

FINANCIAL STATEMENTS

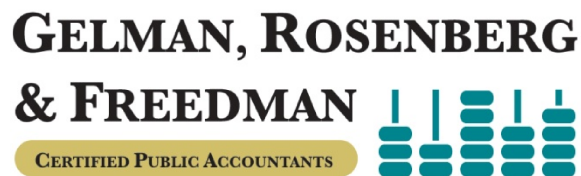


**FOR THE YEAR ENDED DECEMBER 31, 2013
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2012**

BUILDON, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
buildOn, Inc.
Stamford, Connecticut

We have audited the accompanying financial statements of buildOn, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 from 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 Organization as of December 31, 2013, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited the Organization's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 10, 2013. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2012, is consistent in all material respects with the audited financial statements from which it has been derived.

Gelman Rosenberg & Freedman

August 26, 2014

BUILDON, INC.

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012**

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,284,893	\$ 1,593,877
Investments (Notes 2, 5 and 6)	5,158,939	4,395,965
Contributions receivable, net of allowance of \$64,655 in 2013 and \$131,285 in 2012	1,621,223	1,421,723
Prepaid expenses	91,295	59,938
Other current assets	<u>51,966</u>	<u>43,336</u>
Total current assets	<u>8,208,316</u>	<u>7,514,839</u>
PROPERTY AND EQUIPMENT		
Computers and related equipment	110,180	101,750
Vehicles	258,651	275,818
Other	<u>2,872</u>	<u>2,872</u>
	371,703	380,440
Less: Accumulated depreciation and amortization	<u>(215,345)</u>	<u>(183,784)</u>
Net property and equipment	<u>156,358</u>	<u>196,656</u>
TOTAL ASSETS	<u>\$ 8,364,674</u>	<u>\$ 7,711,495</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ <u>280,967</u>	\$ <u>496,185</u>
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NET ASSETS

Unrestricted (Note 6)	4,813,664	4,730,014
Temporarily restricted (Note 3)	<u>3,270,043</u>	<u>2,485,296</u>
Total net assets	<u>8,083,707</u>	<u>7,215,310</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,364,674</u>	<u>\$ 7,711,495</u>

BUILDON, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012**

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Foundations and corporations	\$ 608,819	\$ 3,002,052	\$ 3,610,871	\$ 2,928,463
Individuals	1,230,067	3,376,268	4,606,335	3,501,475
Government grants	223,198	123,465	346,663	375,775
Special events, net of direct donor benefits of \$513,940 in 2013 and \$518,561 in 2012	1,422,237	77,726	1,499,963	1,542,015
In-kind contributions	1,355,378	-	1,355,378	972,838
Interest	11,534	-	11,534	6,295
Merchandise sales	-	11,753	11,753	-
Net assets released from donor restrictions (Note 3)	<u>5,806,517</u>	<u>(5,806,517)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>10,657,750</u>	<u>784,747</u>	<u>11,442,497</u>	<u>9,326,861</u>
EXPENSES				
Program services:				
International Building Schools, including donated goods and services of \$772,240 in 2013 and \$572,105 in 2012	4,414,994	-	4,414,994	3,576,798
U.S. After-School, including donated goods and services of \$430,788 in 2013 and \$263,008 in 2012	4,929,025	-	4,929,025	4,210,107
International Adult Literacy	<u>70,757</u>	<u>-</u>	<u>70,757</u>	<u>55,716</u>
Total program services	<u>9,414,776</u>	<u>-</u>	<u>9,414,776</u>	<u>7,842,621</u>
Supporting services:				
Management and General, including donated goods and services of \$91,695 in 2013 and \$83,478 in 2012	469,153	-	469,153	360,967
Fundraising, including donated goods and services of \$60,655 in 2013 and \$54,247 in 2012	<u>1,263,682</u>	<u>-</u>	<u>1,263,682</u>	<u>881,888</u>
Total supporting services	<u>1,732,835</u>	<u>-</u>	<u>1,732,835</u>	<u>1,242,855</u>
Total expenses	<u>11,147,611</u>	<u>-</u>	<u>11,147,611</u>	<u>9,085,476</u>
Change in net assets before other items	<u>(489,861)</u>	<u>784,747</u>	<u>294,886</u>	<u>241,385</u>
OTHER ITEMS				
Dividends	75,948	-	75,948	138,624
Realized gain on sales of investments	103,864	-	103,864	1,629
Unrealized gain on investments	583,162	-	583,162	390,914
Net foreign exchange gain (loss)	8,338	-	8,338	(1,938)
Bad debts	<u>(197,801)</u>	<u>-</u>	<u>(197,801)</u>	<u>(156,441)</u>
Total other items	<u>573,511</u>	<u>-</u>	<u>573,511</u>	<u>372,788</u>
Change in net assets	83,650	784,747	868,397	614,173
Net assets at beginning of year	<u>4,730,014</u>	<u>2,485,296</u>	<u>7,215,310</u>	<u>6,601,137</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,813,664</u>	<u>\$ 3,270,043</u>	<u>\$ 8,083,707</u>	<u>\$ 7,215,310</u>

See accompanying notes to financial statements.

BUILDON, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012**

	2013						2012		
	Program Services			Supporting Services			Total Expenses	Total Expenses	
	International Building Schools	U.S. After- School	International Adult Literacy	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries and wages	\$ 1,172,915	\$ 2,865,222	\$ -	\$ 4,038,137	\$ 174,907	\$ 692,107	\$ 867,014	\$ 4,905,151	\$ 4,120,800
Payroll taxes and benefits	201,973	802,660	-	1,004,633	34,312	124,798	159,110	1,163,743	928,174
Total salaries and benefits	1,374,888	3,667,882	-	5,042,770	209,219	816,905	1,026,124	6,068,894	5,048,974
Construction	1,416,198	-	-	1,416,198	-	-	-	1,416,198	1,280,453
Contractor fees	619,538	92,460	-	711,998	343	35,327	35,670	747,668	610,031
Professional fees	3,550	-	-	3,550	112,484	70	112,554	116,104	94,813
Occupancy	128,051	305,130	19	433,200	17,961	60,799	78,760	511,960	449,573
Conference and meetings	13,761	18,009	20,747	52,517	5,870	24,575	30,445	82,962	252,965
Travel	700,543	535,497	12,182	1,248,222	698	68,072	68,770	1,316,992	870,743
Insurance	11,873	58,918	-	70,791	60,300	-	60,300	131,091	86,110
Postage	2,624	2,774	-	5,398	5,197	19,921	25,118	30,516	17,909
Printing and publications	3,573	2,284	170	6,027	110	36,714	36,824	42,851	37,623
Repairs and maintenance	42,721	2,229	650	45,600	837	3,316	4,153	49,753	43,317
Supplies	13,316	192,308	12,186	217,810	3,899	24,615	28,514	246,324	21,563
Telephone and communications	27,707	28,709	1,409	57,825	400	1,890	2,290	60,115	44,792
Stipends	-	7,800	22,792	30,592	-	3,000	3,000	33,592	19,257
Depreciation	41,959	-	-	41,959	17,531	8,065	25,596	67,555	73,881
Miscellaneous	14,692	15,025	602	30,319	34,304	160,413	194,717	225,036	133,472
Total expenses	4,414,994	4,929,025	70,757	9,414,776	469,153	1,263,682	1,732,835	11,147,611	9,085,476
Direct cost of donor benefit	136	-	-	136	-	513,804	513,804	513,940	518,561
Bad debts	35,719	77,766	-	113,485	84,316	-	84,316	197,801	156,441
TOTAL	\$ 4,450,849	\$ 5,006,791	\$ 70,757	\$ 9,528,397	\$ 553,469	\$ 1,777,486	\$ 2,330,955	\$ 11,859,352	\$ 9,760,478

See accompanying notes to financial statements.

BUILDON, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 868,397	\$ 614,173
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	67,555	73,881
Realized gain on sales of investments	(103,864)	(1,629)
Unrealized gain on investments	(583,162)	(390,914)
Stock donations	(68,700)	(119,064)
Change in allowance for bad debt	(66,630)	86,285
(Increase) decrease in:		
Contributions receivable	(132,870)	(458,046)
Prepaid expenses	(31,357)	(6,132)
Other current assets	(8,630)	(25,682)
Increase (decrease) in:		
Accounts payable and accrued liabilities	<u>(215,218)</u>	<u>138,010</u>
Net cash used by operating activities	<u>(274,479)</u>	<u>(89,118)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(27,257)	(27,329)
Purchases of investments	(4,823,027)	(138,611)
Proceeds from sales of investments	<u>4,815,779</u>	<u>120,427</u>
Net cash used by investing activities	<u>(34,505)</u>	<u>(45,513)</u>
Net decrease in cash and cash equivalents	(308,984)	(134,631)
Cash and cash equivalents at beginning of year	<u>1,593,877</u>	<u>1,728,508</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,284,893</u>	<u>\$ 1,593,877</u>

See accompanying notes to financial statements.

BUILDON, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

buildOn, Inc. (the Organization) is a not-for-profit corporation headquartered in Stamford, Connecticut. The Organization was established in 1991, and its mission is to break the cycle of poverty, illiteracy and low expectations through service and education.

In line with this mission, the Organization runs intensive youth service programs in challenged urban high schools. It empowers U.S. youth to contribute direct service to their communities - working with senior citizens, the homeless, and younger children. These same students help build schools in some of the economically poorest countries in the world. 95% of buildOn students in the U.S. not only graduate from high school, they go on to college. And internationally, buildOn schools provide access to education for more than 85,000 children, parents and grandparents every day.

Over the past 21 years, the students the Organization serves have contributed more than 1.3 million hours of service in the U.S., and have helped build more than 591 schools, 100 of which were completed during 2013, in the following locations: Mali (197), Nepal (102), Nicaragua (112), Malawi (87), Bolivia (8), Haiti (53), India (3), Brazil (2), Senegal (26) and the United States (1). The majority of the Organization's revenues are generated by donations from individuals, corporations and foundations, which are used to aid in the construction of schoolhouses in remote villages around the world. Ownership of the schools is transferred to the local communities in which they are built upon the completion of construction.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At times during the year, the Organization maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal. Through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") provided temporary unlimited deposit insurance coverage for non-interest bearing transaction accounts at all Federal Deposit Insurance Corporation (FDIC) insured depository institutions (the "Dodd-Frank Deposit Insurance Provision"). The Organization maintained a portion of its cash balance at a financial institution in a non-interest bearing account; thereby, all of this cash balance was protected by the FDIC under this Act. Beginning January 1, 2013, funds deposited in non-interest bearing accounts will no longer receive unlimited deposit insurance coverage. Bank deposit accounts at one institution will be insured by the FDIC up to a limit of \$250,000. Management believes the risk in these situations to be minimal.

BUILDON, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in "Other items" in the Statement of Activities and Change in Net Assets.

Contributions receivable -

Contributions receivable approximate fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor.

Property and equipment -

Property and equipment in excess of \$500 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally 3 to 5 years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2013 totaled \$67,555.

Income taxes -

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the year ended December 31, 2013, the Organization has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Organization and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Organization 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 and Change in Net Assets as net assets released from restrictions.

BUILDON, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

In-kind contributions -

In-kind contributions consist of donated services, office space and facilities. Land contributions (for site development) are received by the local community in which the school is constructed. Accordingly, such amounts are excluded from both revenue and expenses, as land is administered by the Organization solely to construct the school.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Labor associated with site development (including school construction) is recognized in the Statement of Activities and Change in Net Assets as support in the period received. Contributed labor totaled \$365,896, and is included as both revenue and expense in the accompanying Statement of Activities and Change in Net Assets. All in-kind donations are recorded at their fair value at the time the donation is made.

The Organization occupies office space and facilities at no cost, and valued at \$461,588; these donations have been reported in revenue as in-kind donations and as donated goods and service expense, and are allocated to the program and supporting services benefited. The Organization also received \$527,892 in donated legal services, construction materials and other goods and services; these contributions have similarly been reported as in-kind donations and included in donated goods and service expense. All donations are recorded at fair value.

In addition, volunteers have donated significant amounts of their time to the Organization; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

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

BUILDON, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

2. INVESTMENTS

Investments consisted of the following at December 31, 2013:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 4,814,023	\$ 5,158,939
TOTAL INVESTMENTS	\$ 4,814,023	\$ 5,158,939

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2013:

International Building Schools	\$ 2,106,968
U.S. After-School	<u>1,163,075</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	\$ 3,270,043

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

International Building Schools	\$ 3,888,837
U.S. After-School	<u>1,917,680</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 5,806,517

4. RETIREMENT PLAN

The Organization provides retirement benefits to its full-time employees through a plan under IRS Section 403(b) of the Internal Revenue Code.

BUILDON, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

4. RETIREMENT PLAN (Continued)

The Organization contributes 100% of all employee contributions up to \$1,200. Contributions made (by the Organization) to the plan during the year ended December 31, 2013 totaled \$58,429.

5. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2013.

- *Mutual funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

The table below summarizes, by level within the fair value hierarchy, the Organization's investments as of December 31, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total December 31, 2013</u>
Asset Class:				
Mutual funds	\$5,158,939	\$ -	\$ -	\$ 5,158,939
TOTAL	<u>\$5,158,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,158,939</u>

6. BOARD DESIGNATED ENDOWMENT

The Organization's endowment consists of funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

BUILDON, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

6. BOARD DESIGNATED ENDOWMENT (Continued)

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original amounts set aside as Board Designated net assets. As a result of this interpretation, the Organization classifies as Board Designated net assets (a) the original value of funds set aside endowment, (b) the original value of subsequent earnings of (or additions to) the endowment, and (c) accumulations to the endowment made in accordance with the direction of the Board of Directors at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate its endowment funds:

- The duration and preservation of the fund;
- The purpose of the Organization and the endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the Organization.

Endowment net asset composition by type of fund as of December 31, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board-Designated Endowment Funds	<u>\$ 5,158,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,158,939</u>

Changes in endowment net assets for the year ended December 31, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 4,395,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,395,965</u>
Investment income:				
Investment income	75,948	-	-	75,948
Net appreciation (realized and unrealized gains)	<u>687,026</u>	<u>-</u>	<u>-</u>	<u>687,026</u>
Total investment return	<u>762,974</u>	<u>-</u>	<u>-</u>	<u>762,974</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 5,158,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,158,939</u>

The investment objectives for the management of the fund of the Organization acting as an endowment (the "Endowment Fund"/ "Board-Designated Endowment") are to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets against inflation. Subject to the ultimate approval of the Board of Directors, these objectives shall be implemented and monitored by the Investment Committee.

The general policy shall be to diversify investments within both equity and fixed income securities to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment style.

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6. BOARD DESIGNATED ENDOWMENT (Continued)

The Endowment Fund income under this investment policy shall be defined on a total return basis (i.e. including realized and unrealized gains/losses). The exact amount of total withdrawals made in a year shall be as set forth in the Organization's budget as approved annually by the Board of Directors.

7. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 26, 2014, the date the financial statements were issued.