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February 6, 2015

Board of Directors
Porter County Aging and Community Services, Inc.
1005 Campbell
Valparaiso, IN 46385

We have reviewed the audit report prepared by Comer, Nowling and Associates, P.C., for the period July 1, 2012 to June 30, 2013. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Porter County Aging and Community Services, Inc., as of June 30, 2013, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

Porter County Aging And Community Services, Inc. and Subsidiary

Consolidated Financial Statements For The Years Ended June 30, 2013 and 2012

COMER NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Porter County Aging and Community Services, Inc.
Valparaiso, Indiana

We have audited the accompanying consolidated financial statements of Porter County Aging and Community Services, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated 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 audits 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.

Comer, Nowling and Associates, P.C. | 8606 Allisonville Road, Suite 120 | Indianapolis, Indiana 46250 | 317.841.3393 office | www.comernowling.com

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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Porter County Aging and Community Services, Inc. as of June 30, 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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
October 14, 2013

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

ASSETS

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
CURRENT ASSETS:						
Cash	$ 198,600	$ 3	$ 198,603	$ 165,777	$ 79,142	$ 244,919
Certificates of deposit	-	30,000	30,000	-	30,000	30,000
Grants receivable	129,585	-	129,585	144,252	-	144,252
Total current assets	328,185	30,003	358,188	310,029	109,142	419,171
PROPERTY AND EQUIPMENT:						
Building	344,118	-	344,118	344,118	-	344,118
Vehicles	78,634	-	78,634	93,054	-	93,054
Furniture and equipment	123,169	-	123,169	123,169	-	123,169
Leasehold improvements	55,797	-	55,797	55,797	-	55,797
	601,718	-	601,718	616,138	-	616,138
Accumulated depreciation	(333,102)	-	(333,102)	(316,150)	-	(316,150)
Total fixed assets, net	268,616	-	268,616	299,988	-	299,988
INVESTMENTS						
Mutual Funds	59,881	346,295	406,176	40,490	267,156	307,646
Total assets	$ 656,682	$ 376,298	$ 1,032,980	$ 650,507	$ 376,298	$ 1,026,805

LIABILITIES AND NET ASSETS

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
CURRENT LIABILITIES:						
Accounts payable	$ 15,608	$ -	$ 15,608	$ 17,263	$ -	$ 17,263
Accrued payroll	19,541	-	19,541	20,219	-	20,219
Accrued annual leave	20,037	-	20,037	23,004	-	23,004
Total current liabilities	55,186	-	55,186	60,486	-	60,486
NET ASSETS:						
Unrestricted	601,496	-	601,496	590,021	-	590,021
Temporarily restricted	-	376,298	376,298	-	376,298	376,298
	601,496	376,298	977,794	590,021	376,298	966,319
Total liabilities and net assets	$ 656,682	$ 376,298	$ 1,032,980	$ 650,507	$ 376,298	$ 1,026,805

See accompanying notes to financial statements.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT						
Contributions and other local cash	$ 519,173	$ -	$ 519,173	$ 455,901	$ 30,711	$ 486,612
Government grants, federal	336,147	-	336,147	355,429	-	355,429
Government grants, state	154,038	-	154,038	169,101	-	169,101
Project income	12,355	-	12,355	13,468	-	13,468
Rent income	15,493	-	15,493	27,819	-	27,819
Interest income	11,224	-	11,224	9,014	-	9,014
In-kind income	5,400	-	5,400	-	-	-
Realized loss on investments	-	-	-	(1,583)	-	(1,583)
Unrealized gain on investments	8,213	-	8,213	27	-	27
Loss on return/sale of vehicles	(9,120)	-	(9,120)	(2,247)	-	(2,247)
	1,052,923	-	1,052,923	1,026,929	30,711	1,057,640
Net assets released from restrictions	-	-	-	-	-	-
Total revenue, other support and net assets released from restrictions	1,052,923	-	1,052,923	1,026,929	30,711	1,057,640
OPERATING EXPENSES						
Program Services:						
Community services	163,842	-	163,842	190,197	-	190,197
Elderly services	49,707	-	49,707	78,678	-	78,678
RSVP	44,323	-	44,323	42,568	-	42,568
Transportation services	702,971	-	702,971	712,921	-	712,921
Total program services	960,843	-	960,843	1,024,364	-	1,024,364
Management and general	80,605	-	80,605	79,222	-	79,222
Total operating expenses	1,041,448	-	1,041,448	1,103,586	-	1,103,586
Increase (decrease) in net assets	11,475	-	11,475	(76,657)	30,711	(45,946)
NET ASSETS - BEGINNING OF YEAR	590,021	376,298	966,319	666,678	345,587	1,012,265
NET ASSETS - END OF YEAR	$ 601,496	$ 376,298	$ 977,794	$ 590,021	$ 376,298	$ 966,319

See accompanying notes to financial statements.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	Community Services	Elderly Services	RSVP	Transportation	Management And General	2012 Totals
OPERATING EXPENSES						
Salaries and wages	$ 46,107	$ 18,607	$ 36,587	$ 351,775	$ 44,949	$ 498,025
Payroll taxes and benefits	7,398	4,140	3,899	80,144	9,463	105,044
Professional services	11,643	9,439	-	7,453	2,822	31,357
Repairs and maintenance	3,157	881	-	97,169	4,906	106,113
Utilities	8,668	6,304	-	4,728	-	19,700
Telephone	3,137	1,087	-	2,511	-	6,735
Fuel	-	-	-	125,385	-	125,385
Beneficiary utilities	44,559	-	-	-	-	44,559
RSVP	2,640	-	-	-	-	2,640
Insurance	1,430	715	438	14,244	4,415	21,242
Office	3,966	1,860	300	6,251	-	12,377
Supplies	2,984	1,176	2,527	4,479	856	12,022
Travel and meetings	3,743	74	422	693	-	4,932
Postage	3,349	24	-	240	-	3,613
Dues and subscriptions	3,207	-	150	1,024	-	4,381
Interest	60	-	-	-	60	120
Bad debt	296	-	-	6,875	-	7,171
In-kind expenses	-	5,400	-	-	-	5,400
Depreciation	17,498				13,134	30,632
Total operating expenses	$ 163,842	$ 49,707	$ 44,323	$ 702,971	$ 80,605	$ 1,041,448

See accompanying notes to financial statements.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	Community Services	Elderly Services	RSVP	Transportation	Management And General	2011 Totals
OPERATING EXPENSES						
Salaries and wages	$ 49,444	$ 26,993	$ 36,305	$ 341,198	$ 44,896	$ 498,836
Payroll taxes and benefits	8,029	6,828	3,918	79,094	8,884	106,753
Professional services	15,288	24,168	-	6,646	4,559	50,661
Rent	-	7,200	-	-	-	7,200
Repairs and maintenance	3,972	1,156	-	118,444	5,512	129,084
Utilities	9,087	6,641	-	4,845	-	20,573
Telephone	3,726	1,249	779	2,681	-	8,435
Fuel	-	-	-	131,881	-	131,881
Beneficiary utilities	56,250	-	-	-	-	56,250
RSVP	1,027	-	-	-	-	1,027
Insurance	1,206	1,168	517	12,593	2,755	18,239
Office	4,057	1,507	-	7,964	-	13,528
Supplies	3,847	1,598	790	2,978	911	10,124
Travel and meetings	2,944		60	131	-	3,135
Postage	3,956	102	-	398	-	4,456
Dues and subscriptions	5,752	68	125	581	-	6,526
Miscellaneous	-	-	74	-	-	74
Interest	89	-	-	-	60	149
Bad debt	346	-	-	3,487	-	3,833
Depreciation	21,177	-	-	-	11,645	32,822
Total operating expenses	$ 190,197	$ 78,678	$ 42,568	$ 712,921	$ 79,222	$ 1,103,586

See accompanying notes to financial statements.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 11,475	$ (45,946)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	30,632	32,822
Realized loss on investments	-	1,583
Unrealized gain on investments	(8,213)	(27)
Loss on return/sale of vehicles	9,120	2,247
Increase (decrease) in cash from changes in:		
Grants receivable	14,667	22,509
Accounts payable	(1,655)	907
Accrued payroll	(678)	4,940
Accrued annual leave	(2,967)	216
Net cash provided by operating activities	52,381	19,251
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	-	29,139
Purchases of investments	(90,316)	(8,931)
Purchase of vehicles and equipment	(8,381)	(7,040)
Net cash provided by (used in) investing activities	(98,697)	13,168
NET INCREASE (DECREASE) IN CASH	(46,316)	32,419
CASH, BEGINNING OF YEAR	244,919	212,500
CASH, END OF YEAR	$ 198,603	$ 244,919
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	$ 120	$ 149

See accompanying notes to financial statements.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Porter County Aging and Community Services, Inc. (the "Organization") is an Indiana not-for-profit corporation organized in 1973. The mission of the Organization is to identify the problems of the aged and citizens in need in Porter County; to propose solutions to the problems identified; to work in conjunction with the Indiana Commission on the Aging and Aged and residents, agencies, and organizations within Porter County to solve these problems; to enhance public awareness of the needs of the aging and underprivileged; and to assist those who may be sick, disabled, or destitute. The Organization also provides services through the Retired Senior Volunteer Program which includes the expansion of opportunities for older adults to perform volunteer service by developing a permanent corps of senior volunteers to serve Porter County.

Porter County Services Holding Company, Inc. ("Subsidiary") was incorporated in the State of Indiana during 2003 to own real estate held for the benefit of the Organization.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Organization and its wholly-controlled subsidiary. All material intercompany transactions have been eliminated in consolidation.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

REVENUE RECOGNITION

The Organization receives grants from the State of Indiana (State) and the federal government to carry out certain program activities. The grants are received under contracts which require the Organization to submit to the State appropriate records of services provided to eligible individuals. Revenues under the contracts are recognized as the services are provided.

INVESTMENTS

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Market risk could occur and is dependent on the future changes in market prices of the various investments held. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and depreciated over estimated useful lives of three to thirty years using the straight-line method. Fair value of donated property and equipment at time of donation is similarly capitalized. The following is a summary of the lives for each class of asset:

Buildings	30 years
Leasehold improvements	15 years
Equipment	3-10 years
Vehicles	5 years

Expenditures for improvements and major renewals that are over $5,000 are capitalized. When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred. Depreciation expense for the years ended June 30, 2013 and 2012 totaled $30,632 and $32,822, respectively.

The Organization, on a bi-yearly basis, acquires vehicles and equipment through NIRPC lease program. Per the lease agreement, the lessee pays one dollar ($1.00) per year for each vehicle and a flat fee of five dollars ($5.00) per year for all other transit equipment (including computers, tools, radios, etc.) for the use of the equipment during the term of the lease agreement. The Organization provides 20% cash match for these vehicles and equipment. Only the cash match portion is capitalized and depreciated over the useful life of the vehicles and equipment.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

CONTRIBUTIONS

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

GOVERNMENT GRANTS

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected a refundable advances on the Statements of Financial Position.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification. Per applicable standards, Porter County Aging and Community Services, Inc. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION (Continued)

A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

Unrestricted net assets represent the portion of net assets of Porter County Aging and Community Services, Inc. that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.

Temporarily restricted net assets represent contributions and other inflows of assets whose use by Porter County Aging and Community Services, Inc. is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Porter County Aging and Community Services, Inc. pursuant to those stipulations.

Temporarily restricted net assets also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriated by the Board of Directors.

Permanently restricted net assets represent contributions and other inflows of assets whose use by Porter County Aging and Community Services, Inc. is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization did not have permanently restricted net assets at June 30, 2013 and 2012. Temporarily restricted net assets are explained in Note 10.

EXPENSE ALLOCATION

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

TAX BENEFITS

Effective July 1, 2009, the Organization adopted the accounting policy to recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded.

Porter County Aging and Community Services, Inc. has examined this issue and has determined there are no material contingent tax liabilities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUBSEQUENT EVENTS

Subsequent events are evaluated through October 14, 2013, which is the date the financial statements were available to be issued.

NOTE 2 – GRANTS RECEIVABLE

Grants receivable consists of receivables from various funding sources for performance of services per contracts. All receivables are deemed collectible, and therefore no allowance for uncollectible accounts was recorded for the years ended June 30, 2013 and 2012. Adjustments to an accounts receivable from transactions other than payments and bad debts are recorded as they occur.

NOTE 3 – INVESTMENTS

Investments at June 30, 2013 and 2012 are summarized as follows:

As of June 30, 2013:	Cost or Original Donated Value	Market Value	Gross Unrealized Gain (loss)
Mutual Funds	$ 433,001	$ 406,176	$ (26,825)
Certificates of Deposit	30,000	30,000	-
Money Market Funds	3	3	-
	$ 463,004	$ 436,179	$ (26,825)

As of June 30, 2012:	Cost or Original Donated Value	Market Value	Gross Unrealized Gain (loss)
Mutual Funds	$ 342,684	$ 307,646	$ (35,038)
Certificates of Deposit	30,000	30,000	-
Money Market Funds	79,142	79,142	-
	$ 451,826	$ 416,788	$ (35,038)

Included in revenue and other support on the statement of activities are accumulated unrealized gains on investments of $8,213 and $27 for 2013 and 2012 respectively.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 4 – EMPLOYEE BENEFITS

The Organization has a SIMPLE-IRA retirement plan. The Organization's matching contribution is 3% of each employee's compensation. Contributions to the plan are made for all full-time employees working twenty hours or more per week and with at least one year of service.

Employee benefit expense under this plan was approximately $5,710 and $5,245 for the years ended June 30, 2013 and 2012, respectively.

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at multiple financial institutions. As of June 30, 2013 and 2012, the accounts at each institution were insured by the Federal Deposit Insurance Corporation up to $250,000. At times throughout the year, the balances of certain accounts may exceed these limits.

Financial awards from federal, state and local governmental entities in the form of grants are subject to financial and compliance audits by funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions.

No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

A significant amount of contributions are provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term. The Organization's market is concentrated in the Valparaiso, Indiana, geographical area.

NOTE 6 – OPERATING LEASES

The Organization leases various equipments and a facility for use in the operation of its programs. Lease expense for the years ended June 30, 2013 and 2012 were $6,446 and $13,569 respectively. All leases are either on a month-to-month basis or the lease agreement expired as of June 30, 2013. There were no minimum lease rental commitments as of June 30, 2013.

The Subsidiary leases space to unaffiliated third parties, and rental income under these leases were $15,493 and $27,819 for the years ended June 30, 2013 and 2012, respectively. These amounts do not reduce lease expense, and recorded as rent income on the Statement of Activities.

NOTE 7 –RELATED PARTY TRANSACTIONS

During the years ended June 30, 2013 and 2012, a sister of the Deputy Director was employed in Retired and Senior Volunteer Program, and the spouse of Executive Director was temporarily employed to assist with the Energy Assistance Program. For the years ended June 30, 2013 and 2012, amounts paid to these related parties were $44,275 and $46,158, respectively.

Also, one of the Board members as of June 30, 2013 and 2012, was an employee of the company where the investment account is held. This Board member subsequently submitted her resignation on September 13, 2012.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

During 2008, the Organization opened an investment account with the funds partially received from the estate of Dorothy Risto. Of the initial investment in the amount of $413,017, the restricted portion is $397,130 and is subject to the conditions in the plan provided to the Executor of the Estate. There are no restrictions on the use of investment income. The Board of Directors of the Organization agrees to review the use of the funds on an annual basis to ensure that the overall plan is being followed. In 2008, the Organization expended $20,832 for server upgrades.

For both the years ended June 30, 2013 and 2012, the temporarily restricted net assets amounted to $376,298.

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective June 30, 2009, the Organization adopted applicable portions of FASB ASC 820, *Fair Value Measurements*. FASB ASC 820 defines fair value, provides enhanced guidance for using fair value to measure assets and liabilities under current U.S. GAAP standards and expands the disclosure of the methods used and the effect of fair value measurements on earnings.

Fair Value Measurements guidance defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The guidance 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.

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices 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.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement the entire fair value measurement in the hierarchy.

The Organization has an investment account consisting of mutual funds and money market funds held at PrimeVest Financial Services, a private brokerage company. These investments are considered level 1 and are traded in active exchange markets, such as the New York Stock Exchange. There have been no changes in valuation techniques and related inputs.