

**SALEM HEALTH AND
WELLNESS FOUNDATION, INC.**

AUDIT REPORT

DECEMBER 31, 2012

SALEM HEALTH AND WELLNESS FOUNDATION, INC.
REPORT FOR
THE YEAR ENDED
DECEMBER 31, 2012

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EDWARD T. GHEYSENS, JR.

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Salem Health and Wellness Foundation, Inc.
P.O. Box 95
Salem, New Jersey 08079

I have audited the accompanying statement of financial position of Salem Health and Wellness Foundation, Inc. as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Salem Health and Wellness Foundation, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



EDWARD T. GHEYSENS, JR.
Certified Public Accountant

May 22, 2013

SALEM HEALTH AND WELLNESS FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS

CURRENT ASSETS

| | | |
|--|--------------|----------------------|
| Cash and Cash Equivalents (Note 2) | \$ 1,016,154 | |
| Prepaid Expenses | 7,849 | |
| Investment Income Receivable | 52,643 | |
| Investments - SEI Trust company (Note 5) | 44,638,880 | |
| TOTAL CURRENT ASSETS | | \$ 45,715,526 |

NONCURRENT ASSETS

| | | |
|--|------------|-------------------|
| Assets Held in Perpetuity By Outside Trustees (Note 7) | 11,271,119 | |
| Equipment, Net (Note 8) | 25,626 | |
| TOTAL NONCURRENT ASSETS | | 11,296,745 |

| | | |
|---------------------|--|-----------------------------|
| TOTAL ASSETS | | <u>\$ 57,012,271</u> |
|---------------------|--|-----------------------------|

LIABILITIES AND NET ASSETS

LIABILITIES

| | | |
|--------------------------|-----------|-------------------|
| Accounts Payable | \$ 10,319 | |
| Accrued Wages | 3,664 | |
| Accrued Payroll Taxes | 2,430 | |
| Grants Payable (Note 9) | 505,842 | |
| TOTAL LIABILITIES | | \$ 522,255 |

NET ASSETS

| | | |
|-------------------------|---------------|--------------------------|
| Unrestricted | \$ 45,218,897 | |
| Permanently Restricted | 11,271,119 | |
| TOTAL NET ASSETS | | <u>56,490,016</u> |

| | | |
|---|--|-----------------------------|
| TOTAL LIABILITIES AND NET ASSETS | | <u>\$ 57,012,271</u> |
|---|--|-----------------------------|

See accompanying notes and accountant's report.

SALEM HEALTH AND WELLNESS FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|----------------------|-----------------------------------|-----------------------------------|----------------------|
| <u>REVENUES, GAINS, AND OTHER SUPPORT</u> | | | | |
| Contributions | \$ 28,257 | | | \$ 28,257 |
| Additional Proceeds-Sale of Hospital | 2,247 | | | 2,247 |
| Distributions-Perpetual Trusts | 368,668 | | | 368,668 |
| Interest Income | 245 | \$ 104,415 | | 104,660 |
| Dividend Income | 1,327,905 | | | 1,327,905 |
| Realized Gain on Sale of Securities | 74,867 | | | 74,867 |
| Capital Gain Distributions | 46,004 | | | 46,004 |
| Unrealized Gain on Investments | 2,440,581 | | | 2,440,581 |
| Change in Value of Assets Held in Perpetuity by Outside Trustees | | | 699,926 | 699,926 |
| Net Assets Released from Restrictions | 5,000,000 | (5,000,000) | | - |
| TOTAL REVENUES, GAINS AND OTHER SUPPORT | \$ 9,288,774 | \$ (4,895,585) | \$ 699,926 | \$ 5,093,115 |
| <u>EXPENSES AND LOSSES</u> | | | | |
| Program Services | \$ 202,705 | | | \$ 202,705 |
| Supporting Services: | | | | |
| Management and General | 484,573 | | | 484,573 |
| Fundraising | 2,925 | | | 2,925 |
| Realized (Loss) on Sale of Securities | | \$ 94,719 | | 94,719 |
| TOTAL EXPENSES | \$ 690,203 | \$ 94,719 | \$ - | \$ 784,922 |
| INCREASE (DECREASE) IN NET ASSETS | \$ 8,598,571 | \$ (4,990,304) | \$ 699,926 | \$ 4,308,193 |
| NET ASSETS - JANUARY 1, 2012 | 36,620,326 | 4,990,304 | 10,571,193 | 52,181,823 |
| NET ASSETS - DECEMBER 31, 2012 | <u>\$ 45,218,897</u> | <u>\$ -</u> | <u>\$ 11,271,119</u> | <u>\$ 56,490,016</u> |

See accompanying notes and accountant's report.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising/ Donor Development</u> | <u>Total</u> |
|--------------------------------|-----------------------------|-----------------------------------|---|-------------------|
| Grants Awarded (Note 9) | \$ 122,740 | | | \$ 122,740 |
| 403B Plan Administration | | \$ 2,935 | | 2,935 |
| Postage | | 908 | | 908 |
| Accounting/Audit Fees | | 17,760 | | 17,760 |
| Advertising | | 24 | \$ 500 | 524 |
| Pension Expense | | 9,516 | | 9,516 |
| Equipment Maintenance | | 386 | | 386 |
| Insurance | | 3,340 | | 3,340 |
| Dues & Membership | | 1,227 | | 1,227 |
| Internet Access Fees | | 822 | | 822 |
| Legal Fees | | 2,240 | | 2,240 |
| Meetings and Conferences | | 2,648 | | 2,648 |
| Miscellaneous | | 894 | 260 | 1,154 |
| Office Cleaning | | 2,430 | | 2,430 |
| Office Supplies | | 2,968 | | 2,968 |
| On-Site and Remote Support | | 770 | | 770 |
| Staff Development | | 60 | | 60 |
| Consulting Fees | | 15,000 | | 15,000 |
| Employee Benefits | | 5,760 | | 5,760 |
| Office Rent | | 12,972 | | 12,972 |
| Brokerage Fees - SEI | | 209,702 | | 209,702 |
| Telephone | | 2,840 | | 2,840 |
| Travel | | 3,893 | | 3,893 |
| Wages | | 159,395 | | 159,395 |
| Payroll Taxes | | 12,556 | | 12,556 |
| Software Licenses | | | 2,165 | 2,165 |
| Subscriptions | | 1,035 | | 1,035 |
| Contributions | 79,965 | | | 79,965 |
| Insurance Premiums - AIG (Net) | | 7,633 | | 7,633 |
| Depreciation | | 4,124 | | 4,124 |
| Website Hosting | | 735 | | 735 |
| | <u>\$ 202,705</u> | <u>\$ 484,573</u> | <u>\$ 2,925</u> | <u>\$ 690,203</u> |

See accompanying notes and accountant's report.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

| | | |
|--|--|-----------------------|
| Increase in Net Assets | | \$ 4,308,193 |
| Adjustments to Reconcile Increase in Net assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | | 4,124 |
| Realized Gain on Sale of Securities | | (74,867) |
| Realized (Loss) on Sale of Securities | | 94,719 |
| Unrealized Gain on Investments | | (2,440,581) |
| Change in Assets and Liabilities: | | |
| Decrease in Prepaid Expenses | | 180 |
| Decrease in Investment Income Receivable | | 83,849 |
| Decrease in Cash Surrender Value - Insurance | | 7,633 |
| Increase in Assets Held in Perpetuity by Outside Trustees | | (699,926) |
| Decrease in Accounts Payable | | (5,991) |
| Increase in Accrued Wages | | 801 |
| Increase in Accrued Payroll Taxes | | 616 |
| Decrease in Grants Payable | | <u>(671,855)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | \$ 606,895 |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | | |
|--|--|---------------------|
| Proceeds - Sales of Investments | | \$ 16,490,647 |
| Purchases of Investments | | <u>(16,482,121)</u> |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | | <u>8,526</u> |

| | | |
|--|--|----------------------------|
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 615,421 |
| CASH AND CASH EQUIVALENTS - JANUARY 1, 2012 | | <u>400,733</u> |
| CASH AND CASH EQUIVALENTS - DECEMBER 31, 2012 | | <u><u>\$ 1,016,154</u></u> |

See accompanying notes and accountant's report.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Foundation was formed to receive the proceeds of the sale of Memorial Hospital of Salem County.

The Foundation's mission is to invest in sustainable initiatives that promote the overall health of Salem County, NJ residents. The Foundation's vision is to be a financial resource for organizations specializing in servicing the health needs that are deemed to be unmet or underserved.

Basis of Accounting

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

New Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued the "FASB Accounting Standards Codification", which becomes the source of authoritative accounting principles generally accepted in the United States of America by the FASB to be applied by nongovernmental entities. This statement is effective for Financial Statements issued for periods ending after September 15, 2009.

Revenue Recognition

The foundation records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increase in unrestricted net assets if the restrictions expire in the year in which the contributions are received. 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.

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.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and promises become unconditional.

Contributed Services

A substantial number of volunteers have donated their time to the foundation. No amounts have been reflected in the accompanying financial statements for donated services since they do not meet the criteria for recognition.

Income Taxes

The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c)(3).

Property and Equipment

Property and equipment is stated at cost or at their estimated fair value at date of donation. Expenditures which substantially increase the economic useful lives of the assets are capitalized. Expenditures for maintenance and repairs necessary to maintain the assets in efficient operation condition are expensed currently. Assets retired, or otherwise disposed of, are eliminated from their respective assets accounts. Any gains or losses from dispositions, other than trade-ins on like property, are include in income.

Depreciation

Depreciation is computed by using the straight line method over the economic useful lives of the assets. Depreciation rates are based on the following range of lives:

| | |
|------------------------|---------------|
| Equipment | 3 to 10 Years |
| Leasehold Improvements | 39 Years |

Depreciation expense for the year ended December 31, 2012, is \$4,124.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying balance sheet. The fair value of substantially all securities is determined by quoted market prices. Investment income or loss (including realized gains and losses on investments, write-downs of the cost basis of investments due to an other-than-temporary decline in fair value, interest and dividends) is included in revenues, gains, and other support in excess of expenses. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Foundations investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the accompanying balance sheet are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying balance sheet could change materially in the near term.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

| | |
|---|---------------------|
| Pennsville National Bank | \$ 261,786 |
| SEI Cash | \$ 133,988 |
| SEI Daily Income Prime Obligation Fund (Money Market) | 607,980 |
| SEI Liquid Asset Prime Obligation Fund | <u>12,400</u> |
| | <u>\$ 1,016,154</u> |

NOTE 3 CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances and investments in various financial institutions. These deposits exceed the FDIC Insurance limit. However, the Foundation has not experienced any losses in these accounts. The management of the Foundation believes that the financial institutions have strong credit ratings and that the credit risk related to these deposits is minimal.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 4 PROCEEDS – SALE OF MEMORIAL HOSPITAL OF SALEM COUNTY (9/30/2002)

The net proceeds from the sale of Memorial Hospital of Salem County on 9/30/2002 was \$ 32,207,639. The disposition of said funds was as follows:

| | |
|--|----------------------|
| To Salem Health and Wellness Foundation | \$ 14,600,000 |
| To US Bank Escrow Account for the Benefit Of Salem Health and Wellness Foundation | 10,000,000 |
| To Memorial Hospital of Salem County (seller) | <u>7,607,639</u> |
| Total Proceeds | <u>\$ 32,207,639</u> |

The amount of the proceeds received by Memorial Hospital of Salem County (seller), \$ 7,607,639, was set aside at settlement in order to meet any outstanding liabilities of Memorial Hospital of Salem County. These funds were transferred to the Fenwick Corporation which was responsible for the administration of said funds for a period of ten years. On the tenth anniversary of the sale of the Hospital, September 30, 2012, the Fenwick Corporation ceased it's business activities and distributed the remaining cash balance in the amount of \$ 2,198 to Salem Health and Wellness Foundation.

NOTE 5 INVESTMENTS – SEI TRUST COMPANY

Investments are stated at fair value and are summarized as follows, as of December 31, 2012:

| | <u>Fair Value</u> | <u>Cost</u> |
|----------------------------------|----------------------|----------------------|
| SEI Fixed Income Funds | \$ 24,077,682 | \$ 23,448,619 |
| SEI Offshore Opportunity Fund II | \$ 2,694,685 | \$ 2,600,000 |
| Domestic Equities | 14,527,723 | 12,213,909 |
| SEI International Equities | <u>3,338,790</u> | <u>2,931,265</u> |
| Total | <u>\$ 44,638,880</u> | <u>\$ 41,193,793</u> |

NOTE 6 ESCROW ACCOUNT – US BANK

An escrow agreement was entered into and effective as of September 30, 2002, by and among the Memorial Hospital of Salem County, Inc. (“seller”), Salem Hospital Corporation (“buyer”), and US Bank (“escrow agent”).

The escrow account was being held for the benefit of Salem Health and Wellness Foundation to the extent it is not used to satisfy certain indemnification obligations of the seller. Income earned on the account was distributed quarterly to Salem Health and Wellness Foundation.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 6 ESCROW ACCOUNT – US BANK (continued)

The buyer and the seller agree that on the five year anniversary of the sale, September 30, 2007, the escrow agent shall disburse 50% of the escrow funds, \$ 5,000,000, to Salem Health and Wellness Foundation. The buyer and seller agree that on the ten year anniversary of the sale, September 30, 2012, the escrow agent shall disburse the remaining escrow funds, \$ 5,000,000, to Salem Health and Wellness Foundation. Both of these transfers were made on the dates specified in the agreement. The escrow agreement has been satisfied and as of December 31, 2012 all funds under escrow have been released to Salem Health and Wellness Foundation.

NOTE 7 ASSETS HELD IN PERPETUITY BY OUTSIDE TRUSTEES

Assets held in perpetuity by outside trustees are perpetual trusts administered by independent trustees. The assets are recognized at the estimated fair value of the related trust assets, which are generally composed of mutual funds and cash and cash equivalents. Because the trusts are perpetual in nature and the corpus cannot be violated, they are reported as permanently restricted net assets.

| <u>Perpetual Trust</u> | <u>Value</u> <u>1/1/12</u> | <u>Value</u> <u>12/31/12</u> | <u>Change</u> <u>In Value</u> | <u>Distributions</u> <u>12/31/12</u> |
|------------------------|-------------------------------|---------------------------------|----------------------------------|---|
| Fox Trust | \$ 600,030 | \$ 641,217 | \$ 41,187 | \$ 28,225 |
| Huber Trust | 117,669 | 125,091 | 7,422 | 5,432 |
| Huber Scholarship | 87,004 | 93,367 | 6,363 | 2,194 |
| Rumsey Trust | 185,988 | 194,449 | 8,461 | 8,538 |
| Hitchner Trust | 9,351,630 | 9,980,371 | 628,741 | 312,000 |
| Parvin Trust | 228,872 | 236,624 | 7,752 | 12,279 |
| | <u>\$ 10,571,193</u> | <u>\$ 11,271,119</u> | <u>\$ 699,926</u> | <u>\$ 368,668</u> |

NOTE 8 PROPERTY AND EQUIPMENT

Equipment Consists of the Following:

| | |
|--------------------------------|------------------|
| Equipment | \$ 45,858 |
| Furniture and Fixtures | 15,495 |
| Leasehold Improvements | <u>11,762</u> |
| Total Cost | \$ 73,115 |
| Less: Accumulated Depreciation | <u>(47,489)</u> |
| | <u>\$ 25,626</u> |

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 9 GRANTS/GRANTS PAYABLE

Grants are recognized as liabilities at the time the board of trustees authorizes the expenditures, regardless of the year in which the grant is paid. A summary of grants and grants payable for 2012 is as follows:

| <u>Grant Recipient</u> | Commitment As of <u>1/1/2012</u> | Grants Awarded <u>During 2012</u> | Grant Pmts Made/ Adjustments <u>During 2012</u> | Commitment As of <u>12/31/2012</u> |
|---------------------------|--|---|--|--|
| Cooper Health System | \$ 319,584 | | \$ (255,667) | \$ 63,917 |
| YMCA of Salem County | | \$ 20,000 | (10,000) | 10,000 |
| Appel Farms | 70,000 | | (70,000) | - |
| Salem County Health Dept | | 6,000 | (1,500) | 4,500 |
| Gateway Comm. Action Ptr | | 15,420 | (7,500) | 7,920 |
| S.C. Center For Autism | 693,370 | | (346,685) | 346,685 |
| The Food Trust | | 50,000 | (12,500) | 37,500 |
| Meals on Wheels | 49,743 | | (48,743) | 1,000 |
| Pennsville Visiting Nurse | 28,000 | | (27,000) | 1,000 |
| Family Health Initiatives | | \$ 23,320 | | 23,320 |
| Robin's Nest | 15,000 | | (15,000) | - |
| NJ Commission for Blind | 2,000 | 8,000 | | 10,000 |
| | <u>\$ 1,177,697</u> | <u>\$ 122,740</u> | <u>\$ (794,595)</u> | <u>\$ 505,842</u> |

Commitments at December 31, 2012 are payable as follows:

| | |
|-------------------------------|-------------------|
| Year Ending December 31, 2013 | <u>\$ 505,842</u> |
|-------------------------------|-------------------|

Grant commitments payable after December 31, 2012 were not discounted to fair value because the discount value would have an immaterial effect on the financial statements.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 10 DONATED FACILITIES

On September 8, 2006, the Foundation moved into new office space at 91 S. Virginia Ave., Carneys Point, NJ. This office space has been donated by Pennsville National Bank. The donated facilities will be include as a contribution and the corresponding rental expense at \$ 1,081.04 per month. The value of donated facilities included as contributions in the financial statements and the corresponding rental expense for the year ended December 31, 2012 is \$ 12,972.

NOTE 11 403(B) PENSION PLAN

In May of 2004, the Foundation established a 403(B) retirement plan for its employees. Through December 31, 2010, the plan was an employee contributory plan, only. Effective January 1, 2011, the Foundation will match employee contributions to the retirement plan up to 6% of compensation. The Foundation's matching contribution expense for the year ended December 31, 2012 is \$ 9,516.

NOTE 12 FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in an active market. This level includes common stocks, corporate bonds or mutual funds based on the closing price reported in the active market where the securities are traded.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation, or other means.

SALEM HEALTH AND WELLNESS FOUNDATION, INC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 12 FAIR VALUE MEASUREMENTS (continued)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following schedule presents the balances of assets measured at fair value under the Fair Value Option as of December 31, 2012:

| | <u>Financial Asset at Fair Value as of December 31, 2012</u> | | | |
|-----------------------------|--|----------------|---------------------|----------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Cash, Time Deposits & Other | | | | |
| Money Market Instruments | \$ 1,016,154 | | | \$ 1,016,154 |
| Domestic Equities & Mutual | | | | |
| Funds | 38,605,405 | | | 38,605,405 |
| International Mutual Funds | 3,338,790 | | | 3,338,790 |
| Alternative Investments | | | \$ 2,694,685 | 2,694,685 |
| | <u>\$ 42,960,349</u> | | <u>\$ 2,694,685</u> | <u>\$ 45,655,034</u> |

NOTE 14 SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at the date of the statement of financial position but arose after that date (that is, non-recognized subsequent events).

The Foundation has evaluated subsequent events through May 22, 2013, which was the date that these financial statements were available for issuance, and determined that there were no significant non-recognized subsequent events through that date.