

HOUSATONIC VALLEY
ASSOCIATION, INC
AND HVA FOUNDATION, INC.

Consolidated Financial Statements
June 30, 2012

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2012

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Independent Auditors' Report

To the Board of Directors of
Housatonic Valley Association, Inc
and HVA Foundation, Inc.
Cornwall Bridge, CT 06754

We have audited the accompanying consolidated statement of financial position of Housatonic Valley Association, Inc and HVA Foundation, Inc. (non-profit organizations) as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Housatonic Valley Association, Inc and HVA Foundation, Inc.'s management. 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 of material misstatement. 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Housatonic Valley Association, Inc. and HVA Foundation, Inc. as of June 30, 2012, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Sinnamon & Associates, LLC
Certified Public Accountants

Canaan, Connecticut
August 21, 2012



HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2012

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 265,396
Accounts Receivable	111,769
Prepaid Expenses	7,471

<u>Total Current Assets</u>	<u>384,636</u>
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Property and Equipment:

Land	216,206
Buildings and Renovations	328,414
Furnishings and Equipment	166,848
Less: Accumulated Depreciation	<u>(390,127)</u>

<u>Net Property and Equipment:</u>	<u>321,341</u>
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Other Assets:

Investments	881,362
Deferred Land Sale Costs	<u>6,342</u>

<u>Total Other Assets</u>	<u>887,704</u>
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<u>TOTAL ASSETS</u>	<u>\$ 1,593,681</u>
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LIABILITIES AND NET ASSETS:

Current Liabilities:

Accounts Payable	\$ 13,157
Accrued Salaries and Wages	7,876
Tenants Security Deposit	<u>557</u>

<u>Total Current Liabilities</u>	<u>21,590</u>
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Net Assets:

Unrestricted

Unrestricted, equity in property and equipment	321,341
Unrestricted, undesignated	<u>166,708</u>

<u>Total Unrestricted Net Assets</u>	<u>488,049</u>
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Temporarily restricted	238,517
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Permanently restricted	<u>845,525</u>
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<u>Total Net Assets</u>	<u>1,572,091</u>
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<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,593,681</u>
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The Notes To The Financial Statements Are An Integral Part Of This Statement
See The Accompanying Independent Auditor's Report

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenues, Gains and Other Support</u>				
Membership Dues	\$ 62,075	-	-	\$ 62,075
Contributions Above Dues	318,853	-	-	318,853
Grants	684,213	114,667	-	798,880
Events	181,149	-	-	181,149
Fees	21,604	-	-	21,604
Rent	8,779	-	-	8,779
Investment Income	3,639	20,948	-	24,587
Donated Goods and Services	4,732	-	-	4,732
Unrealized Gains (Losses) on Investments	6,452	21,943	-	28,395
Net Assets Released from Restrictions	117,612	(117,612)	-	-
<u>Total Revenues, Gains and Other Support</u>	<u>1,409,108</u>	<u>39,946</u>	<u>-</u>	<u>1,449,054</u>
<u>Expenses</u>				
<u>Program Services:</u>				
Watch	92,994	-	-	92,994
Geographic Information Systems	26,865	-	-	26,865
Environmental Education	260,846	-	-	260,846
Land Protection	610,530	-	-	610,530
Water Protection	170,594	-	-	170,594
Total Program Services	<u>1,161,829</u>	<u>-</u>	<u>-</u>	<u>1,161,829</u>
<u>Supporting Services:</u>				
Membership	52,662	-	-	52,662
Events	84,655	-	-	84,655
Management & General	30,239	-	-	30,239
Fundraising	79,794	-	-	79,794
Total Supporting Services	<u>247,350</u>	<u>-</u>	<u>-</u>	<u>247,350</u>
<u>Total Expenses</u>	<u>1,409,179</u>	<u>-</u>	<u>-</u>	<u>1,409,179</u>
<u>Change in Net Assets</u>	<u>(71)</u>	<u>39,946</u>	<u>-</u>	<u>39,875</u>
<u>Net Assets at Beginning of Year as Previously Reported</u>	<u>488,120</u>	<u>144,205</u>	<u>899,891</u>	<u>1,532,216</u>
<u>Prior Period Adjustment - Note 14</u>	<u>-</u>	<u>54,366</u>	<u>(54,366)</u>	<u>-</u>
<u>Net Assets at Beginning of Year as Restated</u>	<u>488,120</u>	<u>198,571</u>	<u>845,525</u>	<u>1,532,216</u>
<u>Net Assets at End of Year</u>	<u>\$ 488,049</u>	<u>\$ 238,517</u>	<u>\$ 845,525</u>	<u>\$ 1,572,091</u>

The Notes To The Financial Statements Are An Integral Part Of This Statement
See The Accompanying Independent Auditor's Report

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

Cash Flows From Operating Activities:

Changes in Net Assets	\$ 39,875
Adjustments To Reconcile Change In Net Assets To Net Cash Provided By Operating Activities:	
Depreciation	16,204
Unrealized (Gains) Losses on Investments	(28,396)
Increase in Accounts Receivable	(17,424)
Increase in Prepaid Expenses	(421)
Increase in Accounts Payable	12,371
Increase in Tenants Security Deposit	6
Increase in Accrued Salaries and Wages	842
	<hr/>
<u>Net Cash Provided By Operating Activities</u>	<u>23,057</u>

Cash Flows From Investing Activities:

Purchase of Renovations	(22,000)
Purchase of Furnishings and Equipment	-
Net Proceeds From Sale of Investments	283,674
Purchase of Investments	(216,592)
	<hr/>
<u>Net Cash Provided By Investing Activities</u>	<u>45,082</u>

Cash Flows From Financing Activities:

Repayments on Line of Credit Payable	(25,000)
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<u>Net Cash Provided By Financing Activities</u>	<u>(25,000)</u>

<u>Net Increase in Cash and Cash Equivalents</u>	<u>43,139</u>
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<u>Cash and Cash Equivalents at Beginning of Year</u>	<u>222,257</u>
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<u>Cash and Cash Equivalents at End of Year</u>	<u>\$ 265,396</u>
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Supplemental Information:

Cash Paid for Interest	\$ 1,637
Cash Paid for Taxes	-

Non-cash Activities:

Donated secretarial services, a non-cash transaction valued at \$4,732, has been recorded as both revenue and expense

The Notes to the Financial Statements Are An Integral Part of This Statement
See the Accompanying Independent Auditor's Report

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizations and Nature of Activities

The Housatonic Valley Association, Inc. (“HVA”) is a nonprofit citizen’s organization whose purpose is to protect and preserve the natural environment and scenic beauty of the Housatonic River watershed, from the headwaters above Pittsfield, Massachusetts to Long Island Sound, by fostering the best practices of education, conservation and land use. Its main office is in Cornwall Bridge, Connecticut, and satellite offices are maintained in South Lee, Massachusetts and Wassaic, New York. Major activities include an environmental resource center for use by the general public, governmental units and other organizations; environmental education; land use planning; periodic publications; establishing a Source-to-Sound Riverbelt (a conservation and recreation path along the entire length of the river); and responding/studying/alerting the community to potential problems relating to open space, groundwater and river quality.

HVA Foundation, Inc. was originally formed in April 1994 to create an endowment for financial support of HVA, which is the sole member of the organization.

Basis of Accounting and Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and consolidate Housatonic Valley Association, Inc. with HVA Foundation, Inc. The notes to the financial statements refer to both organizations collectively as “HVA”.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board codification of accounting standards section 958. Under these standards, the Association 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.

Contributions and Promises to Give

Contributions are defined as voluntary, nonreciprocal transfers. Grants from various organizations for specific programs are treated as contributions for accounting and reporting purposes. Contributions are recognized when a 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 or are met 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.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
Notes To Financial Statements
June 30, 2012

Donated Assets

Donated assets are recognized at their estimated fair market value. HVA reports gifts of land, buildings, equipment and other assets as unrestricted support unless donor stipulations specify how the donated assets must be used. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset 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 contributions. 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. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributed Services

Donated materials and services, if of a material amount, are reflected in the accompanying statements at their fair market value at date of receipt. Contributed services are recognized if the services create or enhance nonfinancial assets or require specialized skills. During the year ended June 30, 2012, secretarial/reception services valued at \$4,732 were recorded in accordance with the Association's policy to recognize contributed services which replace paid employee positions.

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. Accordingly, accrual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of bank accounts, and cash invested in readily marketable mutual funds. Included in cash equivalents are money market funds of \$351,256 which are permanently restricted.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. Management believes that all accounts receivable are collectible and, therefore, has not recorded an allowance for doubtful accounts.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2012

Property and Equipment

Purchased buildings and renovations, personal property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the gift. Depreciation is provided over the estimated useful lives of the assets ranging from 3 to 30 years using the straight line method. Depreciation expense for the fiscal year ended June 30, 2012 was \$16,204.

Income Tax Status

The Housatonic Valley Association, Inc. and the HVA Foundation, Inc. are each a separate non-stock corporation and both are exempt from federal income tax under section 501(c) (3) of the Internal Revenue Code. In addition, both Organizations' qualify for the charitable contribution deduction under Section 170 (b) (1) (A) and each has been classified as organization that is not a private foundation under Section 509 (a) (2). Additionally, both organizations are registered and exempt from state income tax in Connecticut, Massachusetts and New York.

NOTE 2 – INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. 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.

Investments held as of June 30, 2012 consisted of the following:

	<u>Cost Basis</u>	<u>Fair Value</u>
Long-term Certificates of Deposit	\$ 45,000	\$ 48,321
Publically traded mutual funds	552,531	617,204
Publically traded equity investments	201,048	215,837
	<u>\$ 798,579</u>	<u>\$ 881,362</u>

The following schedule summarizes the investment return included in the statement of activities:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Investment Income (net of \$1,924 advisory fees)	\$ 3,639	\$ 20,948	\$ 24,587
Unrealized Gains	6,452	21,943	28,395
Total Investment Return	<u>\$ 10,091</u>	<u>\$ 42,891</u>	<u>\$ 52,982</u>

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2012

NOTE 3 – BANK EQUITY LINE OF CREDIT

On August 12, 2004, HVA entered into an equity line of credit agreement with Salisbury Bank & Trust Company allowing up to \$100,000 in short-term borrowing. The agreement provides for monthly interest payments at a rate of 1% above the bank's secured commercial lending rate, and is collateralized with HVA's office facilities in Cornwall Bridge. On July 12, 2009 this agreement was extended to mature on August 12, 2014. At June 30, 2012 the balance outstanding on this line of credit was \$ 0.

NOTE 4 – NET ASSET CATEGORIES

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in the following net asset categories:

Unrestricted

Unrestricted net assets represent available resources other than donor restricted contributions. Funds for operations and fixed assets, with the exception of some land which is permanently restricted, are reported in this category.

Temporarily Restricted

Temporarily restricted net assets represent contributions and grants that are restricted by the donor either as to purpose or as to time of expenditure. These net assets are in the form of cash and equivalents and include accumulated earnings for the Operating Fund, the Endowed Maintenance Fund and the Hanser Land Acquisition Fund. Additionally, unrealized investment gains (losses) on investment of contributed funds in the Endowment Fund, the Endowment Maintenance Fund, the Hanser Land Acquisition Fund and the HVA Foundation funds are reported as temporarily restricted until realized.

Permanently Restricted

Permanently restricted net assets represent contributions received with the donor restriction that the principal be invested in perpetuity and that only the income earned thereon be available for operations. These net assets consist of investments in equity stocks and mutual funds totaling \$630,042 cash of \$9,141 land of \$200,000 and deferred land sale costs of \$6,342. They represent Endowment Fund, a portion of the Hanser Land Acquisition Fund, a portion of the Endowment Maintenance Fund net assets, and HVA Foundation funds.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2012

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

The following is a breakdown of temporarily restricted net assets as of June 30, 2012:

River Paddle Guide & Recreational Guide	\$ 11,300
Nutrient Loading Studies	18,867
Greenprint/Land Planning	80,000
River Signs	4,500
River enhancement/protection	33,875
Any legal fees related to easements	9,153
Net unrealized investment gains of permanently restricted funds	80,822
	<u>\$ 238,517</u>

NOTE 6 – ENDOWMENT AND SIMILAR FUNDS

As described in Note 5, HVA maintains separate funds to hold and invest donor restricted contributions for various purposes. The funds are the Endowment Fund, the Hanser Land Acquisition Fund, and the Endowed Maintenance Fund. They are described as follows:

The Endowment Fund consists of land (and deferred land sale costs) held for investment by Housatonic Valley Association and investments in cash equivalent funds, equity stocks, mutual funds and long term certificates of deposit held by the HVA Foundation. The Foundation has established investment policy guidelines in order to preserve the real value of funds invested.

Funds are transferred from the Endowment Fund to the Operating Fund based on a formula which considers the market value of total invested funds at the fiscal year end of the previous three years and the calendar year end of the current fiscal year. An average of the four market values is multiplied by 3% to arrive at the amount available for transfer.

The Hanser Land Acquisition Fund consists of funds invested in an equity mutual fund held for land protection. Earnings from the fund may be used for river enhancement and protection.

A portion of the Endowed Maintenance Fund consists of funds invested in an equity mutual fund from contributions permanently restricted to provide earnings which can be expended to monitor and maintain two property conservation easements.

The River Intern Fund was established during 2008-2009 as an endowment, the earnings from which would provide funding to hire a student intern for summer employment by the Housatonic Valley Association. During 2009-2010 the balance was transferred to the Community Foundation of North West Connecticut (CFNWCT) under an agreement which established a permanent endowment fund owned by CFNWCT. The reported balance at June 30, 2012 was \$102,114. Distributions of income from the fund to HVA are based on a spending formula to currently not exceed a ceiling of 5.75% or a floor of

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2012

4.25% of the market valuation of the endowment assets based on a rolling three year average. Distributions totaling \$650 were received during 2011-2012.

The Organization has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act as allowing or the preservation of the fair value of the original gift as of the gift date of the donor restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation HVA classifies as permanently restricted net assets the original value of gifts to the Endowment Fund and the other permanently restricted funds along with any accumulations to the permanent funds made in accordance with donor gift instrument directions. The remaining portion of the aforementioned funds is classified as temporarily restricted net assets until appropriated for expenditure in the manner described for each fund.

The following is a breakdown of the changes in endowment and similar funds for the fiscal year ended June 30, 2012:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets - Beginning of year reported	\$ 99,305	\$ 899,891	\$ 999,196
Prior Period Adjustment	54,366	(54,366)	-
Net Assets - Beginning of year restated	<u>153,671</u>	<u>845,525</u>	<u>999,196</u>
Investment Return:			
Investment income (net of \$1,924 advisory fees)	20,949	-	20,949
Net appreciation unrealized	21,943	-	21,943
Total Investment Return	<u>42,892</u>	<u>-</u>	<u>42,892</u>
Additions: Contributions	-	-	-
Deductions			
Hanser Grants	(55,000)	-	(55,000)
Endowment Fund Distributions per formula	(17,713)	-	(17,713)
Total Deductions	<u>(72,713)</u>	<u>-</u>	<u>(72,713)</u>
Net Change in Assets	<u>(29,821)</u>	<u>-</u>	<u>(29,821)</u>
Net assets - End of Year	<u>\$ 123,850</u>	<u>\$ 845,525</u>	<u>\$ 969,375</u>

The above schedule does not include temporarily restricted net assets totaling \$114,667 which are not maintained in an endowment or similar fund.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2012

NOTE 7 – RENTALS

A portion of the Organization's facilities are rented to others as tenants at will. Rental revenue for the year ended June 30, 2012 was \$8,779.

NOTE 8 – 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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 9 – RETIREMENT PLANS

HVA sponsors a Simplified Employee Pension Plan whereby it contributes 2% of annual gross salary for each employee who has been employed for at least 3 years. There were no contributions made by HVA for the year ended June 30, 2012. This plan has been temporarily suspended.

Additionally, HVA also maintains a noncontributory tax deferred income retirement 403(B) plan on behalf of electing employees.

NOTE 10 – OPERATING LEASES

HVA leases a copier under a five year non-cancellable operating lease which commenced on May 20, 2008. Total lease expenditures during the fiscal year ended June 30, 2012 was \$2,028.

The following is a schedule of future minimum lease payments:

2013	\$	1,843
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NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

The Association's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2012

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

- Level 1 input consists of unadjusted quoted prices in active markets for identical assets and has the highest priority.
- Level 2 inputs consist of significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active and other inputs that are observable or can be corroborated by observable market data.
- Level 3 inputs consist of significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability and have the lowest priority.

The Association uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Association measures fair values using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Cash, cash equivalents, accounts receivable and accounts payable: The carrying amounts reported in the statement of assets, liabilities and net assets approximate fair values because of the short maturates of those instruments. The fair values of long-term certificates of deposit, and publically traded mutual funds and equity investments are based on the closing price reported in the active market where the investments are traded. Unrealized gains of \$28,395 were recorded on investments in the statement of activities.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Association participates in various assisted grant programs. The use of grants in programs is subject to future review by the grantors. Such reviews may result in the Association having liabilities to the grantors.

The Association's Forms 990, *Return of Organization Exempt from Income Tax* are subject to examination by the IRS, generally for three years after they were filed.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 22, 2012 which corresponds to the date the financial statements were available to be issued.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.
Notes To Financial Statements
June 30, 2012

NOTE 14 – PRIOR PERIOD ADJUSTMENT

The prior year financial statements have been restated for the correction of an error in the prior year's classification of net assets. A total of \$54,366 of net assets were classified as permanently restricted which should have been reported as temporarily restricted. This adjustment was discovered during the fiscal year ended June 30, 2012 when the restriction on these assets was satisfied.

The effect on the prior year's financial statements was an overstatement of permanently restricted net assets of \$54,366 and an understatement of temporarily restricted net assets of \$54,366. This adjustment affected revenues and net assets for prior fiscal years as follows:

The year ended June 30, 2010 permanently restricted contributions were overstated by \$20,000 and the temporarily restricted contributions were understated by \$20,000.

The year ended June 30, 2008 permanently restricted contributions were overstated by \$34,366 and the temporarily restricted contributions were understated by \$34,366.