) . . . . .					<b>12</b>	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . .						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) . . . . .	<b>14</b>	%
<b>15</b> Public support percentage from 2011 Schedule A, Part II, line 14 . . . . .	<b>15</b>	%
<b>16a 33 1/3% support test—2012.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>b 33 1/3% support test—2011.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>17a 10%-facts-and-circumstances test—2012.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>b 10%-facts-and-circumstances test—2011.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . .		<input type="checkbox"/>

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	-0-	-0-	-0-	-0-	-0-	-0-
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	1,796,573	1,927,778	5,813,967	3,599,150	3,933,569	17,071,037
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513	-0-	-0-	-0-	-0-	-0-	-0-
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf	-0-	-0-	-0-	-0-	-0-	-0-
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge	-0-	-0-	-0-	-0-	-0-	-0-
<b>6 Total.</b> Add lines 1 through 5	1,796,573	1,927,778	5,813,967	3,599,150	3,933,569	17,071,037
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons	-0-	-0-	-0-	-0-	-0-	-0-
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year	-0-	-0-	-0-	-0-	-0-	-0-
<b>c</b> Add lines 7a and 7b	-0-	-0-	-0-	-0-	-0-	-0-
<b>8 Public support</b> (Subtract line 7c from line 6.)						17,071,037

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>9</b> Amounts from line 6	1,796,573	1,927,778	5,813,967	3,599,150	3,933,569	17,071,037
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	455	305	818	429	585	2,592
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975	-0-	-0-	-0-	-0-	-0-	-0-
<b>c</b> Add lines 10a and 10b	455	305	818	429	585	2,592
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on	-0-	-0-	-0-	-0-	-0-	-0-
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)	-0-	-0-	-0-	-0-	479,652	479,652
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)	1,797,028	1,928,083	5,814,785	3,599,579	4,413,806	17,553,281
<b>14 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	<b>15</b>	97.25 %
<b>16</b> Public support percentage from 2011 Schedule A, Part III, line 15	<b>16</b>	99.98 %

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	<b>17</b>	0.01 %
<b>18</b> Investment income percentage from 2011 Schedule A, Part III, line 17	<b>18</b>	0.02 %
<b>19a 33 1/3% support tests—2012.</b> If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization <input checked="" type="checkbox"/>		
<b>b 33 1/3% support tests—2011.</b> If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization <input type="checkbox"/>		
<b>20 Private foundation.</b> If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions <input type="checkbox"/>		

**Part IV Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Part III, Line 12. For FY 2012, the SPHERE Institute has changed the accounting method from the cash basis to the accrual basis.....

This procedure adds +\$479,652 as other income to receipts from services performed. The SPHERE Institute has filed form 3115 to that effect with the following explanation:.....

Per balance sheet on the accrual basis on 12/31/2011, the company had Accounts receivable in the amount of \$750,433.91 while being on the cash basis. Per balance sheet on the cash basis on 12/31/2011, the company had Accounts Receivable in the amount of -\$56,811.01, a negative value, due to the carryover of an overpayment in prior years. This is income not accounted for in the reportable income on the cash basis in FY 2011 and must be added to Accounts Receivable. In rounding to the next dollar, Accounts Receivable on 12/31/2011 constituted \$807,245 (\$750,434 + \$ 56,811).

Per balance sheet on the accrual basis on 12/31/2011, the company had Accounts Payable in the amount of \$299,208.38, of which \$222,041.96 were general Accounts Payable to vendors and \$77,166.42 were paid leave liabilities to employees to be paid out within the next payroll cycle. Per balance sheet on the cash basis on 12/31/2011, the company had Accounts Payable in the amount of -\$28,384.35, a negative value, which constituted non-deducted expenses (not included into deductions from gross receipts and from taxable income), to be paid as payables accrued due to the feature of the Quickbooks software that lists items rather than expenses and does not deduct some of these items.

Per the combined balance sheet on the accrual and the cash basis, total Accounts Payable on 12/31/2011 constituted \$327,593, rounded to the next dollar (\$299,208.38 + \$28,384.35).

Net section 481(a) adjustment combines Accounts Receivables in the amount of \$807,244.92 minus Accounts Payable in the amount of \$807,245 minus Accounts Payable in the amount of \$327,593 and constituted +\$479,652, rounded to the next dollar.

The SPHERE Institute has opted to list +\$479,652 as other income and add it to reportable income in one year instead of four in FY 2012.

**SCHEDULE D  
(Form 990)**

**Supplemental Financial Statements**

OMB No 1545-0047

**2012**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service  
Name of the organization

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**  
▶ **Attach to Form 990. ▶ See separate instructions.**

Employer identification number

The SPHERE Institute

91-1748201

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year . . . . .		
2 Aggregate contributions to (during year) . . . . .		
3 Aggregate grants from (during year) . . . . .		
4 Aggregate value at end of year . . . . .		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		

**Part II Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply). <input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of an historically important land area <input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure <input type="checkbox"/> Preservation of open space	
2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.	
	<b>Held at the End of the Tax Year</b>
a Total number of conservation easements . . . . .	<b>2a</b>
b Total acreage restricted by conservation easements . . . . .	<b>2b</b>
c Number of conservation easements on a certified historic structure included in (a) . . . . .	<b>2c</b>
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register . . . . .	<b>2d</b>
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶	
4 Number of states where property subject to conservation easement is located ▶	
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No	
6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶	
7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$	
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No	
9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.	

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.	
b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:	
(i) Revenues included in Form 990, Part VIII, line 1 . . . . . ▶ \$	
(ii) Assets included in Form 990, Part X . . . . . ▶ \$	
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:	
a Revenues included in Form 990, Part VIII, line 1 . . . . . ▶ \$	
b Assets included in Form 990, Part X . . . . . ▶ \$	

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)**

- 3** Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a**  Public exhibition
  - b**  Scholarly research
  - c**  Preservation for future generations
  - d**  Loan or exchange programs
  - e**  Other .....
- 4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5** During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  **Yes**  **No**

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  **Yes**  **No**
- b** If "Yes," explain the arrangement in Part XIII and complete the following table:
- |  | Amount    |
|--|-----------|
| <b>c</b> Beginning balance             | <b>1c</b> |
| <b>d</b> Additions during the year     | <b>1d</b> |
| <b>e</b> Distributions during the year | <b>1e</b> |
| <b>f</b> Ending balance                | <b>1f</b> |
- 2a** Did the organization include an amount on Form 990, Part X, line 21?  **Yes**  **No**
- b** If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

**Part V Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
<b>1a</b> Beginning of year balance					
<b>b</b> Contributions					
<b>c</b> Net investment earnings, gains, and losses					
<b>d</b> Grants or scholarships					
<b>e</b> Other expenditures for facilities and programs					
<b>f</b> Administrative expenses					
<b>g</b> End of year balance					

- 2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a** Board designated or quasi-endowment  %
  - b** Permanent endowment  %
  - c** Temporarily restricted endowment  %
- The percentages in lines 2a, 2b, and 2c should equal 100%.

- 3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- |  | Yes           | No |
|--|---------------|----|
| <b>(i)</b> unrelated organizations   | <b>3a(i)</b>  |    |
| <b>(ii)</b> related organizations  | <b>3a(ii)</b> |    |
| <b>b</b> If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? | <b>3b</b>     |    |
- 4** Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
<b>1a</b> Land				
<b>b</b> Buildings				
<b>c</b> Leasehold improvements				
<b>d</b> Equipment				
<b>e</b> Other				

**Total.** Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)

**Part VII Investments—Other Securities.** See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives . . . . .		
(2) Closely-held equity interests . . . . .		
(3) Other		
(A) . . . . .		
(B) . . . . .		
(C) . . . . .		
(D) . . . . .		
(E) . . . . .		
(F) . . . . .		
(G) . . . . .		
(H) . . . . .		
(I) . . . . .		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

**Part VIII Investments—Program Related.** See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

**Part IX Other Assets.** See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) Security deposit	18,103
(2) Rounding dollar	1
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) . . . . . ▶	18,104

**Part X Other Liabilities.** See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Credit cards (VISA)	6,839
(3) Payroll liabilities (taxes and fringe benefits)	195,309
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	202,148

2. FIN 48 (ASC 740) Footnote. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII . . . . .

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

<b>1</b>	Total revenue, gains, and other support per audited financial statements . . . . .		<b>1</b>	4,413,806
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
<b>a</b>	Net unrealized gains on investments . . . . .	<b>2a</b>	-0-	
<b>b</b>	Donated services and use of facilities . . . . .	<b>2b</b>	-0-	
<b>c</b>	Recoveries of prior year grants . . . . .	<b>2c</b>	-0-	
<b>d</b>	Other (Describe in Part XIII.) . . . . .	<b>2d</b>	-0-	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .		<b>2e</b>	-0-
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .		<b>3</b>	4,413,806
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIII.) . . . . .	<b>4b</b>	-0-	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .		<b>4c</b>	-0-
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.) . . . . .		<b>5</b>	4,413,806

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

<b>1</b>	Total expenses and losses per audited financial statements . . . . .		<b>1</b>	3,802,220
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
<b>a</b>	Donated services and use of facilities . . . . .	<b>2a</b>		
<b>b</b>	Prior year adjustments . . . . .	<b>2b</b>		
<b>c</b>	Other losses . . . . .	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIII.) . . . . .	<b>2d</b>	-0-	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .		<b>2e</b>	-0-
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .		<b>3</b>	3,802,220
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIII.) . . . . .	<b>4b</b>	-0-	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .		<b>4c</b>	-0-
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.) . . . . .		<b>5</b>	3,802,220

**Part XIII Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information

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**SCHEDULE J  
(Form 990)**

**Compensation Information**  
For certain Officers, Directors, Trustees, Key Employees, and Highest  
Compensated Employees

OMB No 1545-0047

**2012**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

▶ **Complete if the organization answered "Yes" to Form 990,  
Part IV, line 23.**  
▶ **Attach to Form 990. ▶ See separate instructions.**

Name of the organization

Employer identification number

The SPHERE Institute

91-1748201

**Part I Questions Regarding Compensation**

	Yes	No
<p><b>1a</b> Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items</p> <p> <input type="checkbox"/> First-class or charter travel                      <input type="checkbox"/> Housing allowance or residence for personal use  <input type="checkbox"/> Travel for companions                                      <input type="checkbox"/> Payments for business use of personal residence  <input type="checkbox"/> Tax indemnification and gross-up payments              <input type="checkbox"/> Health or social club dues or initiation fees  <input type="checkbox"/> Discretionary spending account                              <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) </p>		
<p><b>b</b> If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain . . . . .</p>	<b>1b</b>	
<p><b>2</b> Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a? . . . . .</p>	<b>2</b>	
<p><b>3</b> Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.</p> <p> <input type="checkbox"/> Compensation committee                                      <input type="checkbox"/> Written employment contract  <input type="checkbox"/> Independent compensation consultant                      <input type="checkbox"/> Compensation survey or study  <input type="checkbox"/> Form 990 of other organizations                              <input type="checkbox"/> Approval by the board or compensation committee </p>		
<p><b>4</b> During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:</p>		
<p><b>a</b> Receive a severance payment or change-of-control payment? . . . . .</p>	<b>4a</b>	✓
<p><b>b</b> Participate in, or receive payment from, a supplemental nonqualified retirement plan? . . . . .</p>	<b>4b</b>	✓
<p><b>c</b> Participate in, or receive payment from, an equity-based compensation arrangement? . . . . .</p> <p>If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.</p>	<b>4c</b>	✓
<p><b>Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5–9.</b></p>		
<p><b>5</b> For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:</p>		
<p><b>a</b> The organization? . . . . .</p>	<b>5a</b>	✓
<p><b>b</b> Any related organization? . . . . .</p> <p>If "Yes" to line 5a or 5b, describe in Part III.</p>	<b>5b</b>	✓
<p><b>6</b> For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:</p>		
<p><b>a</b> The organization? . . . . .</p>	<b>6a</b>	✓
<p><b>b</b> Any related organization? . . . . .</p> <p>If "Yes" to line 6a or 6b, describe in Part III.</p>	<b>6b</b>	✓
<p><b>7</b> For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III . . . . .</p>	<b>7</b>	✓
<p><b>8</b> Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III . . . . .</p>	<b>8</b>	✓
<p><b>9</b> If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? . . . . .</p>	<b>9</b>	

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 Thomas E. MacCurdy, President	(i)	84,638	-0-	4,232	-0-	88,870	2,704
	(ii)	-0-	-0-	-0-	-0-	-0-	907,747
2 Jonathan Gibbs, Associate	(i)	173,599	-0-	8,680	6,812	189,091	-0-
	(ii)	-0-	-0-	-0-	-0-	-0-	-0-
3	(i)						
	(ii)						
4	(i)						
	(ii)						
5	(i)						
	(ii)						
6	(i)						
	(ii)						
7	(i)						
	(ii)						
8	(i)						
	(ii)						
9	(i)						
	(ii)						
10	(i)						
	(ii)						
11	(i)						
	(ii)						
12	(i)						
	(ii)						
13	(i)						
	(ii)						
14	(i)						
	(ii)						
15	(i)						
	(ii)						
16	(i)						
	(ii)						

**Part III Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Area with horizontal dashed lines for supplemental information.

**SCHEDULE L  
(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Transactions With Interested Persons**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.  
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

**2012**

**Open To Public Inspection**

Name of the organization

Employer identification number

The SPHERE Institute

91-1748201

**Part I Excess Benefit Transactions** (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

- 2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958. ▶ \$ \_\_\_\_\_
- 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization. ▶ \$ \_\_\_\_\_

**Part II Loans to and/or From Interested Persons.**

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

1	(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
				To	From			Yes	No	Yes	No	Yes	No
				Yes	No			Yes	No	Yes	No	Yes	No
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
<b>Total</b>							▶	\$					

**Part III Grants or Assistance Benefiting Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

1	(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					



**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

**2012**

**Open to Public  
Inspection**

Name of the organization

The SPHERE Institute

Employer identification number

91-1748201

1. For form 990, part III, line 4d. Also, paragraph 2 of this response 1: for form 990, part VIII, line 11a; and for form 990, part X, lines 4, 17, 25: Expenses in the amount of \$742,411 represent general and overhead costs not attributable to specific projects, e.g., labor costs on writing proposals for future projects, purchases of computers and software for long-term current and future projects, etc.
- The revenues in the amount of \$479,652 represent net receivables at the end of FY 2011 (the beginning of FY 2012) due to the change of accounting methods from the cash basis in FY 2011 to the accrual basis in FY 2012. The detailed explanation of how the calculations were made and the amount of +\$479,652 was arrived at are submitted in Schedule A for form 990, for line 12 of Section B of Part III, laid out in detail specifically in Part IV of Schedule A for form 990 (see Schedule A above in this tax return).
2. For form 990, part XII, line 1. The SPHERE Institute has changed its accounting method from the cash basis in FY 2011 to the accrual method in FY 2012. Form 3115 and its attachments with detailed explanations, calculations, the balances sheets on both the cash and the accrual basis, and the Profit&Loss statements are attached to this tax return and the copy is also sent to the IRS National Office.
3. For form 990, part VI, line 11b: After the tax preparer completes Form 990, it is reviewed and discussed between the President, financial staff, project directors, and account managers. Then it is reviewed by and discussed with the Chairman of the Board of Directors. Specific issues are discussed with and reviewed by members of the Board and senior staff, as needed. The tax return after this vetting process is reported to the President and to the Board for their approval and the President's signature.
4. For Form 990, part VI, line 15a: Per the founding charter and bylaws of the SPHERE Institute since its founding in 1996, compensation of the President is set by the Board of Directors each year, based on the comparative compensation of professionals with similar duties and experience and then pro-rated by the actual share of effort on the part-time basis. Part of the compensation, indeed the bulk of it, represents the President's compensation for research work on projects and leadership over projects rather than for management per se.
5. For Form 990, part VI, line 15b: The President determines compensation of projects directors, research associates, key employees, etc., with the advice of various members of the Board of Directors in specific cases.
6. For Form 990, part VI, line 19. The SPHERE Institute makes its governing documents, conflict of interest policy, and financial statements available to the public through several channels. a) The governing documents and the conflict of interest policy are attached to various reports and publications as routinely requested by the U.S. federal government agencies and California state agencies for which The SPHERE Institute conducts an array of projects. These documents and policy statements are also posted on the web site <http://www.sphereinstitute.org/publications.html>. b) The financial statements as well as the conflict of interest policy and governing



**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

**Related Organizations and Unrelated Partnerships**

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

**2012**

**Open to Public  
Inspection**

Employer identification number

91-1748201

**Part I Identification of Disregarded Entities** (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) .....					
(2) .....					
(3) .....					
(4) .....					
(5) .....					
(6) .....					

**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) .....							
(2) .....							
(3) .....							
(4) .....							
(5) .....							
(6) .....							
(7) .....							

**Part III Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Acumed, LLC - Budlineame... CA 94010 EIN 91-1748582	IT related services	CA	None	Unrelated	-0-	-0-		✓	-0-		✓	-0-
(2) .....												
(3) .....												
(4) .....												
(5) .....												
(6) .....												
(7) .....												

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) .....									
(2) .....									
(3) .....									
(4) .....									
(5) .....									
(6) .....									
(7) .....									

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35b, or 36.)

**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

		Yes	No
<b>1</b>	During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
<b>a</b>	Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	1a	✓
<b>b</b>	Gift, grant, or capital contribution to related organization(s)	1b	✓
<b>c</b>	Gift, grant, or capital contribution from related organization(s)	1c	✓
<b>d</b>	Loans or loan guarantees to or for related organization(s)	1d	✓
<b>e</b>	Loans or loan guarantees by related organization(s)	1e	✓
<b>f</b>	Dividends from related organization(s)	1f	✓
<b>g</b>	Sale of assets to related organization(s)	1g	✓
<b>h</b>	Purchase of assets from related organization(s)	1h	✓
<b>i</b>	Exchange of assets with related organization(s)	1i	✓
<b>j</b>	Lease of facilities, equipment, or other assets to related organization(s)	1j	✓
<b>k</b>	Lease of facilities, equipment, or other assets from related organization(s)	1k	✓
<b>l</b>	Performance of services or membership or fundraising solicitations for related organization(s)	1l	✓
<b>m</b>	Performance of services or membership or fundraising solicitations by related organization(s)	1m	✓
<b>n</b>	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	✓
<b>o</b>	Sharing of paid employees with related organization(s)	1o	✓
<b>p</b>	Reimbursement paid to related organization(s) for expenses	1p	✓
<b>q</b>	Reimbursement paid by related organization(s) for expenses	1q	✓
<b>r</b>	Other transfer of cash or property to related organization(s)	1r	✓
<b>s</b>	Other transfer of cash or property from related organization(s)	1s	✓

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Acumen.LLC.EIN.91-1748582	l	3,089,849	Per books
(2) Acumen.LLC.EIN.91-1748582	m	368,801	Per books
(3)			
(4)			
(5)			
(6)			

**Part VI Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(1) Name, address, and EIN of entity	(2) Primary activity	(3) Legal domicile (state or foreign country)	(4) Predominant income (related, unrelated, excluded from tax under section 512-514)	(5) Are all partners section 501(c)(3) organizations?		(6) Share of total income	(7) Share of end-of-year assets	(8) Disproportionate allocations?		(9) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(10) General or managing partner?		(11) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1) .....													
(2) .....													
(3) .....													
(4) .....													
(5) .....													
(6) .....													
(7) .....													
(8) .....													
(9) .....													
(10) .....													
(11) .....													
(12) .....													
(13) .....													
(14) .....													
(15) .....													
(16) .....													



## Application for Change in Accounting Method

OMB No 1545-0152

Name of filer (name of parent corporation if a consolidated group) (see instructions) <b>The SPHERE Institute</b>	Identification number (see instructions) <b>91-1748201</b>
	Principal business activity code number (see instructions) <b>518210</b>
Number, street, and room or suite no. If a P O box, see the instructions <b>500 Airport Blvd., Suite 340</b>	Tax year of change begins (MM/DD/YYYY) <b>01/01/2012</b> Tax year of change ends (MM/DD/YYYY) <b>12/31/2012</b>
City or town, state, and ZIP code <b>Burlingame, CA 94010</b>	Name of contact person (see instructions) <b>Thomas E. MaCurdy</b>
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)	Contact person's telephone number <b>650-558-3982</b>

If the applicant is a member of a consolidated group, check this box

If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box

**Check the box to indicate the type of applicant.**

- |   |  |
|---|--|
| <input type="checkbox"/> Individual   | <input type="checkbox"/> Cooperative (Sec. 1381)     |
| <input type="checkbox"/> Corporation  | <input type="checkbox"/> Partnership                 |
| <input type="checkbox"/> Controlled foreign corporation (Sec. 957)                            | <input type="checkbox"/> S corporation               |
| <input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E))                                | <input type="checkbox"/> Insurance co. (Sec. 816(a)) |
| <input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2))              | <input type="checkbox"/> Insurance co. (Sec. 831)    |
| <input checked="" type="checkbox"/> Exempt organization Enter Code section ► <b>501(c)(3)</b> | <input type="checkbox"/> Other (specify) ►           |

**Check the appropriate box to indicate the type of accounting method change being requested.** (see instructions)

- Depreciation or Amortization
- Financial Products and/or Financial Activities of Financial Institutions
- Other (specify) ► **From the cash accounting basis to the overall accrual accounting basis**

**Caution.** To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

The taxpayer must attach all applicable supplemental statements requested throughout this form.

**Part I Information For Automatic Change Request**

	Yes	No
<b>1</b> Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check "Other," and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions. ► (a) Change No. <u>123</u> (b) Other <input type="checkbox"/> Description ► _____		
<b>2</b> Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation.		✓

**Note.** Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).

**Part II Information For All Requests**

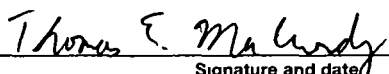
	Yes	No
<b>3</b> Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? If "Yes," the applicant is not eligible to make the change under automatic change request procedures		✓
<b>4a</b> Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If "No," go to line 5.		✓
<b>b</b> Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)?		✓

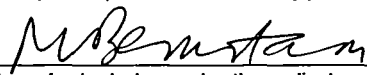
**Signature (see instructions)**

Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.

**Filer**

**Preparer (other than filer/applicant)**

  
 \_\_\_\_\_  
 Signature and date  
**Thomas E. MaCurdy, President**  
 Name and title (print or type)

  
 \_\_\_\_\_  
 Signature of individual preparing the application and date  
**Michael S. Bernstam, Tax Preparer**  
 Name of individual preparing the application (print or type)  
**Patrac EIN 94-3192370, PTIN P01317508**  
 Name of firm preparing the application

Part II Information For All Requests (continued)		Yes	No
4c	Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)?		✓
d	Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)? If "Yes," attach the consent statement from the director.		✓
e	Is the request to change the method of accounting being filed under the 90-day or 120-day window period? If "Yes," check the box for the applicable window period and attach the required statement (see instructions). <input type="checkbox"/> 90 day <input type="checkbox"/> 120 day: Date examination ended ▶ _____		✓
f	If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination. Name ▶ _____ Telephone number ▶ _____ Tax year(s) ▶ _____		
g	Has a copy of this Form 3115 been provided to the examining agent identified on line 4f?		
5a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court? If "Yes," enter the name of the (check the box) <input type="checkbox"/> Appeals officer and/or <input type="checkbox"/> counsel for the government, telephone number, and the tax year(s) before Appeals and/or a Federal court. Name ▶ _____ Telephone number ▶ _____ Tax year(s) ▶ _____		✓
b	Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a?		
c	Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)? If "Yes," attach an explanation.		✓
6	If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court.		
7	If, for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity? If "Yes," the applicant is <b>not</b> eligible to make the change		✓
8a	Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)?		✓
b	If "Yes," attach an explanation.		
9a	Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)?		✓
b	If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent.		
c	If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation.		
10a	Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice?		✓
b	If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s).		
11	Is the applicant requesting to change its <b>overall</b> method of accounting? If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form.		✓
	<b>Present method:</b> <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		
	<b>Proposed method:</b> <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		

<b>Part II Information For All Requests (continued)</b>	Yes	No												
<p><b>12</b> If the applicant is either (i) <b>not</b> changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following:</p> <p><b>a</b> The item(s) being changed.</p> <p><b>b</b> The applicant's present method for the item(s) being changed.</p> <p><b>c</b> The applicant's proposed method for the item(s) being changed</p> <p><b>d</b> The applicant's present overall method of accounting (cash, accrual, or hybrid).</p>														
<p><b>13</b> Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe whether each trade or business is accounted for separately, the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application.</p>														
<p><b>14</b> Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions . . . . .</p> <p>If "No," attach an explanation.</p>	✓													
<p><b>15a</b> Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)? . . . . .</p>		✓												
<p><b>b</b> If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application.</p>														
<p><b>16</b> Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response?</p>		✓												
<p><b>17</b> If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460, or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change.</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">1st preceding year ended mo</th> <th style="text-align: center;">yr</th> <th style="text-align: center;">2nd preceding year ended mo</th> <th style="text-align: center;">yr</th> <th style="text-align: center;">3rd preceding year ended mo</th> <th style="text-align: center;">yr</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">\$</td> <td></td> <td style="text-align: center;">\$</td> <td></td> <td style="text-align: center;">\$</td> <td></td> </tr> </tbody> </table>	1st preceding year ended mo	yr	2nd preceding year ended mo	yr	3rd preceding year ended mo	yr	\$		\$		\$			
1st preceding year ended mo	yr	2nd preceding year ended mo	yr	3rd preceding year ended mo	yr									
\$		\$		\$										

<b>Part III Information For Advance Consent Request</b>	Yes	No
<p><b>18</b> Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? . . . . .</p> <p>If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures.</p>		
<p><b>19</b> Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. Also, include either a discussion of the contrary authorities or a statement that no contrary authority exists.</p>		
<p><b>20</b> Attach a copy of all documents related to the proposed change (see instructions).</p>		
<p><b>21</b> Attach a statement of the applicant's reasons for the proposed change.</p>		
<p><b>22</b> If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? . . . . .</p> <p>If "No," attach an explanation.</p>		
<p><b>23a</b> Enter the amount of <b>user fee</b> attached to this application (see instructions). ▶ \$ _____</p>		
<p><b>b</b> If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).</p>		

<b>Part IV Section 481(a) Adjustment</b>	Yes	No
<p><b>24</b> Does the applicable revenue procedure, revenue ruling, notice, regulation, or other published guidance require the applicant to implement the requested change in method of accounting on a cut-off basis rather than a section 481(a) adjustment? . . . . .</p> <p>If "Yes," do not complete lines 25, 26, and 27 below.</p>		✓
<p><b>25</b> Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ▶ \$ <u>+479,652.19</u> Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant.</p>		

<b>Part IV Section 481(a) Adjustment (continued)</b>		Yes	No
26	If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change?		
27	Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? If "Yes," attach an explanation		✓

**Schedule A—Change in Overall Method of Accounting (If Schedule A applies, Part I below must be completed.)**

**Part I Change in Overall Method (see instructions)**

		Amount
1	Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g.	
a	Income accrued but not received (such as accounts receivable)	\$ 807,244.92
b	Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method	
c	Expenses accrued but not paid (such as accounts payable)	327,592.73
d	Prepaid expenses previously deducted	
e	Supplies on hand previously deducted and/or not previously reported	
f	Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II	
g	Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ▶	
h	<b>Net section 481(a) adjustment</b> (Combine lines 1a–1g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25.	\$ +479,652.19

- 2 Is the applicant also requesting the recurring item exception under section 461(h)(3)?  Yes  No
- 3 Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.

**Part II Change to the Cash Method For Advance Consent Request (see instructions)**

Applicants requesting a change to the cash method must attach the following information:

- 1 A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
- 2 An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.

**Schedule B—Change to the Deferral Method for Advance Payments (see instructions)**

- 1 If the applicant is requesting to change to the Deferral Method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information:
  - a A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.
  - b If the applicant is filing under the automatic change procedures of Rev. Proc. 2008-52, the information required by section 8.02(3)(a)-(c) of Rev. Proc. 2004-34.
  - c If the applicant is filing under the advance consent provisions of Rev. Proc. 97-27, the information required by section 8.03(2)(a)-(f) of Rev. Proc. 2004-34.
- 2 If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following.
  - a A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).
  - b A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3).
  - c A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii).
  - d A statement explaining whether the inventoriable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income.

**Schedule C—Changes Within the LIFO Inventory Method** (see instructions)**Part I General LIFO Information**

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all **Forms 970, Application To Use LIFO Inventory Method**, filed to adopt or expand the use of the LIFO method.

- 1 Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
  - a Valuing inventory (e.g., unit method or dollar-value method).
  - b Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
  - c Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
  - d Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method).
- 2 If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3 If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4 If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5 Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6 If changing to the IPIC method, attach a completed Form 970.

**Part II Change in Pooling Inventories**

- 1 If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2 If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
  - a A description of the types of products produced by the applicant. If possible, attach a brochure.
  - b A description of the types of processes and raw materials used to produce the products in each proposed pool.
  - c If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
  - d A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
  - e A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
  - f A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
  - g A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3 If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4 If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

Schedule D—Change in the Treatment of Long-Term Contracts Under Section 460, Inventories, or Other Section 263A Assets (see instructions)

Part I Change in Reporting Income From Long-Term Contracts (Also complete Part III on pages 7 and 8.)

- 1 To the extent not already provided, attach a description of the applicant's present and proposed methods for reporting income and expenses from long-term contracts. Also, attach a representative actual contract (without any deletion) for the requested change. If the applicant is a construction contractor, attach a detailed description of its construction activities.
2a Are the applicant's contracts long-term contracts as defined in section 460(f)(1) (see instructions)?
b If "Yes," do all the contracts qualify for the exception under section 460(e) (see instructions)?
c If line 2b is "Yes," is the applicant requesting to use the percentage-of-completion method using cost-to-cost under Regulations section 1.460-4(b)?
d If line 2c is "No," is the applicant requesting to use the exempt-contract percentage-of-completion method under Regulations section 1.460-4(c)(2)?
3a Does the applicant have long-term manufacturing contracts as defined in section 460(f)(2)?
b If "Yes," attach an explanation of the applicant's present and proposed method(s) of accounting for long-term manufacturing contracts.
c Attach a description of the applicant's manufacturing activities, including any required installation of manufactured goods.
4 To determine a contract's completion factor using the percentage-of-completion method.
a Will the applicant use the cost-to-cost method in Regulations section 1.460-4(b)?
b If line 4a is "No," is the applicant electing the simplified cost-to-cost method (see section 460(b)(3) and Regulations section 1.460-5(c))?
5 Attach a statement indicating whether any of the applicant's contracts are either cost-plus long-term contracts or Federal long-term contracts.

Part II Change in Valuing Inventories Including Cost Allocation Changes (Also complete Part III on pages 7 and 8.)

- 1 Attach a description of the inventory goods being changed.
2 Attach a description of the inventory goods (if any) NOT being changed.
3a Is the applicant subject to section 263A? If "No," go to line 4a
b Is the applicant's present inventory valuation method in compliance with section 263A (see instructions)? If "No," attach a detailed explanation.

4a Check the appropriate boxes below.

Identification methods.

- Specific identification
FIFO
LIFO
Other (attach explanation)

Valuation methods:

- Cost
Cost or market, whichever is lower
Retail cost
Retail, lower of cost or market
Other (attach explanation)

b Enter the value at the end of the tax year preceding the year of change

5 If the applicant is changing from the LIFO inventory method to a non-LIFO method, attach the following information (see instructions).

- a Copies of Form(s) 970 filed to adopt or expand the use of the method.
b Only for applicants requesting advance consent. A statement describing whether the applicant is changing to the method required by Regulations section 1.472-6(a) or (b), or whether the applicant is proposing a different method.
c Only for applicants requesting an automatic change. The statement required by section 22.01(5) of the Appendix of Rev. Proc 2008-52 (or its successor).

Table with 3 columns: Inventory Being Changed (Present method, Proposed method), Inventory Not Being Changed (Present method). Rows correspond to identification and valuation methods.

**Part III Method of Cost Allocation** (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions)).

**Section A—Allocation and Capitalization Methods**

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method)
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method)
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

**Section B—Direct and Indirect Costs Required To Be Allocated**

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

	Present method	Proposed method
1 Direct material		
2 Direct labor		
3 Indirect labor		
4 Officers' compensation (not including selling activities)		
5 Pension and other related costs		
6 Employee benefits		
7 Indirect materials and supplies		
8 Purchasing costs		
9 Handling, processing, assembly, and repackaging costs		
10 Offsite storage and warehousing costs		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle		
12 Depletion		
13 Rent		
14 Taxes other than state, local, and foreign income taxes		
15 Insurance		
16 Utilities		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity		
18 Engineering and design costs (not including section 174 research and experimental expenses)		
19 Rework labor, scrap, and spoilage		
20 Tools and equipment		
21 Quality control and inspection		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant		
23 Licensing and franchise costs		
24 Capitalizable service costs (including mixed service costs)		
25 Administrative costs (not including any costs of selling or any return on capital)		
26 Research and experimental expenses attributable to long-term contracts		
27 Interest		
28 Other costs (Attach a list of these costs.)		

**Part III Method of Cost Allocation** (see instructions) (continued)

**Section C—Other Costs Not Required To Be Allocated** (Complete Section C only if the applicant is requesting to change its method for these costs.)

	Present method	Proposed method
1 Marketing, selling, advertising, and distribution expenses . . . . .		
2 Research and experimental expenses not included in Section B, line 26 . . . . .		
3 Bidding expenses not included in Section B, line 22 . . . . .		
4 General and administrative costs not included in Section B . . . . .		
5 Income taxes . . . . .		
6 Cost of strikes . . . . .		
7 Warranty and product liability costs . . . . .		
8 Section 179 costs . . . . .		
9 On-site storage . . . . .		
10 Depreciation, amortization, and cost recovery allowance not included in Section B, line 11 . . . . .		
11 Other costs (Attach a list of these costs.) . . . . .		

**Schedule E—Change in Depreciation or Amortization** (see instructions)

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants **must** provide this information for each item or class of property for which a change is requested.

**Note.** See the **List of Automatic Accounting Method Changes** in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. **Do not** file Form 3115 with respect to certain late elections and election revocations (see instructions).

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)?  Yes  No  
If "Yes," the only changes permitted are under Regulations section 1.167(a)-11(c)(1)(iii)
- 2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)?  Yes  No  
If "Yes," enter the applicable section ▶ \_\_\_\_\_
- 3 Has a depreciation, amortization, or expense election been made for the property (e.g., the election under sections 168(f)(1), 179, or 179C)?  Yes  No  
If "Yes," state the election made ▶ \_\_\_\_\_
- 4a To the extent not already provided, attach a statement describing the property being changed. Include in the description the type of property, the year the property was placed in service, and the property's use in the applicant's trade or business or income-producing activity.
- b If the property is residential rental property, did the applicant live in the property before renting it?  Yes  No
- c Is the property public utility property?  Yes  No
- 5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method (e.g., depreciable property, inventory property, supplies under Regulations section 1.162-3, nondepreciable section 263(a) property, property deductible as a current expense, etc.).
- 6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.
- 7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
  - a The Code section under which the property is or will be depreciated or amortized (e.g., section 168(g)).
  - b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant
  - c The facts to support the asset class for the proposed method.
  - d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).
  - e The useful life, recovery period, or amortization period of the property.
  - f The applicable convention of the property.
  - g A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.

**The SPHERE Institute      FY 2012      EIN 91-1748201**

**The list of attachments and the statement of explanation for lines 1a, 1c, and 1h of Schedule A, part I, form 3115**

**Attachments:**

1. The balance sheet on the accrual basis, 12/31/2011
2. The balance sheet on the cash basis, 12/31/2011
3. The Profit&Loss Statement on the cash basis, 01/01/2011-12/31/2011.

The company operated on the cash basis in FY 2011 and is applying for the automatic change request of accounting methods to the overall accrual basis for FY 2012

**The statement of explanation for lines 1a, 1c, and 1h of Schedule A, part I, form 3115**

**Line 1a:**

Per balance sheet on the accrual basis on 12/31/2011 the company had Accounts Receivable in the amount of \$750,433.91 while being on the cash basis.

Per balance sheet on the cash basis on 12/31/2011 the company had Accounts Receivable in the amount of -\$56,811.01, a negative value, due to the carryover of an overpayment by \$56,811.01 in prior years. This is income not accounted for in the reportable income on the cash basis in FY 2011 and must be added to Accounts Receivable.

In rounding to the next dollar, Accounts Receivable on 12/31/2011 constituted \$807,244.92 (\$750,433.91 + \$56,811.01).

**Line 1c:**

Per balance sheet on the accrual basis on 12/31/2011 the company had Accounts Payable in the amount of \$299,208.38, of which \$222,041.96 were general Accounts Payable to vendors and \$77,166.42 were paid leave liabilities to employees to be paid out within the next payroll cycle.

Per balance sheet on the cash basis on 12/31/2011 the company had Accounts Payable in the amount of -\$28,384.35, a negative value, which constituted non-deducted expenses (not included into deductions from gross receipts and from taxable income), to be paid as payables, accrued due to the feature of the Quickbooks software that lists items rather than expenses and does not deduct some of these items. Per the combined balance sheet on the accrual and the cash basis, total Accounts Payable on 12/31/2011 constituted \$327,592.73 (\$299,208.38 + \$28,384.35).

**Line 1h:**

Net section 481(a) adjustment combines Accounts Receivables in the amount of \$807,244.92 minus Accounts Payable in the amount of \$327,592.73 and constituted +\$479,652.19.

The company has opted to list +\$479,652.19 as other income and add it to reportable income in one year instead of four, in FY 2012.

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 03/14/13  
 Accrual Basis

The SPHERE Institute  
**Balance Sheet**  
 As of December 31, 2011

	<u>Dec 31, 11</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1010 · Checking Wells Fargo Bank	88,294 15
1020 · Premium Mrkt Wells Fargo	229,754 02
1030 · Home Office	5,000.00
1040 · Conexis Health Wells Fargo	500 00
1060 · Acumen Net Retainer Balance	356,311.28
1090 · Cash Drawers	
SPHERE	-22.82
Thomas MaCurdy	-18 92
<b>Total 1090 · Cash Drawers</b>	<u>-41 74</u>
<b>Total Checking/Savings</b>	679,817.71
<b>Accounts Receivable</b>	
1200 · Accounts Receivable	750,433 91
<b>Total Accounts Receivable</b>	<u>750,433 91</u>
<b>Total Current Assets</b>	1,430,251 62
<b>Fixed Assets</b>	
<b>1500 · Fixed Assets</b>	
<b>Furniture &amp; Office Fixtures</b>	
Original Cost	3,247 39
Depreciation	-3,247 39
<b>Total Furniture &amp; Office Fixtures</b>	<u>0 00</u>
<b>Computer Components</b>	
Original cost	12,380 72
Depreciation	-12,380.72
<b>Total Computer Components</b>	<u>0 00</u>
<b>Telephone</b>	
Original Cost	4,270.46
Depreciation	-4,270 46
<b>Total Telephone</b>	<u>0 00</u>
<b>Total 1500 · Fixed Assets</b>	<u>0 00</u>
<b>Total Fixed Assets</b>	0 00
<b>Other Assets</b>	
1700 · Security Deposit	18,103 50
<b>Total Other Assets</b>	<u>18,103.50</u>
<b>TOTAL ASSETS</b>	<u><u>1,448,355.12</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2000 · Accounts Payable	222,041 96
2100 · Paid Leave Liability	77,166 42
<b>Total Accounts Payable</b>	<u>299,208 38</u>
<b>Credit Cards</b>	
2200 · VISA Bank	403.14
<b>Total Credit Cards</b>	<u>403 14</u>

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03/14/13  
Accrual Basis

The SPHERE Institute  
**Balance Sheet**  
As of December 31, 2011

	<u>Dec 31, 11</u>
<b>Other Current Liabilities</b>	
2300 · Payroll Liabilities	19,379 45
<b>Total Other Current Liabilities</b>	<u>19,379 45</u>
<b>Total Current Liabilities</b>	<u>318,990 97</u>
<b>Total Liabilities</b>	318,990 97
<b>Equity</b>	
1190 · Retained Earnings (Retained Earnings)	1,313,724.29
3000 · Opening Bal Equity	-352.86
Net Income	<u>-184,007 28</u>
<b>Total Equity</b>	<u>1,129,364.15</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>1,448,355.12</u></u>

5:19 PM  
 03/14/13  
 Cash Basis

The SPHERE Institute  
**Balance Sheet**  
 As of December 31, 2011

	<u>Dec 31, 11</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
1010 · Checking Wells Fargo Bank	88,294.15
1020 · Premium Mrkt Wells Fargo	229,754.02
1030 · Home Office	5,000.00
1040 · Conexis Health Wells Fargo	500.00
1060 · Acumen Net Retainer Balance	356,311.28
1090 · Cash Drawers	
SPHERE	-22.82
Thomas MaCurdy	-18.92
<b>Total 1090 · Cash Drawers</b>	<u>-41.74</u>
<b>Total Checking/Savings</b>	679,817.71
<b>Accounts Receivable</b>	
1200 · Accounts Receivable	-56,811.01
<b>Total Accounts Receivable</b>	<u>-56,811.01</u>
<b>Total Current Assets</b>	623,006.70
<b>Fixed Assets</b>	
<b>1500 · Fixed Assets</b>	
<b>Furniture &amp; Office Fixtures</b>	
Original Cost	3,247.39
Depreciation	-3,247.39
<b>Total Furniture &amp; Office Fixtures</b>	<u>0.00</u>
<b>Computer Components</b>	
Original cost	12,380.72
Depreciation	-12,380.72
<b>Total Computer Components</b>	<u>0.00</u>
<b>Telephone</b>	
Original Cost	4,270.46
Depreciation	-4,270.46
<b>Total Telephone</b>	<u>0.00</u>
<b>Total 1500 · Fixed Assets</b>	<u>0.00</u>
<b>Total Fixed Assets</b>	0.00
<b>Other Assets</b>	
1700 · Security Deposit	18,103.50
<b>Total Other Assets</b>	<u>18,103.50</u>
<b>TOTAL ASSETS</b>	<u><u>641,110.20</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
2000 · Accounts Payable	-28,384.35
<b>Total Accounts Payable</b>	<u>-28,384.35</u>
<b>Credit Cards</b>	
2200 · VISA Bank	403.14
<b>Total Credit Cards</b>	<u>403.14</u>

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Cash Basis

The SPHERE Institute  
**Balance Sheet**  
As of December 31, 2011

	<u>Dec 31, 11</u>
<b>Other Current Liabilities</b>	
2300 · Payroll Liabilities	19,379.45
<b>Total Other Current Liabilities</b>	<u>19,379.45</u>
<b>Total Current Liabilities</b>	<u>-8,601.76</u>
<b>Total Liabilities</b>	-8,601.76
<b>Equity</b>	
1190 · Retained Earnings (Retained Earnings)	495,540.98
3000 · Opening Bal Equity	-352.86
Net Income	<u>154,523.84</u>
<b>Total Equity</b>	<u>649,711.96</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>641,110.20</u></u>

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 Cash Basis

The SPHERE Institute  
**Profit & Loss**  
 January through December 2011

	<u>Jan - Dec 11</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4000 · Program Service Revenue	1,904,163 44
4100 · Cost Recovery Income (CRI)	
4110 · CRI - Fringe Benefits	405,001 17
4120 · CRI - Indirect Costs	705,780 66
4130 · CRI - Direct Expense	
CRI - Postage and Delivery	186 59
CRI - Printing & Reproduction	5,913.61
CRI - Travel & Ent	
CRI - Conference Costs	625.00
CRI - Travel	
CRI - Per Diem	152 50
CRI - Lodging	1,288 36
CRI - Ground transportation	1,697.77
CRI - Air travel	4,445.20
Total CRI - Travel	7,583 83
CRI - Meals	991 25
Total CRI - Travel & Ent	9,200 08
CRI - Computer Services	
CRI - Network	31.52
Total CRI - Computer Services	31 52
CRI - Office Supplies & Equip	
CRI - Regular supplies	1,901.31
Total CRI - Office Supplies & Equip	1,901.31
CRI - Professional Services	
CRI - Acumen Services	305,332.65
CRI - Web design	1,400.00
CRI - Consulting Services	25,737.50
Total CRI - Professional Services	332,470 15
CRI - Project Tasks/Activities	
CRI - Data collection	219 95
CRI - Outside Services	226,363 67
CRI - Supplies & equip	79 95
CRI - Conference Hosting	5,998 45
Total CRI - Project Tasks/Activities	232,662 02
Total 4130 · CRI - Direct Expense	582,365 28
Total 4100 · Cost Recovery Income (CRI)	1,693,147 11
4260 · Miscellaneous Income (Miscellaneous Income)	
Refunds (Health Insu, postal, WorkComp)	
Tax refund	1,829.38
Total Refunds (Health Insu, postal, WorkComp)	1,829 38
Total 4260 · Miscellaneous Income (Miscellaneous Income)	1,829.38
4270 · Interest on bank balances	428.74
4900 · Uncategorized Income	10 47
<b>Total Income</b>	<b>3,599,579.14</b>
<b>Expense</b>	
5500 · 1099 Contractors (Sub-contractors)	
Seago, Jean Ann	8,500 00
Total 5500 · 1099 Contractors (Sub-contractors)	8,500 00
6160 · Dues and Subscriptions (Dues and Subscriptions)	
6162 · Membership Fees	415 00
Total 6160 · Dues and Subscriptions (Dues and Subscriptions)	415.00

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Cash Basis

The SPHERE Institute  
Profit & Loss  
January through December 2011

	Jan - Dec 11
<b>6210 · Financial Adjustments/Services</b>	
6215 · Bank Service Charges (Bank Service Charges)	809 38
6210 · Financial Adjustments/Services - Other	47.41
<b>Total 6210 · Financial Adjustments/Services</b>	856 79
<b>6250 · Insurance (Insurance)</b>	
6252 · Professional Liability Insuranc	2,003 00
<b>Total 6250 · Insurance (Insurance)</b>	2,003.00
<b>6310 · Health &amp; Welfare</b>	89.00
<b>6320 · Postage and Delivery (Postage and Delivery)</b>	398.58
<b>6330 · Printing and Reproduction (Printing and Reproduction)</b>	8,018 15
<b>6340 · Telephone (Telephone Service Charges)</b>	465 11
<b>6350 · Travel &amp; Entertainment</b>	
6360 · Entertainment (Entertainment)	108.00
6370 · Meals (Meals)	818 24
6380 · Travel	
6381 Air Travel	3,091 00
6382 · Ground transportation	1,706 23
6383 · Lodging	1,368.67
6385 · Relocation	2,780 07
6386 · Per Diem	330 00
<b>Total 6380 · Travel</b>	9,275.97
<b>Total 6350 · Travel &amp; Entertainment</b>	10,202 21
<b>6400 · Facility Costs</b>	
6430 · Rent (Rent)	
6432 · Office space	333,270 88
<b>Total 6430 · Rent (Rent)</b>	333,270.88
6460 · Repairs and Maintenance (Repairs and Maintenance)	
6463 · Janitorial Expense	2,375 00
6465 · Building Repairs (Building Repairs)	9,964 09
<b>Total 6460 · Repairs and Maintenance (Repairs and Maintenance)</b>	12,339 09
<b>Total 6400 · Facility Costs</b>	345,609 97
<b>6510 · Computer Services</b>	
6511 · Computer equipment	78 78
6514 · Network	11 52
6516 · Software	6,357.41
<b>Total 6510 · Computer Services</b>	6,447.71
<b>6550 · Office Supplies (Office Supplies)</b>	
6557 · Reference Materials	615 12
6558 · Regular Supplies	31,362.37
<b>Total 6550 · Office Supplies (Office Supplies)</b>	31,977 49
<b>6600 · Payroll Expenses</b>	
6610 Labor Allocation	1,919,094 87
6620 · Fringe Expenses	412,169 52
6630 · Unallocated Salary	-3.55
6640 · Unallocated Fringe	0 00
6650 · Paid Leave	
6655 · Payouts	10,107 55
<b>Total 6650 · Paid Leave</b>	10,107 55
6660 · Misc Payroll Transactions	0.00
<b>Total 6600 · Payroll Expenses</b>	2,341,368 39

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Cash Basis

The SPHERE Institute  
**Profit & Loss**  
January through December 2011

	Jan - Dec 11
<b>6710 · Professional Services (Professional Fees)</b>	
6724 · Employee Development	298.85
6722 · Purchased Labor	8,838.29
6723 · Benefit Administration	1,447.98
6711 · Accounting Services	11,943.90
6712 · Legal Services (Legal Fees)	6,751.00
6714 · Employment services	2,008.50
6715 · Consulting Services	1,937.50
6717 · Web design	1,400.00
6720 · Acumen Services	444,646.73
<b>Total 6710 · Professional Services (Professional Fees)</b>	<b>479,272.75</b>
<b>6750 · Project Tasks/Activities</b>	
6751 · Conference Hosting	4,065.51
6753 · Data collection	200.00
6760 · Subcontracts	205,165.64
<b>Total 6750 · Project Tasks/Activities</b>	<b>209,431.15</b>
<b>Total Expense</b>	<b>3,445,055.30</b>
<b>Net Ordinary Income</b>	<b>154,523.84</b>
<b>Net Income</b>	<b>154,523.84</b>