



**AMERICAN NICARAGUAN FOUNDATION, INC.**

**FINANCIAL STATEMENTS**  
December 31, 2012 and 2011

AMERICAN NICARAGUAN FOUNDATION, INC.

FINANCIAL STATEMENTS  
December 31, 2012 and 2011

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
American Nicaraguan Foundation, Inc.  
Miami, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of American Nicaraguan Foundation, Inc., which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years 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 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 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 American Nicaraguan Foundation, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Crowe Horwath LLP

Fort Lauderdale, Florida  
June 12, 2013

AMERICAN NICARAGUAN FOUNDATION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,447,322	\$ 1,323,034
Securities and other investments	694,288	1,440,673
Contributions and other receivables, net of allowance	1,088,125	586,849
Inventories	39,801,828	26,159,832
Property and equipment, net	266,588	425,164
Other assets	<u>195,596</u>	<u>246,491</u>
Total assets	<u>\$ 44,493,747</u>	<u>\$ 30,182,043</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,040,678	\$ 750,544
Net assets:		
Unrestricted:		
Quasi-endowment fund	820,406	820,406
Undesignated	<u>42,564,305</u>	<u>28,541,892</u>
	43,384,711	29,362,298
Temporarily restricted	<u>68,358</u>	<u>69,201</u>
Total net assets	<u>43,453,069</u>	<u>29,431,499</u>
Total liabilities and net assets	<u>\$ 44,493,747</u>	<u>\$ 30,182,043</u>

See accompanying notes to financial statements.

AMERICAN NICARAGUAN FOUNDATION, INC.  
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
 For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Changes in unrestricted net assets</b>		
Revenue		
In-kind contributions	\$ 122,364,591	\$ 110,572,010
Cash contributions and other	1,667,960	1,563,884
Shipping and handling donated	2,233,589	1,384,789
Net assets released from restrictions	<u>5,120,932</u>	<u>3,185,715</u>
Total unrestricted revenue	<u>131,387,072</u>	<u>116,706,398</u>
Expenses		
Program expenses	115,264,107	118,836,407
Fundraising	753,484	720,353
Administrative expenses	<u>1,347,068</u>	<u>1,582,638</u>
Total expenses	<u>117,364,659</u>	<u>121,139,398</u>
Change in unrestricted net assets	14,022,413	(4,433,000)
Unrestricted net assets at beginning of year	<u>29,362,298</u>	<u>33,795,298</u>
Unrestricted net assets at end of year	<u>43,384,711</u>	<u>29,362,298</u>
<b>Changes in temporarily restricted net assets</b>		
Revenue		
Cash contributions	5,120,089	3,114,474
Net assets released from restrictions	<u>(5,120,932)</u>	<u>(3,185,715)</u>
Change in temporarily restricted net assets	(843)	(71,241)
Temporarily restricted net assets at the beginning of year	<u>69,201</u>	<u>140,442</u>
Temporarily restricted net assets at the end of year	<u>68,358</u>	<u>69,201</u>
Change in net assets	14,021,570	(4,504,241)
Net assets at the beginning of year	<u>29,431,499</u>	<u>33,935,740</u>
<b>Net assets at the end of year</b>	<u>\$ 43,453,069</u>	<u>\$ 29,431,499</u>

See accompanying notes to financial statements.

AMERICAN NICARAGUAN FOUNDATION, INC.  
STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 14,021,570	\$ (4,504,241)
Adjustments to reconcile change in net assets to net cash provided by (used in) by operating activities:		
Depreciation and amortization	154,022	147,899
Changes in fair value	29,976	(36,873)
Increase (decrease) resulting from changes in:		
Change in inventories	(13,641,996)	3,897,363
Contributions and other receivables	(501,276)	(16,122)
Other assets	50,895	(67,200)
Accounts payable and accrued expenses	<u>290,134</u>	<u>(230,480)</u>
Net cash provided by (used in) operating activities	<u>403,325</u>	<u>(809,654)</u>
<b>Cash flows from investing activities</b>		
Capital expenditures	-	(249,407)
Proceeds from securities and other investments	720,963	444,386
Purchases of securities and other investments	<u>-</u>	<u>(908,433)</u>
Net cash provided by (used in) investing activities	<u>720,963</u>	<u>(713,454)</u>
Net increase (decrease) in cash and cash equivalents	1,124,288	(1,523,108)
Cash and cash equivalents at the beginning of year	<u>1,323,034</u>	<u>2,846,142</u>
<b>Cash and cash equivalents at the end of year</b>	<u>\$ 2,447,322</u>	<u>\$ 1,323,034</u>

See accompanying notes to financial statements.

AMERICAN NICARAGUAN FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2012 and 2011

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**NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business:** American Nicaraguan Foundation, Inc. (the "Foundation") is a not-for-profit organization established in the state of Florida in 1992. The Foundation was established principally to support the neediest sectors in Nicaragua by forging strategic alliances with domestic and foreign sponsors to procure funds, quality goods and products, and deliver this aid to the ultimate recipient in Nicaragua through social service organizations pre-qualified by the Foundation.

The Foundation operates a division in Nicaragua, "Asociación Nicaraguense Americana de Fomento Social" affiliated with United Way International, for the purpose of serving as the local organization of the Foundation to raise funds and support the Foundation's activities within the country.

**Basis of Reporting:** The Foundation prepares its financial statements following principles generally accepted in the United States of America. In accordance with these principles for certain nonprofit organizations, expenses are allocated into functional categories based on the ultimate purpose of the expenditure.

In preparing its financial statements, the Foundation applied ASC No. 958, *Not for Profit Entities*, for the recording of donations received, contributions made and for its financial statement presentation. Accordingly, the accompanying financial statements present balances and transactions based on the existence or nonexistence of restrictions imposed by the donor. Consequently, the net assets of the Foundation and their changes are reported and classified as follows:

- *Unrestricted net assets* are free of donor-imposed restrictions and include the effects of revenues, expenses, gain and losses that are not changes in temporarily or permanently restricted net assets. As of December 31, 2012 and 2011, the Foundation has an outstanding quasi-endowment fund consisting of corporate bonds and mutual funds designated to benefit a community in South Florida. The period and purpose of this fund has not been designated by the Board of Directors.
- *Temporarily restricted net assets* are those assets which use has been temporarily restricted by donors. When a donor-imposed restriction expires, that is when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.
- *Permanently restricted net assets* are those assets which use has been permanently restricted by donors. As of December 31, 2012 and 2011, and during the years then ended, the Foundation had no permanently restricted net assets.

**Cash and Cash Equivalents:** Cash and cash equivalents include deposits in financial institutions of unrestricted cash. For the purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Foundation maintains bank accounts at various financial institutions in the United States and Nicaragua.

**Fair Value of Financial Instruments:** Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

**Securities:** Securities are classified as trading and are recorded at fair value with changes in fair value included in the statements of activities and changes in net assets. Interest and dividends are included in cash contributions and other.

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(Continued)

AMERICAN NICARAGUAN FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2012 and 2011

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**NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions and other receivables: Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the present value of their future cash flows as of the date of gift receipt and subsequently net of unamortized discounts and an allowance for uncollectible amounts. Amortization of the corresponding discount, when applicable is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The allowance for doubtful accounts is a valuation for probable incurred losses on donations. Receivables are charged against the allowance when management believes the uncollectibility of the receivable is confirmed.

Inventories: Inventories are comprised mainly of undistributed medical, educational and nutritional supplies, as well as inventories in transit and fundraising goods (Virtus I watches) used in fundraising activities. Inventories are stated at the lower of their estimated fair value or the fair value determined by the donor as of the date of donation, except for the Virtus I watches which are recorded at the lower of cost or estimated fair value.

Inventories of medical supplies that are subject to expiration dates on their use, as dictated by the manufacturer, are periodically monitored. Medical supplies that expire within two months of year-end are identified and considered obsolete, and a valuation reserve is established.

Self-Insurance on Inventories: The Foundation self-insures for the risk of inventory loss. Inventory risk begins at the donor's shipping point and remains until the Foundation transfers the inventory to the pre-qualified organizations generally at the Foundation's storage warehouse in Managua, Nicaragua. Inventory risks include, but are not limited to: fire, earthquake, theft and vandalism. The Foundation has determined that self-insuring its inventory is acceptable for these types of risk.

Property and Equipment: Property and equipment are stated at cost if purchased or at their estimated fair value if received in donation. Property and equipment with a purchase price before taxes of \$100 or more are depreciated using the straight line method over the estimated useful lives of the asset, which range from two to ten years. Leasehold improvements are amortized using the straight line method over the lesser of the lease term or the estimated useful lives of the asset.

Long-lived assets are evaluated for impairment on a yearly basis. No impairment losses on long-lived assets have been recognized in 2012 or 2011.

In-kind Contributions and Donations: The Foundation receives in-kind contributions and donations of medicine and medical supplies, educational supplies, nutritional supplies, shipping and handling and other items from individual donors, governments, and other organizations. These contributions are recognized by the Foundation as revenue based upon the fair value provided by the donor. The Foundation contributes these items to social service organizations, principally in Nicaragua, and records these contributions as program expenses, at the fair value originally provided by the donor.

Transactions in Foreign Currency: Transactions made in a currency other than the functional currency (US Dollar) are converted using the official rate in effect on the transaction date. As of the date of the financial statements, monetary assets and liabilities, which are expressed in a currency other than the functional currency, have been converted to US Dollars at the exchange rate in effect on the closing date. Non-monetary assets and liabilities are converted at their historical exchange rate. Differences arising from currency conversion are recorded as part of operating activities. Foreign currency losses for 2012 and 2011 were deemed to be immaterial.

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AMERICAN NICARAGUAN FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2012 and 2011

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**NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates: To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided. Actual results could differ from these estimates. The inventory valuation and fair values of financial instruments are particularly subject to change

Severance Pay Accrued: The division in Nicaragua is subject to local labor legislation, which requires certain severance payments to its personnel upon termination regardless of cause. The statutory severance pay accrued is computed as follows: one month of salary for each year of employment during the first three years of employment and twenty days of salary for each subsequent year, with a minimum of one month and a maximum of five months' salary. As of December 31, 2012 and 2011, the Foundation had severance pay accrued totaling approximately \$101,818 and \$121,471, respectively, and is included in the accompanying statements of financial position.

Income Taxes: The Foundation has received determination of tax exempt status from the Internal Revenue Service under Code Section 501(c)(3) and, consequently, the earnings of the Foundation are not taxed and no provision for income taxes is included in the accompanying financial statements. The Foundation is also exempt from State taxes. There was no unrelated business income tax payable for the years ending December 31, 2012 and 2011. The Foundation has adopted ASC 958, *Not for Profit Entities*, which establishes a single model to address accounting for uncertainty in tax positions.

In Nicaragua, the Foundation and Asociación Nicaragüense Americana de Fomento Social are not-for-profit organizations exempt from income taxes in accordance with article (11), subparagraph (4) of the Equitable Tax Law.

Due to its tax-exempt status, the Foundation is not subject to U.S. federal income tax or state income tax. The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

The Foundation is not subject to examination by U.S. taxing authorities for years prior to 2008. The Foundation is not subject to examination by Nicaraguan authorities for any year prior to 2005.

If the Foundation were to recognize interest and penalties related to unrecognized tax benefits, these would be recorded as interest and income tax expense, respectively. The Foundation has no amounts accrued for interest or penalties as of December 31, 2012 and 2011.

Subsequent Events: The Foundation has evaluated subsequent events for recognition and disclosure through June 12, 2013 which is the date the financial statements were available to be issued.

**NOTE 2 - CONCENTRATIONS AND CREDIT RISK**

For the years ended December 31, 2012 and 2011, approximately 60% and 33%, respectively of cash donations came from a single donor (a not-for-profit organization in the United States of America) and approximately 72% and 88% of total contributions received during 2012 and 2011, respectively were contributed by or through the same donor.

The Foundation has several bank accounts and time deposits which exceed the insurance provided by the Federal Deposit Insurance Corporation (FDIC). It also has uninsured deposits in a foreign financial institution.

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AMERICAN NICARAGUAN FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2012 and 2011

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**NOTE 3 - SECURITIES AND OTHER INVESTMENTS**

Securities and other investments consisted of the following as of December 31:

	<u>2012</u>	<u>2011</u>
Corporate bonds:		
Household Fin Corp.	\$ -	\$ 189,467
Goldman Sachs Group Inc.	-	193,346
Deutsche BK AG Global	-	194,507
Citigroup Inc. Global	-	194,105
Merrill Lynch & Co Inc.	195,599	195,411
Mutual funds:		
Abbott-open end funds	<u>498,689</u>	<u>473,837</u>
	<u>\$ 694,288</u>	<u>\$ 1,440,673</u>

Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately. Contractual maturities as of December 31, 2012 are detailed below:

Corporate bonds:	
Within one year	\$ 195,599
One to five years	-
Mutual funds (with no stated maturity)	<u>498,689</u>
Total	<u>\$ 694,288</u>

**NOTE 4 - FAIR VALUE**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (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. There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect the Foundation's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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AMERICAN NICARAGUAN FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2012 and 2011

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**NOTE 4 - FAIR VALUE (Continued)**

Investment Securities: The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

As of December 31, 2012 and 2011, corporate bonds amounting to \$195,599 and \$966,836, respectively were included in securities and other investments in the accompanying statements of financial position. The fair values of corporate bonds are considered Level 1. Securities are recorded at fair value with changes in fair value included in cash contributions and other in the statements of activities and changes in net assets.

As of December 31, 2012 and 2011, mutual funds amounting to \$498,689 and \$473,837, respectively were included in securities and other investments in the accompanying statements of financial position. The fair values of mutual funds are considered Level 1. Mutual funds are recorded at fair value with changes in fair value included in cash contributions and other in the statements of activities and changes in net assets.

There were no transfers between Levels 1 and 2 during 2012 or 2011. There are no level 2 or level 3 securities as of December 31, 2012 or 2011.

**NOTE 5 - RECEIVABLES**

Included in contributions and other receivables are the following unconditional promises to receive, all due within one year:

	<u>2012</u>	<u>2011</u>
Housing contributions	\$ 518,595	\$ -
Fund raising gala	261,690	170,300
Programs contributions	32,147	121,949
Nicaragua import tax reimbursement	213,298	237,260
Other accounts receivable	62,395	57,340
	<u>\$ 1,088,125</u>	<u>\$ 586,849</u>

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AMERICAN NICARAGUAN FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2012 and 2011

**NOTE 6 - INVENTORIES**

As of December 31, inventories consisted of the following:

	<u>2012</u>	<u>2011</u>
Medicine and medical supplies	\$ 3,587,586	\$ 3,031,160
Dried and processed foods	1,084,776	642,234
Household goods	600,926	1,261,548
Educational supplies	300,281	1,723,431
Clothing	632,701	485,725
Personal care	2,027,899	54,868
Silent auction inventory	58,273	62,770
Virtus I watches	754,920	782,880
Inventory in transit	<u>30,754,466</u>	<u>18,115,216</u>
	<u>\$ 39,801,828</u>	<u>\$ 26,159,832</u>

The below table summarizes the inventory in transit as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Medicine and medical supplies	\$ 23,604,214	\$ 14,586,425
Dried and processed foods	1,170,818	638,643
Educational supplies	1,813,223	146,292
Clothing	1,203,375	-
Household goods	<u>2,962,836</u>	<u>2,743,856</u>
	<u>\$ 30,754,466</u>	<u>\$ 18,115,216</u>

There was no balance at year-end and no activity during the year ended December 31, 2012 and 2011 in the allowance for obsolescence.

**NOTE 7 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31, 2012 and 2011:

	Estimated Useful Lives (years)	<u>2012</u>	<u>2011</u>
Leasehold improvements	5-10	\$ 227,554	\$ 328,558
Equipment	2-5	300,993	282,159
Other	2-5	<u>173,018</u>	<u>180,938</u>
		701,565	791,655
Less: accumulated depreciation and amortization		<u>(434,977)</u>	<u>(366,491)</u>
		<u>\$ 266,588</u>	<u>\$ 425,164</u>

(Continued)

AMERICAN NICARAGUAN FOUNDATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 For the years ended December 31, 2012 and 2011

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**NOTE 8 - PROGRAM EXPENSES**

Program expenses for the years ended December 31, 2012 and 2011 include the following:

	<u>2012</u>	<u>2011</u>
Goods distributed and services donated	\$ 111,140,983	\$ 116,311,806
Projects implementation	2,354,635	1,750,087
Programs implementation	1,768,489	774,514
	<u>\$ 115,264,107</u>	<u>\$ 118,836,407</u>

**NOTE 9 - ADMINISTRATIVE EXPENSES**

The following table set forth the components of administrative expenses for the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Salaries and severance payments	\$ 421,363	\$ 630,013
Facilities rental	283,782	284,615
Depreciation and amortization	154,022	147,899
Travel	72,614	39,111
Communications and utilities	74,486	45,312
Maintenance and repairs	12,964	41,563
Professional services	95,420	81,138
Supplies	26,065	12,330
Other	206,352	300,657
	<u>\$ 1,347,068</u>	<u>\$ 1,582,638</u>

**NOTE 10 – COMMITMENTS**

The Foundation has an operating land lease in Nicaragua. The Foundation built its warehouse and administrative offices on the leased land. The land lease calls for monthly lease payments of \$2,084 and expires in 2015. Furthermore, the lessor has recognized the investments made by the Foundation in the form of leasehold improvements. Under the amendment, \$124,555 in leasehold improvements is being deducted from rental payments through maturity at a monthly rate of approximately \$1,339. Contributed rent expense under this agreement totaled approximately \$255,000 and \$261,000 for the years ended 2012 and 2011, respectively and is included as in-kind contributions in the statement of activities and changes in net assets.

During 2011, the Foundation, relocated its offices in Miami and entered into a new operating lease agreement. Rent expense under the new operating lease agreement is recognized as fundraising expense and amounted to approximately \$61,000 and \$38,000 for the years ended 2012 and 2011, respectively.

AMERICAN NICARAGUAN FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2012 and 2011

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**NOTE 10 – COMMITMENTS (Continued)**

Future estimated minimum rental cash payments under these operating leases are as follows:

	<u>Minimum Commitment</u>	<u>Rent Contribution</u>	<u>Net Commitment</u>
2013	63,195	(16,072)	47,123
2014	64,335	(16,072)	48,263
2015	59,260	(7,149)	52,111
2016	<u>38,150</u>	<u>-</u>	<u>38,150</u>
	<u>\$ 224,940</u>	<u>\$ (39,293)</u>	<u>\$ 185,647</u>

**NOTE 11 - TRANSACTIONS WITH RELATED PARTIES**

The Foundation's president is a member of the Board of Directors at one of the United States banks where the Foundation maintains a bank account and the same Bank's president is also a member of the Board of Directors of the Foundation. As of December 31, 2012 and 2011, cash and other investments deposited in such bank amounted to approximately \$85,000 and \$23,000, respectively.

**NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS**

The components and changes in temporarily restricted net assets for the years ended December 31, 2012 and 2011 follow:

	<u>Housing</u>	<u>Other<sup>(*)</sup></u>	<u>Total</u>
Balance as of January 1, 2011	\$ 140,442	\$ -	\$ 140,442
Temporarily restricted funds received during the year 2011	1,245,695	1,868,779	3,114,474
Temporarily restricted net assets released during the year 2011	<u>(1,386,137)</u>	<u>(1,799,578)</u>	<u>(3,185,715)</u>
Balance as of December 31, 2011	-	69,201	69,201
Temporarily restricted funds received during the year 2012	1,556,813	3,563,276	5,120,089
Temporarily restricted net assets released during the year 2012	<u>(1,497,513)</u>	<u>(3,623,419)</u>	<u>(5,120,932)</u>
Balance as of December 31, 2012	<u>\$ 59,300</u>	<u>\$ 9,058</u>	<u>\$ 68,358</u>

Temporarily restricted net assets are released from donor restrictions when the restricted assets are expended in satisfaction of the restricted purpose or by the occurrence of other events, as specified by the donors.

(\*)Other temporarily restricted funds in 2012 and 2011 include a variety of diverse programs and projects with costs of less than \$200,000.