

**THE LITERACY ALLIANCE, INC.**

**FORT WAYNE, INDIANA**

**Financial Statements**

**as of August 31, 2013 and 2012**

## CONTENTS

	<b>Page</b>
<b>FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT</b>	
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities and Net Assets	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-12

**LEONARD J. ANDORFER & CO., LLP**  
Certified Public Accountants

---

Park Lake Medical Building  
2410 Lake Avenue - P.O. Box 5486 - Fort Wayne, Indiana 46895-5486  
260-423-9405

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
The Literacy Alliance, Inc.  
Fort Wayne, Indiana

We have audited the accompanying financial statements of The Literacy Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2013 and 2012, and the related statements of activities and net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Literacy Alliance, Inc. as of August 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Leonard J. Andorfer & Co., LLP*

LEONARD J. ANDORFER & CO., LLP  
Fort Wayne, Indiana  
Certified Public Accountants

October 29, 2013

**THE LITERACY ALLIANCE, INC.**

**Statements of Financial Position**

<b>ASSETS</b>	<u>August 31 2013</u>	<u>August 31 2012</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 210,488	\$ 168,008
Grant receivable	9,494	1,883
Prepaid expenses	1,323	6,538
Accrued interest receivable	<u>353</u>	<u>750</u>
Total Current Assets	221,658	177,179
<b>INVESTMENT - COMMUNITY FOUNDATION OF GREATER FORT WAYNE</b>		
	52,603	46,877
<b>PROPERTY AND EQUIPMENT</b>		
Equipment	154,241	119,951
Less accumulated depreciation	( <u>91,425</u> )	( <u>70,564</u> )
Total Property and Equipment (Net)	<u>62,816</u>	<u>49,387</u>
<b>TOTAL ASSETS</b>	<u>\$ 337,077</u>	<u>\$ 273,443</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 3,509	\$ 1,452
<b>NET ASSETS</b>		
Unrestricted	207,420	165,975
Temporarily restricted	126,148	106,016
Permanently restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>333,568</u>	<u>271,991</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 337,077</u>	<u>\$ 273,443</u>

The Notes to Financial Statements  
are an integral part of the statements.

**THE LITERACY ALLIANCE, INC.**

**Statements of Activities and Net Assets**

	Year Ended August 31	
	2013	2012
<b>UNRESTRICTED NET ASSETS</b>		
<b>Support</b>		
Government grants	\$ 78,680	\$ 66,324
Foundation grants	244,904	231,656
Business contributions	9,683	7,471
Individual contributions	36,638	22,941
Fund raising	1,250	1,273
United Way	45,000	53,333
In-kind support	11,820	11,820
Miscellaneous income	5,412	7,932
<b>Revenue</b>		
Investment income	7,367	2,603
Unrealized investment loss	( 1,229 )	( 2,610 )
<b>Net assets released from restrictions</b>		
Restrictions satisfied by payments	110,133	78,379
Total Unrestricted Support, Revenue and Net Assets Released from Restrictions	549,658	481,122
 <b>EXPENSES</b>		
<b>Program services</b>		
Family literacy	118,945	110,686
Adult instruction	282,169	262,313
<b>Supporting services</b>		
Management and general	53,728	63,190
Fund raising	53,372	66,770
Total Expenses	508,214	502,959
 <b>CHANGE IN UNRESTRICTED NET ASSETS</b>	41,444	( 21,837 )
 <b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Support for program services	130,265	109,850
Net assets released from restrictions		
Restrictions satisfied by payments	( 110,133 )	( 78,379 )
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	20,132	31,471
 <b>CHANGE IN NET ASSETS</b>	61,576	9,634
 <b>NET ASSETS - BEGINNING OF YEAR</b>	271,992	262,357
 <b>NET ASSETS - END OF YEAR</b>	\$ 333,568	\$ 271,991

The Notes to Financial Statements  
are an integral part of the statements.

**THE LITERACY ALLIANCE, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2013**  
**(With Comparative Totals for the Year Ended August 31, 2012)**

	<u>Program Services</u>		<u>Supporting Services</u>		2013	2012
	<u>Family Literacy</u>	<u>Adult Instruction</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
Salaries	\$ 30,659	\$ 174,923	\$ 34,833	\$ 26,680	\$ 267,095	\$ 277,193
Payroll taxes	2,412	13,819	2,692	2,076	20,999	21,843
Staff development	7,565	4,736	353	337	12,991	679
Medical insurance	1,205	5,333	1,482	766	8,786	20,930
Total Employee Expenses	<u>41,841</u>	<u>198,811</u>	<u>39,360</u>	<u>29,859</u>	<u>309,871</u>	<u>320,645</u>
Instruction	27,582				27,582	22,097
Resource material	158	10,094			10,252	3,876
Advertising and promotion	735	2,252		872	3,859	185
Professional services	3,505	13,896	4,023	2,145	23,569	22,207
Supplies	2,191	1,838	1,010	1,854	6,893	9,283
Telephone	513	1,572	820	513	3,418	3,412
Postage and shipping			34	3,190	3,224	3,746
Insurance	722	1,272	722	722	3,438	2,595
Occupancy	11,946	28,884	2,661	2,660	46,151	46,298
Equipment rental and maintenance	1,575	7,221	1,050	1,050	10,896	9,762
Travel	72	89		37	198	-
Printing and publications	593	1,147	129	6,430	8,299	10,294
Dues and subscriptions	252	1,343	262	252	2,109	1,258
Student expense	6,304	2,554			8,858	8,813
Child care	14,915				14,915	19,367
Special events	1,823	288	35	1,675	3,821	5,888
Total Before Depreciation	<u>114,727</u>	<u>271,261</u>	<u>50,106</u>	<u>51,259</u>	<u>487,353</u>	<u>489,726</u>
Depreciation of equipment	<u>4,218</u>	<u>10,908</u>	<u>3,622</u>	<u>2,113</u>	<u>20,861</u>	<u>13,233</u>
Total Expenses	<u>\$ 118,945</u>	<u>\$ 282,169</u>	<u>\$ 53,728</u>	<u>\$ 53,372</u>	<u>\$ 508,214</u>	<u>\$ 502,959</u>

The Notes to Financial Statements  
are an integral part of the statements.

**THE LITERACY ALLIANCE, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2012**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Family Literacy</u>	<u>Adult Instruction</u>	<u>Management and General</u>	<u>Fund Raising</u>	
Salaries	\$ 34,019	\$ 165,540	\$ 43,513	\$ 34,121	\$ 277,193
Payroll taxes	2,596	13,290	3,324	2,633	21,843
Staff development		630	49		679
Medical insurance	2,967	11,726	4,154	2,083	20,930
Total Employee Expenses	<u>39,582</u>	<u>191,186</u>	<u>51,040</u>	<u>38,837</u>	<u>320,645</u>
Instruction	22,090	7			22,097
Resource material	1,163	2,713			3,876
Advertising and promotion	22			163	185
Professional services	3,200	13,908	3,006	2,093	22,207
Supplies	2,482	3,119	979	2,703	9,283
Telephone	540	1,510	822	540	3,412
Postage and shipping	782	784	391	1,789	3,746
Insurance	545	960	545	545	2,595
Occupancy	11,976	28,972	2,675	2,675	46,298
Equipment rental and maintenance	1,464	6,346	976	976	9,762
Travel					-
Printing and publications	412	412	93	9,377	10,294
Dues and subscriptions	174	656	204	224	1,258
Student expense	5,080	3,733			8,813
Child care	19,367				19,367
Special events	945	259		4,684	5,888
Total Before Depreciation	<u>109,824</u>	<u>254,565</u>	<u>60,731</u>	<u>64,606</u>	<u>489,726</u>
Depreciation of equipment	<u>862</u>	<u>7,748</u>	<u>2,459</u>	<u>2,164</u>	<u>13,233</u>
Total Expenses	<u>\$ 110,686</u>	<u>\$ 262,313</u>	<u>\$ 63,190</u>	<u>\$ 66,770</u>	<u>\$ 502,959</u>

The Notes to Financial Statements  
are an integral part of the statements.

**THE LITERACY ALLIANCE, INC.**

**Statements of Cash Flows**

	Year Ended August 31	
	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 61,576	\$ 9,634
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities</b>		
Depreciation	20,861	13,257
Unrealized investment loss	1,229	2,610
Decrease (increase) in grants receivable	( 7,611 )	13,870
Decrease (increase) in prepaid expenses	5,215	( 5,718 )
Decrease (increase) in accrued interest receivable	397	( 750 )
Increase (decrease) in accounts payable and accrued expenses	<u>2,058</u>	<u>( 2,310 )</u>
Net Cash Provided by Operating Activities	83,725	30,593
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Equipment acquisitions	( 34,290 )	( 9,372 )
Investment withdrawal	-	1,741
Increase in investments	<u>( 6,955 )</u>	<u>( 1,743 )</u>
Net Cash Used for Investing Activities	( 41,245 )	( 9,374 )
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	42,480	21,219
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>168,008</u>	<u>146,789</u>
<b>CASH AND CASH EQUIVALENTS- END OF YEAR</b>	<u>\$ 210,488</u>	<u>\$ 168,008</u>

The Notes to Financial Statements  
are an integral part of the statements.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies

**Nature of Activities** – The Literacy Alliance’s mission is “to end illiteracy by teaching adults through Learning Centers, literacy programs and tutoring services that empower individuals to succeed at work, at home and in the community.” In support of its mission, the organization provides instruction for adults through community-based GED learning centers, pre-GED classes held in internet-connected computer labs, small groups working on pre-reading skills, and English as a New Language class. The organization is a collaborator in a Family Literacy project that provides GED and English as a New Language instruction. Volunteers are an essential part of the instruction team in all program areas. The Literacy Alliance also places a family library in each new Habitat for Humanity home at the time of dedication.

**Basis of Presentation** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of The Literacy Alliance, Inc. and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of The Literacy Alliance, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net unrestricted assets if the restriction expires or is met in the reported period in which the support is recognized.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by The Literacy Alliance, Inc. Generally, the donors of these assets permit The Literacy Alliance, Inc. to use all or part of the income earned on any related investments for general or specific purposes. The Board of The Literacy Alliance, Inc. elected to direct endowment funds to the Community Foundation of Greater Fort Wayne (See Note 8).

**Financial Statement Presentation** - The organization has adopted FASB ASC 958-210-45-8. Under FASB ASC 958-210-45-8, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the organization is required to present a statement of cash flows.

**Promises to Give** - Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years’ experience and management’s analysis of specific promises made.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

**Contributions** - The organization has adopted FASB ASC 958-605-05. In accordance with FASB ASC 958-605-05, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

**Contributed Services and Gifts in Kind** - During the years ended August 31, 2013 and 2012, the value of contributed services meeting the requirements for recognition in the financial statements in accordance with FASB ASC 958-605-05 was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the organization's program services. The organization receives more than 3,400 volunteer hours per year.

The organization also receives the use of facilities used in its programs. The value of the donated facilities amounted to \$11,820 for each of the years ended August 31, 2013 and 2012.

**Cash and Cash Equivalents** - For purposes of the statements of cash flows, the organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Property and Equipment** - Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Equipment is depreciated using the straight-line method over a period of three to seven years.

**Functional Expenses** - The Literacy Alliance, Inc. allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

**Income Taxes** - The Literacy Alliance, Inc. is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for the 50% charitable contribution limitation. The organization has adopted FASB ASC 740-10-25 and determined no material unrecognized tax benefits or liabilities exist as of August 31, 2013. The adoption of FASB ASC 740-10-25 did not impact the organization's financial position or results of operations. If applicable, the organization will recognize interest and penalties related to underpayment of income taxes as income tax expense. As of August 31, 2013, the organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The organization does not anticipate any significant changes to unrecognized income tax benefits over the next year. The organization is generally no longer subject to examination by federal and state agencies for years ended before August 31, 2010.

**Advertising Costs** - Advertising and promotional programs are charged to expense during the period in which they are incurred.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

**Compensated Absences** - The organization's employee base is made up of full-time and part-time employees. No liability for compensated absences has been recorded in the financial statements. Any liability that may exist is deemed immaterial.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### NOTE 2 - Grant Receivable

The Literacy Alliance, Inc. incurs expenses and then submits requests for reimbursement by third-party grantors. The reimbursement requests are reviewed by the grantor, taking into consideration the purpose of the expenditures, the amount of the original grant and the provisions set forth. Grants receivable under these terms amounted to \$9,494 and \$1,883 as of August 31, 2013 and 2012, respectively.

### NOTE 3 - Off-Balance Sheet Risk

The organization maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. The organization had deposits in excess of the federally insured limits at various times throughout the year. However, at August 31, 2013 and 2012, the organization had no uninsured cash balances.

### NOTE 4 - Concentrations

An operating grant and a grant restricted for use in the Family Literacy Program from a single donor amounted to \$200,000 and \$190,380 for the years ended August 31, 2013 and 2012, respectively. This amounted to 36.4% and 39.6% of total support and revenue for the years ended August 31, 2013 and 2012, respectively.

### NOTE 5 - Line of Credit

The organization has obtained a short-term line of credit from Star Financial Bank in the amount of \$75,000. The note calls for interest at a rate of prime plus .75%, is secured by substantially all of the organization's assets and is due on January 1, 2014. There was no balance due on this line of credit as of August 31, 2013 or 2012.

### NOTE 6 - Leases

The organization leases office space at a rate of \$2,045 per month on a fixed term lease that expires March 1, 2016. Future minimum lease payments under the terms of the lease are as follows:

Year	Amount
August 31, 2014	\$ 24,541
August 31, 2015	24,541
August 31, 2016	12,270

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 7 - Restrictions on Assets

Temporarily restricted net assets result from non-reimbursement type grants in which the specifically stated grant terms do not coincide with the organization's fiscal year.

A reconciliation of temporarily restricted net assets follows:

	Balance 8/31/2012	Additions	Reductions	Balance 8/31/2013
Community Foundation of Greater Ft. Wayne - operations	\$ 19,091	\$ 30,000	\$ 30,000	\$ 19,091
Old National Bank - Equipment Grant	1,595		571	1,024
Fort Wayne Community Schools - Equipment Grant	15,000		3,333	11,667
Lincoln Foundation - Family Literacy	2,686	34,000	31,559	5,127
Foellinger Foundation - Capital Grant	32,303	33,470	16,595	49,178
Foellinger Foundation - Inspire Grant	15,000	10,000	2,862	22,138
Dollar General Foundation	-	12,000	5,333	6,667
Rally to Read	1,441	795	980	1,256
McMillen Foundation - Equipment Grant	3,900		3,900	-
C & E Schust Foundation - Family Literacy	10,000		10,000	-
Hayner Foundation - Childcare Grant	5,000		5,000	-
Staehe Fund - Operating Grant		10,000		10,000
	<u>\$ 106,016</u>	<u>\$ 130,265</u>	<u>\$ 110,133</u>	<u>\$ 126,148</u>

### NOTE 8 - Investment - Community Foundation of Greater Fort Wayne

During the fiscal year ended August 31, 2006, the Board of Directors made a contribution of \$50,000 to the Community Foundation of Greater Fort Wayne. The Foundation has final discretion on the investment and reinvestment of the assets which are held in a pooled fund. Proportional investment earnings less customary and usual fees will either be distributed to The Literacy Alliance, Inc. or added to the fund principal according to the terms of the agreement. As of June 30, 2013 and 2012, the balance in the Foundation amounted to \$52,603 and \$46,877, respectively.

Additionally, the Community Foundation of Greater Fort Wayne holds investment assets with a value of \$19,425 and \$17,115 as of June 30, 2013, and 2012, respectively, for the benefit of the Organization for which they have retained variance power. These investments are not recorded as assets of the Organization.

Net investment income includes interest on deposit accounts and consisted of the following:

	Year ended August 31	
	2013	2012
Interest income	\$ 1,904	\$ 2,403
Realized gains	5,677	411
Unrealized losses	( 1,229 )	( 2,610 )
Investment management fees	( 214 )	( 211 )
Total	<u>\$ 6,138</u>	<u>( \$ 7 )</u>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 9 – Retirement Plan

The organization has adopted an Internal Revenue Code 403(b) retirement savings plan for substantially all employees. All contributions to the plan are made by the employees through salary deferrals. The plan does not provide for contributions from The Literacy Alliance.

### NOTE 10 – Fair Value of Financial Instruments

FASB ASC 820-10-50-1 requires certain disclosures regarding the fair value of financial instruments. Financial instruments held by The Literacy Alliance, Inc. impacted by this pronouncement include the investments held at market value.

FASB ASC 820-10-50-1 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of input described below:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fair value of financial instruments as of August 31, 2013 is as follows:

	Quoted market prices for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Community Foundation of Greater Fort Wayne	\$	\$	\$ 52,603

Fair value of financial instruments as of August 31, 2012 is as follows:

	Quoted market prices for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Community Foundation of Greater Fort Wayne	\$	\$	\$ 46,877

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 10 – Fair Value of Financial Instruments (Continued)

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended August 31, 2013 and 2012:

	2013	2012
	Unobservable <u>Inputs (Level 3)</u>	Unobservable <u>Inputs (Level 3)</u>
Beginning Balance - September 1, 2012	\$ 46,877	\$ 49,485
Total gains or losses (realized/unrealized) included in earnings:		
Interest and dividend income on securities	1,492	1,543
Unrealized losses	( 1,229 )	( 2,610 )
Realized gain on sale of securities	5,677	411
Investment fees	( 214 )	( 211 )
Transfers out	-	( 1,741 )
Ending Balance - August 31, 2013	<u>\$ 52,603</u>	<u>\$ 46,877</u>

### NOTE 11 – Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 29, 2013, the date the financial statements were available to be issued.