Spaulding for Children

Financial Statements

December 31, 2013 and 2012

CRI CARR RIGGS & INGRAM
CPAs and Advisors

LIMITED LIABILITY COMPANY
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Spaulding for Children
Houston, Texas

We have audited the accompanying financial statements of Spaulding for Children (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and changes 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 Spaulding for Children as of December 31, 2013, and the changes 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.

Prior Period Financial Statements

The financial statements of Spaulding for Children as of December 31, 2012, were audited by other auditors whose report dated May 16, 2013, expressed an unmodified opinion on those statements.

Carr, Riggs & Ingram, L.L.C.

Houston, Texas
May 13, 2014

Spaulding for Children

Statements of Financial Position

December 31,	2013	2012
Assets		
Current assets		
Cash and cash equivalents	$ 105,905	$ 121,187
Accounts receivable - Texas Department of Family and Protective Services	196,051	281,131
Accounts receivable - other	7,055	18,792
Pledges receivable	241,200	171,946
Prepaid expenses	16,369	18,139
Investments	348,453	323,299
Total current assets	915,033	934,494
Property and equipment, net	23,419	30,651
Long-term assets		
Pledges receivable	65,000	-
Total assets	$ 1,003,452	$ 965,145
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	$ 101,303	$ 177,444
Line of credit	50,000	-
Total current liabilities	151,303	177,444
Commitment and contingencies		
Net Assets		
Unrestricted	229,755	320,545
Temporarily restricted	391,515	236,277
Permanently restricted	230,879	230,879
Total net assets	852,149	787,701
Total liabilities and net assets	$ 1,003,452	$ 965,145

See accompanying notes to financial statements.

Statement of Activities and Changes in Net Assets

Year ended December 31,				2013
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Fees from Texas Department of Family and Protective Services	$ 1,082,140	$ -	$ -	**$ 1,082,140**
Federal and state awards	466,490	-	-	**466,490**
United Way allocation	-	235,443	-	**235,443**
Contributions and grants	81,840	427,581	-	**509,421**
Special events, net of direct donor benefit cost of $21,653	129,062	-	-	**129,062**
Program service fees	27,827	-	-	**27,827**
Investment income	13,715	30,901	-	**44,616**
Loss on disposal of equipment	(5,075)	-	-	**(5,075)**
Net assets released from restrictions	538,687	(538,687)	-	**-**
Total revenue and support	2,334,686	155,238	-	**2,489,924**
Expenses				
Program services				
Core adoption program	490,406	-	-	**490,406**
Post adoption program	680,034	-	-	**680,034**
Foster care program	1,065,006	-	-	**1,065,006**
Total program services	2,235,446	-	-	**2,235,446**
Management and general	112,024	-	-	**112,024**
Fundraising	78,006	-	-	**78,006**
Total expenses	2,425,476	-	-	**2,425,476**
Increase (decrease) in net assets	(90,790)	155,238	-	**64,448**
Net assets, beginning of year	320,545	236,277	230,879	**787,701**
Net assets, end of year	$ 229,755	$ 391,515	$ 230,879	**$ 852,149**

See accompanying notes to financial statements.

Statement of Activities and Changes in Net Assets

Year ended December 31,				2012
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Fees from Texas Department of Family and Protective Services	$ 1,040,407	$ -	$ -	$ 1,040,407
Federal and state awards	799,138	-	-	799,138
United Way allocation	-	251,093	-	251,093
Contributions and grants	165,250	457,511	-	622,761
Special events, net of direct donor benefit cost of $24,521	69,432	-	-	69,432
Program service fees	34,875	-	-	34,875
Investment income	8,648	20,678	-	29,326
Net assets released from restrictions	808,731	(808,731)	-	-
Total revenue and support	2,926,481	(79,449)	-	2,847,032
Expenses				
Program services				
Core adoption program	661,104	-	-	661,104
Post adoption program	1,129,425	-	-	1,129,425
Foster care program	1,042,799	-	-	1,042,799
Total program services	2,833,328	-	-	2,833,328
Management and general	111,972	-	-	111,972
Fundraising	69,329	-	-	69,329
Total expenses	3,014,629	-	-	3,014,629
Decrease in net assets	(88,148)	(79,449)	-	(167,597)
Net assets, beginning of year	408,693	315,726	230,879	955,298
Net assets, end of year	$ 320,545	$ 236,277	$ 230,879	$ 787,701

See accompanying notes to financial statements.

Statement of Functional Expenses

Year ended December 31,						**2013**
	Core Adoption Program	Post Adoption Program	Foster Care Program	Management and General	Fundraising	Total Expenses
Conference and meetings	$ 5,736	$ 179	$ 125	$ 1,786	$ 41	**$ 7,867**
Depreciation	636	666	666	104	85	**2,157**
Equipment	1,697	1,174	2,623	1,350	1,221	**8,065**
Foster care and respite assistance	-	26,746	484,456	-	-	**511,202**
Insurance	11,497	13,668	13,668	5,275	1,708	**45,816**
Membership dues	1,869	1,504	1,504	240	508	**5,625**
Occupancy costs	49,890	57,056	66,665	26,666	7,619	**207,896**
Other	3,517	522	135	3,897	4,292	**12,363**
Postage	1,028	1,386	838	1,307	1,453	**6,012**
Printing and publications	-	-	-	4,300	716	**5,016**
Professional fees	27,840	186,689	22,665	2,739	11,200	**251,133**
Salaries and related expenses	333,609	351,882	435,970	59,111	39,823	**1,220,395**
Scholarships and awards	-	16,759	-	-	-	**16,759**
Supplies	6,445	8,555	4,871	1,841	7,586	**29,298**
Telephone	11,334	9,928	9,503	2,062	978	**33,805**
Travel	35,308	3,320	21,317	1,346	776	**62,067**
Total	$ 490,406	$ 680,034	$ 1,065,006	$ 112,024	$ 78,006	**$ 2,425,476**

See accompanying notes to financial statements.

Spaulding for Children

Statement of Functional Expenses

Year ended December 31,						**2012**
	Core Adoption Program	Post Adoption Program	Foster Care Program	Management and General	Fundraising	Total Expenses
Conference and meetings	$ 3,225	$ 479	$ 250	$ 1,433	$ 65	$ 5,452
Depreciation	1,277	507	597	83	62	2,526
Equipment	7,295	4,067	2,686	789	1,205	16,042
Foster care and respite assistance	-	46,080	479,014	-	-	525,094
Insurance	14,655	14,212	12,694	4,699	1,293	47,553
Membership dues	2,276	1,845	1,456	217	163	5,957
Occupancy costs	60,739	73,053	65,407	26,162	7,475	232,836
Other	1,114	654	282	1,500	4,052	7,602
Postage	1,425	2,521	643	1,716	901	7,206
Printing and publications	-	20	-	4,525	2,174	6,719
Professional fees	27,987	480,627	23,428	2,080	1,604	535,726
Salaries and related expenses	479,417	452,415	423,054	63,985	46,367	1,465,238
Scholarships and awards	-	15,104	-	-	-	15,104
Supplies	10,214	9,910	3,595	1,937	2,567	28,223
Telephone	14,080	13,044	7,854	1,816	733	37,527
Travel	37,400	14,887	21,839	1,030	668	75,824
Total	$ 661,104	$ 1,129,425	$ 1,042,799	$ 111,972	$ 69,329	$ 3,014,629

See accompanying notes to financial statements.

Statements of Cash Flows

Years ended December 31,	**2013**	**2012**
Operating activities		
Change in net assets	$ **64,448**	$ (167,597)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized gains on investments	**(19,646)**	(23,304)
Depreciation	**2,157**	2,526
Loss on disposal of equipment	**5,075**	-
Changes in operating assets and liabilities:		
Accounts receivable -Texas Department of Family and Protective Services	**85,080**	149,902
Accounts receivable - other	**11,737**	458
Pledges receivable	**(134,254)**	99,786
Prepaid expenses	**1,770**	(328)
Accounts payable and accrued liabilities	**(76,141)**	(80,086)
Net cash used in operating activities	**(59,774)**	(18,643)
Investing activities		
Purchases of investments	**(5,508)**	-
Proceeds from sales of investments	-	7,297
Net cash (used in) provided by investing activities	**(5,508)**	7,297
Financing activities		
Borrowings from line of credit	**50,000**	-
Net decrease in cash and cash equivalents	**(15,282)**	(11,346)
Cash and cash equivalents, beginning of year	**121,187**	132,533
Cash and cash equivalents, end of year	$ **105,905**	$ 121,187
Supplemental cash flow information:		
Interest paid	$ **638**	$ -

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION

Providing children in need of a loving home with the joy of having one, Spaulding for Children (the "Organization") was incorporated in 1980 to build and sustain strong, nurturing families for children who have endured abuse, neglect or abandonment. Services provided by the Organization include foster care for children who are awaiting permanent placement; recruitment of adoptive families; education for adoptive families; adoptive placement activities; supervision of adoptive families; and post adoption services such as individual, family and group therapy, respite care, day treatment, and residential treatment. The Organization is headquartered in Houston, Texas with offices in Corpus Christi, Texas, and Brownsville, Texas.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization's resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net assets whose use by the Organization is subject to donor imposed stipulations that can be fulfilled by action of the Organization pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted – Net assets subject to donor imposed stipulations that assets be maintained permanently by the Organization. Generally, the donor of these assets permits the Organization to use all or part of the investment income on these assets. The investment income is used to provide scholarships and support the adoption program.

Support that is restricted by the donor and is to be used in future periods or for a specific purpose is reported as an increase in temporarily restricted or permanently restricted net assets in the reporting period in which the support is recognized. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Cash Equivalents

The Organization considers all highly liquid investments with initial maturities of three months or less at the time of purchase to be cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Pledges are recorded as revenue in the year they are received unless they contain a conditional promise to give. Conditional promises to give are not included as revenue until the conditions have been substantially met. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are discounted to estimate the present value of future cash flows, if material.

Fair Value Considerations

The Organization uses fair value to measure certain financial and nonfinancial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs-Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs-Level 3).

The fair value option allows entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The Organization did not elect the fair value option for the measurement of any eligible assets or liabilities.

The Organization's financial instruments (primarily cash and cash equivalents, receivables, investments and accounts payable) are carried in the financial statements at amounts that reasonably approximate fair value.

Investments

Investments are recorded at fair value based on quoted market price. The net change in unrealized appreciation or depreciation of investments during the year is recorded as investment income in unrestricted net assets in the statement of activities and changes in net assets unless the use of the income is limited by donor-imposed restrictions. Investment income whose use is restricted by the donor is reported as an increase (decrease) in temporarily restricted net assets.

Property and Equipment

Property and equipment are recorded at cost, or in the case of donated property, at the approximate fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives which range from five to twenty years.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fees for Service

Revenues from government grants and program services are recognized when the related services are provided.

Donated Materials and Services

A substantial number of volunteers have contributed significant amounts of time in conjunction with the program services and administration of the Organization for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Functional Expenses

The majority of expenses can generally be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses have been allocated among the programs and supporting services benefited based on various determinations by management.

Income Taxes

The Organization is exempt from Federal income tax under Section 501 (c)(3) of the Internal Revenue Code and is classified as a public charity under Section 509(b)(1)(A)(vi).

The Organization accounts for uncertain tax positions, when it is more likely than not, that such an asset or a liability will be realized. As of December 31, 2013 and 2012, management believes there were no uncertain tax positions.

Concentration of Credit Risk

At various times during the year, the Organization's cash balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents, due to the financial strength of the financial institutions where deposits are held.

Credit risk for accounts and pledges receivable is concentrated as well because substantially all of the balances are receivables from foundations and agencies located within the same geographic region.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required 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. Estimates that have the most impact on financial position and results of operations primarily relate to the collectability of accounts and pledges receivable, certain accrued liabilities and allocation of expense by function. Management believes these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Subsequent Events

The Organization has evaluated subsequent events through the time the financial statements are available for issuance on May 13, 2014. No matters were identified affecting the accompanying financial statements or related disclosures that have not been disclosed elsewhere.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivables consisted of the following:

December 31,	**2013**	2012
Less than one year:		
United Way	$ **56,082**	$ 59,933
Other pledges	**185,118**	112,013
One to five years:		
Other pledges	**65,000**	-
Total pledges receivable	$ **306,200**	$ 171,946

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

December 31,	**2013**	2012
Furniture and equipment	$ **125,083**	$ 133,973
Less: accumulated depreciation	**(101,664)**	(103,322)
Property and equipment, net	$ **23,419**	$ 30,651

Depreciation expense for each of the years ended December 31, 2013 and 2012 was $2,157 and $2,526 respectively.

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three tier fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by, observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity.

Investments in mutual funds are carried at fair value based on quoted market values in active markets (Level 1).

Fair value of financial assets measured on a recurring basis at December 31, 2013 and 2012 are as follows:

December 31,	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2013 Mutual funds (1)	**$ 348,453**	**$ 348,453**	**$ -**	**$ -**
2012 Mutual funds (1)	$ 323,299	$ 323,299	$ -	$ -

(1) The strategy is focused on providing long-term growth of the assets for future needs without exposure to undue risk. The fund invests a significant portion of its portfolio in mutual funds, closed end funds and UITs as determined by the adviser.

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following summarizes the investment return in the statements of activities and changes in net assets:

Years ended December 31,	**2013**	2012
Interest and dividend income	$ **24,970**	$ 6,022
Net realized and unrealized gains	**19,646**	23,304
Total investment return	$ **44,616**	$ 29,326

NOTE 6 – COMPENSATED ABSENCES

Employees earn annual vacation leave monthly. Accrued vacation hours may be payable upon termination. The Organization has accrued approximately $15,000 at December 31, 2013 and 2012, related to accumulated earned vacation.

NOTE 7 – LINE OF CREDIT

On May 17, 2013 Spaulding for Children entered into a line of credit with a bank totaling $100,000. The line has a maturity date of May 16, 2014 and is unsecured. Borrowings under the credit agreement bear interest at 1% over the current Index (4.250%). At December 31, 2013, the Organization's outstanding balance totaled $50,000.

On April 10, 2014 the Organization paid the balance in full. As of May 13, 2014, the renewal of the line credit is in process.

NOTE 8 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

December 31,	**2013**	2012
Core adoption program	$ **272,885**	$ 137,109
Post adoption program	**21,153**	16,399
Foster care program	**12,418**	13,333
Scholarships for adopted children, accumulated undistributed earnings	**85,059**	69,436
Total temporarily restricted net assets	$ **391,515**	$ 236,277

NOTE 8 – RESTRICTIONS ON NET ASSETS (CONTINUED)

Permanently restricted net assets are available for the following purposes:

December 31,	2013	2012
Holland Endowment - scholarships for adopted children	**$ 162,632**	$ 162,632
Fondren Endowment - core adoption program	**68,247**	68,247
Total permanently restricted net assets	**$ 230,879**	$ 230,879

NOTE 9 – NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended December 31, 2013 and 2012, temporarily restricted net assets of $538,687 and $808,731, respectively, were released from donor restrictions by satisfying donor restrictions.

NOTE 10 – ENDOWMENTS

Interpretation of Relevant Law

The Endowment Fund Trustees of the Organization has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the Holland donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the Act. The remaining portion of the Fondren donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted restricted net assets.

In accordance with the Act, the Organization considers the following factors in making the determination to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the funds
- Purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- Possible effect of inflation and deflation
- Earnings of the fund the previous year such that the fund's value will increase at least at the rate of inflation as reported by the U.S. Department of Labor, Bureau of Labor Statistics.
- Other resources of the Organization
- Investment policies of the Endowment Fund

NOTE 10 – ENDOWMENTS (CONTINUED)

Return Objective and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for scholarships supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner to provide long-term growth of the assets for future needs without exposure to undue risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term growth objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets an asset allocation that will achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year the percent of the fair market value of the assets of the fund on December 31 of the preceding year. The Board of Directors may elect not to receive the full amount available. The percentage of the fair market value of the fund that is made available to the Organization shall be based on the earnings of the fund the previous year and so that the fund's value will increase at least at the rate of inflation as reported by the U.S. Department of Labor, Bureau of Labor Statistics.

The following tables describe the Organization's endowment net asset composition by type of fund and the changes in endowment net assets as of and for the years ended December 31, 2013 and 2012:

Endowment net asset composition by type of fund:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
December 31, 2013				
Donor-restricted endowment funds	**$ 33,794**	**$ 85,059**	**$ 230,879**	**$ 349,732**
December 31, 2012				
Donor-restricted endowment funds	$ 24,258	$ 69,436	$ 230,879	$ 324,573

NOTE 10 – ENDOWMENTS (CONTINUED)

Changes in the Endowment net assets for the years end December 31, 2013 and 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2012	$ 15,756	$ 61,494	$ 230,879	$ 308,129
Investment income	8,648	20,678	-	29,326
Contributions	-	-	-	-
Appropriation of endowment Assets for expenditure	-	(12,573)	-	(12,573)
Other Changes – fees paid	(146)	(163)	-	(309)
Endowment net assets, December 31, 2012	**24,258**	**69,436**	**230,879**	**324,573**
Investment income	**13,715**	**30,901**	-	**44,616**
Contributions	-	-	-	-
Appropriation of endowment Assets for expenditure	**(3,984)**	**(15,104)**	-	**(19,088)**
Other changes – fees paid	**(195)**	**(174)**	-	**(369)**
Endowment net assets, December 31, 2013	**$ 33,794**	**$ 85,059**	**$ 230,879**	**$ 349,732**

NOTE 11 – COMMITMENTS

The Organization leases office space and equipment under noncancellable operating leases expiring through October 2016. During the years ended December 31, 2013 and 2012, lease expense amounted to approximately $214,000 and $232,000, respectively.

Future minimum lease commitments are as follows:

Year Ending December 31,	
2014	$ 191,462
2015	32,737
2016	827
Total	$ 225,026