W.O. SMITH NASHVILLE COMMUNITY MUSIC SCHOOL, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2012 AND 2011

W. O. SMITH NASHVILLE COMMUNITY MUSIC SCHOOL, INC.

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS
AND
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JUNE 30, 2012 AND 2011

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INDEPENDENT AUDITORS' REPORT

Board of Directors
W. O. Smith Nashville Community Music School, Inc.
Nashville, Tennessee

We have audited the accompanying statements of financial position of W. O. Smith Nashville Community Music School, Inc. (the "Organization") as of June 30, 2012 and 2011, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. 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 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of W. O. Smith Nashville Community Music School, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

KraftCPAs PLLC

Nashville, Tennessee
February 4, 2013

KraftCPAs PLLC - Certified Public Accountants and Consultants
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W.O. SMITH NASHVILLE COMMUNITY MUSIC SCHOOL, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash	$ 505,700	$ 428,586
Contributions receivable - operating	5,050	-
Prepaid expenses and other	5,565	2,258
Property and equipment, net of accumulated depreciation	6,348,934	6,481,421
Capital campaign assets:		
Contributions receivable, net	17,314	17,119
Beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee	87,758	91,663
TOTAL ASSETS	$ 6,970,321	$ 7,021,047
LIABILITIES		
Accounts payable	$ 23,074	$ 3,363
Deferred revenue	6,415	-
Note payable	308,000	308,000
TOTAL LIABILITIES	337,489	311,363
NET ASSETS		
Unrestricted:		
Undesignated	476,826	427,481
Designated for property and equipment, net of related debt	6,040,934	6,173,421
Designated for beneficial interest in agency endowment fund	87,758	91,663
Total Unrestricted	6,605,518	6,692,565
Temporarily Restricted	27,314	17,119
TOTAL NET ASSETS	6,632,832	6,709,684
TOTAL LIABILITIES AND NET ASSETS	$ 6,970,321	$ 7,021,047

See accompanying notes to the financial statements.

W.O. SMITH NASHVILLE COMMUNITY MUSIC SCHOOL, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE			
Public support:			
Contributions	$ 369,554	$ 73,160	$ 442,714
Contributed services of instructors	533,533	-	533,533
Contributions - donated supplies and equipment	58,226	-	58,226
State, local and foundation grants	116,850		116,850
Program fees	7,773	-	7,773
Fundraising events	55,385	-	55,385
Fundraising events - in-kind goods and services	16,950	-	16,950
Less: donor direct benefits	(12,500)	-	(12,500)
Interest income	46	-	46
Change in value of beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee	(1,405)	-	(1,405)
Other income:			
Rental income	57,285	-	57,285
Less: rental expenses	(10,320)	-	(10,320)
Temporarily restricted net assets released from restriction	62,965	(62,965)	-
TOTAL SUPPORT AND REVENUE	1,254,342	10,195	1,264,537
EXPENSES			
Program services:			
Music programs	1,088,686	-	1,088,686
Management and general	194,741	-	194,741
Fundraising	57,962	-	57,962
TOTAL EXPENSES	1,341,389	-	1,341,389
CHANGE IN NET ASSETS	(87,047)	10,195	(76,852)
NET ASSETS - BEGINNING OF YEAR	6,692,565	17,119	6,709,684
NET ASSETS - END OF YEAR	$ 6,605,518	$ 27,314	$ 6,632,832

See accompanying notes to the financial statements.

2011		
UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
$ 335,895	$ 1,221	$ 337,116
500,325	-	500,325
66,015	-	66,015
85,850	-	85,850
5,873	-	5,873
70,314	-	70,314
20,550	-	20,550
(11,000)	-	(11,000)
90	-	90
16,385	-	16,385
51,525	-	51,525
(11,825)	-	(11,825)
61,100	(61,100)	-
1,191,097	(59,879)	1,131,218
992,476	-	992,476
182,725	-	182,725
63,517	-	63,517
1,238,718	-	1,238,718
(47,621)	(59,879)	(107,500)
6,740,186	76,998	6,817,184
$ 6,692,565	$ 17,119	$ 6,709,684

W.O. SMITH NASHVILLE COMMUNITY MUSIC SCHOOL, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (76,852)	$ (107,500)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	234,377	222,052
Change in value of beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee	1,405	(16,385)
Contributions for capital campaign, net of discounts and other losses	(195)	(921)
Noncash contribution of property and equipment	(21,750)	(51,600)
(Increase) decrease in:		
Contributions receivable - operating	(5,050)	-
Prepaid expenses and other	(3,307)	15,366
Increase (decrease) in:		
Accounts payable	19,711	(1,240)
Deferred revenue	6,415	-
TOTAL ADJUSTMENTS	231,606	167,272
NET CASH PROVIDED BY OPERATING ACTIVITIES	154,754	59,772
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(80,140)	(29,128)
Distributions from agency endowment fund	2,500	3,600
NET CASH USED IN INVESTING ACTIVITIES	(77,640)	(25,528)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on note payable	-	(400,000)
Collections on pledges for capital campaign	-	60,800
NET CASH USED IN FINANCING ACTIVITIES	-	(339,200)
NET INCREASE (DECREASE) IN CASH	77,114	(304,956)
CASH - BEGINNING OF YEAR	428,586	733,542
CASH - END OF YEAR	$ 505,700	$ 428,586
OTHER CASH DISCLOSURES:		
Cash paid for interest	$ 3,419	$ 7,703

See accompanying notes to the financial statements.

W.O. SMITH NASHVILLE COMMUNITY MUSIC SCHOOL, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012				
	Program Services Music Programs	Management and General	Fundraising	Direct Benefits To Donors - Fundraising Events	Totals
Salaries	$ 144,289	$ 69,939	$ 30,249	$ -	244,477
Payroll taxes	11,307	5,481	2,371	-	19,159
Fringe benefits	12,838	6,223	2,692	-	21,753
TOTAL PAYROLL AND RELATED EXPENSES	168,434	81,643	35,312	-	285,389
Contributed services of instructors	533,533	-	-	-	533,533
Chorus programs	2,177	-	-	-	2,177
Cultural events	1,097	-	-	-	1,097
Donated gifts to program participants	9,814	-	-	-	9,814
Dues and subscriptions	490	1,143	-	-	1,633
Gifts and flowers	1,986	-	-	-	1,986
Insurance	11,834	7,889	-	-	19,723
Interest	2,735	684	-	-	3,419
Internet website	539	68	68	-	675
Local transportation	2,536	-	-	-	2,536
Meals and entertainment	1,103	5,147	1,103	-	7,353
Miscellaneous	966	1,996	1,002	-	3,964
Musical supplies	10,975	-	-	-	10,975
Musical supplies - donated	21,262	-	-	-	21,262
Office and computer supplies	2,186	3,278	-	-	5,464
Postage and freight	2,905	895	448	-	4,248
Printing	2,806	2,618	2,618	-	8,042
Professional development	-	3,238	-	-	3,238
Professional services	-	14,760	-	-	14,760
Promotion and publicity	-	-	450	-	450
Repairs - instruments	2,715	-	-	-	2,715
Repairs and maintenance	29,770	7,939	1,985	-	39,694
Scholarships	-	-	-	-	-
Security system	1,757	1,172	-	-	2,929
Summer music camp	53,026	-	-	-	53,026
Telephone	6,654	1,248	416	-	8,318
Utilities	21,221	14,148	-	-	35,369
Volunteer background checks	8,663	-	-	-	8,663
Rental expenses	-	-	10,320	-	10,320
Special events:					
Beverages, kitchen items, etc.	-	-	10,110	-	10,110
Donated goods and services	-	-	4,450	12,500	16,950
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	901,184	147,866	68,282	12,500	1,129,832
Depreciation of property and equipment	187,502	46,875	-	-	234,377
TOTAL FUNCTIONAL EXPENSES	1,088,686	194,741	68,282	12,500	1,364,209
Less expenses netted against revenues on the statement of activities - direct benefits to donors	-	-	-	(12,500)	(12,500)
Less expenses netted against revenues on the statement of activities - rental expenses	-	-	(10,320)	-	(10,320)
TOTAL EXPENSES REPORTED UNDER PROGRAM SERVICES AND SUPPORTING SERVICES	$ 1,088,686	$ 194,741	$ 57,962	$ -	$ 1,341,389

See accompanying notes to the financial statements.

2011				
Program Services Music Programs	Management and General	Fundraising	Direct Benefits To Donors - Fundraising Events	Totals
$ 135,423	$ 67,124	$ 29,337	$ -	231,884
10,288	5,099	2,229	-	17,616
10,712	5,309	2,321	-	18,342
156,423	77,532	33,887	-	267,842
500,325	-	-	-	500,325
2,231	-	-	-	2,231
140	-	-	-	140
-	-	-	-	-
502	1,171	-	-	1,673
1,720	-	-	-	1,720
10,525	7,015	-	-	17,540
6,162	1,541	-	-	7,703
1,148	144	144	-	1,436
5,163	-	-	-	5,163
501	2,336	501	-	3,338
664	439	634	-	1,737
4,845	-	-	-	4,845
14,415	-	-	-	14,415
2,528	3,792	-	-	6,320
2,734	1,449	725	-	4,908
2,268	1,579	1,579	-	5,426
-	65	-	-	65
-	15,025	-	-	15,025
-	-	6,727	-	6,727
2,735	-	-	-	2,735
28,900	7,707	1,927	-	38,534
4,000	-	-	-	4,000
1,757	1,172	-	-	2,929
33,599	-	-	-	33,599
7,690	1,442	481	-	9,613
23,859	15,906	-	-	39,765
-	-	-	-	-
-	-	11,825	-	11,825
-	-	7,362	-	7,362
-	-	9,550	11,000	20,550
814,834	138,315	75,342	11,000	1,039,491
177,642	44,410	-	-	222,052
992,476	182,725	75,342	11,000	1,261,543
-	-	-	(11,000)	(11,000)
-	-	(11,825)	-	(11,825)
$ 992,476	$ 182,725	$ 63,517	$ -	$ 1,238,718

NOTE 1 - GENERAL

W. O. Smith Nashville Community Music School, Inc. (the "Organization") was organized in 1984 to provide music instruction to children from low income families through professional, quality teaching by an all volunteer faculty.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements present the financial position and changes in net assets of the Organization on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Resources are classified as unrestricted, temporarily restricted and permanently restricted net assets, based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.

- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.

- *Permanently restricted net assets* are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. The Organization had no permanently restricted net assets as of June 30, 2012 and 2011.

Cash

Cash consists principally of checking accounts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions.

Gifts of equipment or materials are reported as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

An allowance for uncollectible contributions is provided based on historical experience and management's estimates. Pledges determined to be uncollectible are charged off against the allowance in the period of determination. Increases in the allowance relating to temporarily restricted pledges are reported as a doubtful accounts loss under support and revenue.

Property, Equipment and Depreciation

Property and equipment are recorded at cost at the date of purchase or estimated fair value at the date of gift to the Organization. The Organization's policy is to capitalize purchases with a cost of $500 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets as follows: five to eight years for vehicles, musical equipment, office equipment and furniture, fifteen years for land improvements and twenty to forty years for buildings.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agency Endowment Fund

The Organization's beneficial interest in an agency endowment fund held by the Community Foundation of Middle Tennessee (the "Foundation") is recognized as an asset. Investment income and changes in the value of the fund are recognized in the Statement of Activities, and distributions received from the fund are recorded as decreases in the beneficial interest. (See Note 5.)

Donated Services

The Organization's policy is to record support and expenses for contributed services that require specialized skills and would be purchased if not provided by the donor at the estimated fair value of services received.

The Organization has an all volunteer faculty of music instructors. The services provided by these volunteers represent a material contribution to the Organization's operations and are valued at an average hourly rate for music lessons in the Nashville area.

Members of the Board of Directors have also provided substantial assistance to the Organization by the donation of time and services. The value of this contribution is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services

Music Programs - making quality music instruction available to talented, interested, deserving children from low income families at the nominal fee of 50 cents a lesson. The Organization also seeks to encourage student participation in the cultural life of the community through concert attendance and performance. Over 800 students (800 students in 2011), ages 6 to 18, representing academic schools from across Metropolitan Nashville and Davidson County and the Middle Tennessee area, participate in the Organization's programs. Instruction is provided by a 230 member (187 member in 2011) volunteer faculty of area musicians from many different disciplines.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services (Continued)

Supporting Services

Management and General - relates to the overall direction of the Organization. Activities include organization oversight, business management, recordkeeping, financing, board operations, and community planning and networking activities.

Fundraising - includes costs of activities directed toward appeals for financial support, including special events. Other activities include the creation and distribution of fundraising materials. These costs include staff time, materials and other related expenses. Activities related to obtaining financial support include the annual fundraising campaign and solicitation of volunteer musicians.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and non-financial data or reasonable subjective methods determined by management.

Income Taxes

The Organization qualifies as a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization files U.S. Federal Form 990 for organizations exempt from income tax and Form 990-T, an exempt organization business income tax return. In addition, the Organization files a Tennessee state income tax return. Tax returns for years prior to fiscal year 2009 are no longer open to examination.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and had determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP 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.

Fair Value Measurements

The Organization classifies assets measured at fair value based on a hierarchy of valuation techniques consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (valued using quoted prices for similar assets in active markets or quoted prices for identical or similar assets in markets that are not active or are directly or indirectly observable), and Level 3 (valued based on significant unobservable inputs that reflect estimates and assumptions). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial assets measured at fair value on a recurring basis include the following:

Beneficial interest in agency endowment fund - The agency endowment fund held at the Foundation represents the Organization's interest in pooled investments with other participants in the funds. The Foundation prepares a valuation of the fund based on the fair value of the underlying investments and allocates income or loss to each participant based on market results. Due to the nature of the underlying investments, method of allocation, and liquidation provisions of the fund, the beneficial interest in the agency endowment fund is classified within Level 3 of the valuation hierarchy.

No changes in the valuation methodology have been made since the prior year.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is 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, and the difference could be significant.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between June 30, 2012 and February 4, 2013, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications have been made to prior year amounts in order to be comparative with the current year presentation. In the 2011 financial statements, $14,415 of donated supplies have been included in contributions - donated supplies and equipment, with a corresponding increase in musical supplies - donated in the schedule of functional expenses. These reclassifications had no effect on the change in net assets for the year.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of June 30:

	2012	2011
Contributions receivable:		
Due in less than one year	$ 55,880	$ 27,730
One to five years	30,880	53,980
	86,760	81,710
Less: discounts to net present value	(3,396)	(3,591)
Less: allowance for doubtful accounts	(61,000)	(61,000)
Net contributions receivable	$ 22,364	$ 17,119

	2012	2011
Operating	$ 5,050	$ -
Capital campaign	17,314	17,119
	$ 22,364	$ 17,119

Substantially all of the capital campaign contributions receivable are from related parties (board members and members of management) of the Organization.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2012	2011
Land and improvements	$ 319,479	$ 319,479
Buildings	6,584,809	6,582,738
Vehicles	50,948	46,458
Musical equipment	292,776	200,626
Office equipment and furniture	173,686	170,507
	7,421,698	7,319,808
Less: accumulated depreciation	(1,072,764)	(838,387)
	$ 6,348,934	$ 6,481,421

NOTE 5 - AGENCY ENDOWMENT FUND

The Organization established and holds a beneficial interest in the W. O. Smith Nashville Community Music School - Scholarship Fund, an agency endowment fund held by the Foundation. Earnings on this fund are used for college scholarships for music school students who wish to pursue a degree in music.

The Organization has granted variance power to the Foundation, and the Foundation has the ultimate authority and control over the Fund and the income derived therefrom. The fund is charged a .4% administrative fee by the Foundation annually. Upon request by the Organization, income from the Fund representing a 5% annual return may be distributed to the Organization or to another suggested beneficiary.

NOTE 5 - AGENCY ENDOWMENT FUND (CONTINUED)

A schedule of changes in the Organization's beneficial interest in this fund for the years ended June 30, 2012 and 2011 follows:

	2012	2011
Balance - beginning of year	$ 91,663	$ 78,878
Change in value of beneficial interest in agency endowment fund:		
Contributions to the fund	830	570
Investment income (loss) - net	(1,526)	16,423
Administrative expenses	(709)	(608)
	(1,405)	16,385
Distributions to the Organization	(2,500)	(3,600)
Balance - end of year	$ 87,758	$ 91,663

NOTE 6 - NOTE PAYABLE

On August 29, 2007, the Organization entered into a maximum $4 million construction loan agreement with a financial institution. As of June 30, 2012 and 2011, the total outstanding balance of the note was $308,000. The agreement provides for payment of all outstanding principal and unpaid interest on March 28, 2013. Interest is due monthly and is charged at the LIBOR rate plus 80 basis points (.99% at June 30, 2012). The agreement requires the Organization to make principal payments annually on October 1 to reduce the outstanding balance to a maximum outstanding amount, as defined in the agreement. The outstanding balance at June 30, 2012 and 2011 is less than the maximum outstanding balance allowed in any subsequent year until maturity. The note is secured by a deed of trust, capital campaign pledges and all other real and personal property of the Organization.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30:

	2012	2011
Capital campaign contributions receivable	$ 17,314	$ 17,119
Purpose restricted foundation grant	10,000	-
	$ 27,314	$ 17,119

NOTE 8 - EMPLOYEE BENEFIT PLAN

The Organization sponsors a Section 403(b) defined contribution plan for the benefit of eligible employees. The plan provides for the Organization to make a matching contribution for each employee deferral contribution, subject to limitations. Total contributions by the Organization to the plan amounted to $9,525 in 2012 and $7,665 in 2011.

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash accounts at reputable financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to statutory limits. The Organization's cash balances exceeded the FDIC coverage by approximately $211,000 at June 30, 2012.

Contributions received from one donor totaled $50,000 comprising 13% of total contributions received for the year ended June 30, 2012 ($150,000 from two donors comprised 44% of total contributions in 2011).

NOTE 10 - FAIR VALUE MEASUREMENTS

The following table summarizes financial assets measured at fair value on a recurring basis, segregated by level of valuation inputs within the fair value hierarchy utilized to measure fair value as of June 30:

2012	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Value
Beneficial interest in agency endowment fund	$ -	$ -	$ 87,758	$ 87,758

2011	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Value
Beneficial interest in agency endowment fund	$ -	$ -	$ 91,663	$ 91,663

A reconciliation of changes in the amounts reported for the asset valued using Level 3 inputs is included in Note 5.