BOYS' HOME, INCORPORATED

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2013

CONTENTS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Boys' Home, Incorporated
Covington, Virginia:

We have audited the accompanying financial statements of Boys' Home, Inc., which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the year ended June 30, 2013, 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.

Auditors' 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys' Home, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the year ended June 30, 2013 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2012 financial statements, and our report dated October 18, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foti, Flynn, Lowen & Company, P.C.

Roanoke, Virginia
October 17, 2013

BOYS' HOME, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

ASSETS

	2013	2012
CURRENT ASSETS:		
Cash	$ 89,534	$ 161,773
Accounts receivable	7,505	17,748
Beneficial interest in trusts - current	294,058	321,145
Total current assets	391,097	500,666
NON-CURRENT ASSETS:		
Accounts receivable - Boys' loans	963	963
Beneficial interest in trusts - non-current	8,097,937	8,958,901
Investments	28,558,418	28,543,776
Other investments	67,043	54,902
Cash - permanently restricted	6,006	6,006
Pledges receivable - capital	248,610	-
Property and equipment, less accumulated depreciation of $4,833,089 in 2013 and $4,711,750 in 2012	3,771,627	3,471,482
Construction in progress	-	25,200
Total non-current assets	40,750,604	41,061,230
	$ 41,141,701	$ 41,561,896

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	2013	2012
LIABILITIES:		
Current liabilities:		
Accounts payable	$ 54,540	$ -
Accrued expenses	81,519	94,744
Total current liabilities	136,059	94,744
NET ASSETS:		
Unrestricted:		
Undesignated	(84,900)	15,728
Designated by the Board for:		
Long-term investment	25,223,827	24,922,670
Other	44,861	67,979
Fixed assets	3,599,577	3,324,632
Total unrestricted	28,783,365	28,331,009
Temporarily restricted	8,660,640	9,584,651
Permanently restricted	3,561,637	3,551,492
Total net assets	41,005,642	41,467,152
	$ 41,141,701	$ 41,561,896

BOYS' HOME, INCORPORATED

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013
(With Comparative Totals for 2012)

	UNRESTRICTED	TEMPORARILY RESTRICTED
SUPPORT AND REVENUE:		
Contributions	$ 764,096	$ 385,768
Tuition	524,813	-
Interest and dividends	398,131	5,196
Special events	20,312	-
School lunches	56,055	-
Other sources	25,996	-
	1,789,403	390,964
Gain (loss) on sale of property and equipment	(2,444)	-
Net gain (loss) on investments	1,374,163	-
Bequests	99,954	-
Increase (decrease) in value of funds held in trusts by others	-	(408,182)
Satisfaction of program restrictions	906,793	(906,793)
TOTAL SUPPORT AND REVENUE	4,167,869	(924,011)
EXPENSES:		
Program services	2,952,021	-
General and administrative	551,984	-
Fund raising	211,508	-
TOTAL EXPENSES	3,715,513	-
CHANGE IN NET ASSETS	452,356	(924,011)
NET ASSETS, BEGINNING OF YEAR	28,331,009	9,584,651
NET ASSETS, END OF YEAR	$ 28,783,365	$ 8,660,640

See accompanying notes to financial statements.

PERMANENTLY RESTRICTED	2013	2012
$ 3,150	$ 1,153,014	$ 855,726
-	524,813	430,481
6,995	410,322	606,735
-	20,312	26,246
-	56,055	42,789
-	25,996	25,582
10,145	2,190,512	1,987,559
-	(2,444)	(21,536)
-	1,374,163	(1,020,210)
-	99,954	371,046
-	(408,182)	2,160,312
-	-	-
10,145	3,254,003	3,477,171
-	2,952,021	2,914,341
-	551,984	529,539
-	211,508	212,802
-	3,715,513	3,656,682
10,145	(461,510)	(179,511)
3,551,492	41,467,152	41,646,663
$ 3,561,637	$ 41,005,642	$ 41,467,152

BOYS' HOME, INCORPORATED

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2013
(With Comparative Totals for 2012)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (461,510)	$ (179,511)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	180,557	172,777
Net (gain) loss on disposal of property and equipment	2,444	21,536
Net (gain) loss on investments	(1,374,163)	1,020,210
Change in value of trust agreements	408,182	(2,160,312)
Pledges restricted for capital	(248,610)	-
Cash received from trust agreements	479,869	321,145
Increase/Decrease in operating assets and liabilities:		
Accounts receivable	10,243	(3,537)
Accounts payable	54,540	-
Accrued expenses	(13,225)	(20,705)
Net assets restricted for permanent investment	(3,150)	(126,540)
Net cash provided (used) by operating activities	(964,823)	(954,937)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	350	-
Purchase of property and equipment	(458,296)	(77,668)
Proceeds from sale of investments	2,592,471	2,273,057
Purchase of investments	(1,245,091)	(1,348,597)
Net cash provided by investing activities	889,434	846,792
CASH FLOWS FROM FINANCING ACTIVITIES -		
Net assets restricted for permanent investment	3,150	126,540
Net cash provided by financing activities	3,150	126,540
NET INCREASE (DECREASE) IN CASH	(72,239)	18,395
CASH, BEGINNING	161,773	143,378
CASH, ENDING	$ 89,534	$ 161,773

See accompanying notes to financial statements.

BOYS' HOME, INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013
(With Comparative Totals for 2012)

	PROGRAM SERVICES
Salaries:	
Administrative	$ 58,628
Professional staff	538,038
Support staff	40,915
Technical	300,989
Employee fringe benefits	215,967
FICA taxes	66,216
Bad debts	-
Depreciation	180,557
Development	12,708
Professional fees	-
Food and beverages	307,848
Other purchased services	117,953
Office and computer expense	-
Subscriptions and dues	554
Educational vocational training	20,140
Staff training	-
Boys' personal expenses	33,384
College boys' fees	11,119
Psychological	16,389
Scholarships	522,214
Special projects	18,311
Farm expenses	53,350
Equipment and vehicle maintenance	74,028
Building and grounds maintenance	110,553
Household furnishings and supplies	9,529
Insurance	52,968
Telephone	-
Utilities	157,535
Miscellaneous	32,128
Total expenses	$ 2,952,021

See accompanying notes to financial statements.

GENERAL AND ADMINISTRATIVE	FUND RAISING	TOTAL ALL FUNDS 2013	2012
$ 42,714	$ 15,913	$ 117,255	$ 117,255
-	-	538,038	650,941
257,538	117,430	415,883	364,785
-	-	300,989	344,294
69,089	30,683	315,739	357,743
21,183	9,409	96,808	106,656
-	-	-	500
-	-	180,557	172,777
-	38,073	50,781	51,109
17,450	-	17,450	19,575
-	-	307,848	307,712
-	-	117,953	56,719
33,509	-	33,509	22,623
1,565	-	2,119	5,251
-	-	20,140	24,113
13,692	-	13,692	15,716
-	-	33,384	47,189
-	-	11,119	19,813
-	-	16,389	15,966
-	-	522,214	401,589
-	-	18,311	8,608
-	-	53,350	55,252
-	-	74,028	73,825
-	-	110,553	107,994
-	-	9,529	8,829
-	-	52,968	48,837
25,034	-	25,034	24,247
60,360	-	217,895	196,862
9,850	-	41,978	29,902
$ 551,984	$ 211,508	$ 3,715,513	$ 3,656,682

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

Boys' Home, Inc. (the Organization) is a non-profit corporation organized under the laws of the Commonwealth of Virginia to provide a spiritual and educational environment for boys in need of shelter and guidance. The Organization is supported primarily through donor contributions and investment income.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified 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 - All resources over which the governing board has discretionary control. The governing board of the Organization may elect to designate such resources for specific purposes. This designation may be removed at the board's discretion.
>
> Temporarily Restricted - Resources accumulated through donations or grants for specific operating or capital purposes. Such resources will become unrestricted when the requirements of the donor or grantee have been satisfied through expenditure for the specified purpose or program or through the passage of time.
>
> Permanently Restricted - Endowment resources accumulated through donations or grants that are subject to the restriction in perpetuity that the principal be invested. Investment income may be either an unrestricted or temporarily restricted resource when earned, determined according to the gift instruments.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Promises to give due in the next year are recorded at their net realizable value. Promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are made.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - (Continued):

Cash and Cash Equivalents
For purposes of reporting the statement of cash flows, the Organization includes all cash available on a daily basis.

Accounts Receivable
Accounts receivable and unconditional promises to give are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with clients having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Pledges Receivable
Pledges receivable are stated at face value with no allowance for doubtful accounts. Substantially all of these receivables are considered collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

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.

Split-Interest Agreements
Boys' Home is the recipient/beneficiary of several irrevocable trust arrangements which are held by others. The related income from these arrangements is recognized as temporarily restricted until the cash is received, at which time it is reclassified as unrestricted. The recorded value of the stream of future revenue associated with these trusts is required to be measured using the present value of future cash receipts. The market value of the pro rata ownership portion of the trusts' assets and/or the annual amount received currently from the trusts is used as a basis and then discounted to present value using a rate of 1.2% to arrive at an approximation of the present value of the future receipts.

Property and Equipment
It is the Organization's policy to capitalize property and equipment in excess of $750. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - (Continued):

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income taxes under 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

2. RECLASSIFICATIONS:

Certain amounts in the 2012 financial statements have been reclassified to conform with current year presentation.

3. CONCENTRATION OF CREDIT RISK:

The Organization maintains cash balances at several banks. Amounts in interest bearing accounts and money market deposit accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. Non-interest bearing accounts are fully insured, regardless of the balance through December 31, 2012. Effective January 1, 2013, non-interest bearing accounts are insured up to $250,000.

4. PLEDGES RECEIVABLE:

Following is a summary of pledges receivable as of June 30, 2013 and 2012:

	2013	2012
Receivable in one to five years-		
Capital	$ 248,610	$ -
Total pledges receivable	$ 248,610	$ -

5. INVESTMENTS:

Investments at June 30 are comprised of the following:

	2013	2012
Cash & cash equivalents	$ 3,755,864	$ 2,082,906
Mutual funds and other equities	11,134,951	13,620,001
Fixed income	10,480,283	4,077,553
Partnerships	200,000	-
Alternative investments	2,987,320	8,763,316
	$ 28,558,418	$ 28,543,776

Boys' Home paid approximately $152,505 in investment fees to various financial institutions for the year ended June 30, 2013. This amount is included in interest and dividends on the Statement of Activities.

6. FAIR VALUE MEASUREMENTS:

Assets and liabilities are measured at fair value which is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, standards establish a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Inputs - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.

Level 2 Inputs - Inputs other than quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs - Unobservable inputs in which there is little or no market data, which requires management to develop their assumptions.

6. FAIR VALUE MEASUREMENTS - (Continued):

Fair value of assets measured on a recurring basis at June 30, 2013 are as follows:

Description	Level 1	Level 2	Level 3	Total
Investments	$ 25,371,098	$ 2,987,320	$ 200,000	$ 28,558,418
Beneficial interest in trusts	-	-	8,391,995	8,391,995
Total	$ 25,371,098	$ 2,987,320	$ 8,591,995	$ 36,950,413

Fair value of assets measured on a recurring basis at June 30, 2012 are as follows:

Description	Level 1	Level 2	Level 3	Total
Investments	$ 19,780,460	$ 8,763,316	$ -	$ 28,543,776
Beneficial interest in trusts	-	-	9,280,046	9,280,046
Total	$ 19,780,460	$ 8,763,316	$ 9,280,046	$ 37,823,822

The Organization recognizes transfers into and out of Levels 1 and 2 at the end of the reporting periods. Transfers from Level 2 to Level 1 were $6,264,613 and there were no transfers from Level 1 to Leve613 during the year ended June 30, 2013.

The change in assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) for the year ending June 30, 2013 are as follows:

Investments	
Beginning balance, July 1, 2012	$ -
Transfers from Level 1	200,000
Ending balance, June 30, 2013	$ 200,000

Beneficial interest in trusts	
Beginning balance, July 1, 2012	$ 9,280,046
Cash received from trusts	(479,869)
Change in value of split interest agreements	(408,182)
Ending balance, June 30, 2013	$ 8,391,995

7. PROPERTY AND EQUIPMENT:

A summary of property and equipment follows:

	2013	2012
Buildings	$ 6,877,952	$ 6,534,957
Land improvements	918,134	918,134
Fixed equipment	177,593	170,098
Furniture and fixtures	103,869	80,466
Automobiles and trucks	258,952	211,361
	8,336,500	7,915,016
Less accumulated depreciation	(4,833,089)	(4,711,750)
	3,503,411	3,203,266
Land	268,216	268,216
	$ 3,771,627	$ 3,471,482

8. ACCRUED EXPENSES:

Accrued expenses consist of the following:

	2013	2012
Accrued payroll	$ 25,450	$ 29,214
Accrued vacation pay	38,336	38,991
Boys' personal money	17,766	24,239
Deferred revenue	(83)	2,250
Other	50	50
	$ 81,519	$ 94,744

9. UNDESIGNATED NET ASSETS:

Undesignated net assets consist of the following:

	2013	2012
Cash	$ 42,691	$ 91,761
Accounts receivable	7,505	17,748
Accounts receivable - Boys' loans	963	963
Accounts payable	(54,540)	-
Accrued expenses	(81,519)	(94,744)
	$ (84,900)	$ 15,728

10. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes or periods:

	2013	2012
College expenses	$ 1,980	$ 2,031
Periods after June 30	8,391,995	9,280,046
Renovations	-	289,665
Capital pledges	248,610	-
Other	18,055	12,909
	$ 8,660,640	$ 9,584,651

11. PERMANENTLY RESTRICTED NET ASSETS:

Permanently restricted net assets are as follows and are classified based on the restricted purpose:

	2013	2012
Scholarships	$ 3,054,348	$ 3,044,203
Farm operations	507,289	507,289
	$ 3,561,637	$ 3,551,492

12. ENDOWMENTS:

The Organization's endowments consist of individual funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

12. ENDOWMENTS - (Continued):

Interpretation of Relevant Law
The Board of Trustees of Boys' Home, Inc. has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 to the permanent endowment, and © 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 donor-restricted endowment 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 SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

Return Objectives and Risk Parameters
The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking flexibility to meet unanticipated demands and changing environments. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an absolute return equal to the rate of inflation, measured by the CPI plus 5% annually (over a rolling three year time horizon). Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current year (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equities investments to achieve its long-term return objectives within prudent risk constraints.

12. ENDOWMENTS - (Continued):

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of drawing 5% annually based on three year average of ending endowment balance. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are to be reported in unrestricted net assets. These deficiencies result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that are deemed prudent by the Board of Trustees. There were no such deficiencies as of June 30, 2013.

Net Asset Composition by Type of Endowment Fund as of June 30, 2013:

	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 3,336,591	$ 3,336,591
Board-designated endowment funds	22,321,971	-	22,321,971
Total Funds	$ 22,321,971	$ 3,336,591	$ 25,658,562

Net Asset Composition by Type of Endowment Fund as of June 30, 2012:

	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 3,333,441	$ 3,333,441
Board-designated endowment funds	23,059,710	-	23,059,710
Total Funds	$ 23,059,710	$ 3,333,441	$ 26,393,151

12. ENDOWMENTS - (Continued):

Changes in Endowment net assets for year ending June 30, 2013:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 23,059,710	$ 3,333,441	$ 26,393,151
Investment return:			
Interest and dividends	429,554	-	429,554
Realized gains	85,124	-	85,124
Unrealized gains	1,279,666	-	1,279,666
Withdraws and transfers out	(2,750,030)	-	(2,750,030)
Contributions and transfers in	217,947	3,150	221,097
Endowment net assets, end of year	$ 22,321,971	$ 3,336,591	$ 25,658,562

13. BOYS' SUPPORT:

The normal daily billing rate for all residents is $20.00. A Scholarship Fund expense account is charged with monthly support of privately placed boys whose families cannot pay.

The following is a schedule of boys' support for the year ended June 30, 2013:

Gross tuition	$ 524,813
Scholarships	(522,214)
Net tuition received	$ 2,599

14. 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 functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

15. RENTAL INCOME:

The Organization leases approximately eight acres of land to Alleghany Asphalt & Construction, Inc. under an operating lease with a term of fifty years, expiring December 31, 2053. Minimum annual rent on the land is $9,000 per year. In addition to the annual minimum rent, the lessee agrees to pay an additional “royalty” rent of fifty cents per ton for every ton of asphalt in excess of 15,000 tons produced and sold.

Minimum future rentals at June 30 are as follows:

Year Ended	Amount
2014	$ 9,000
2015	9,000
2016	9,000
2017	9,000
2018	9,000
2019 and thereafter	319,500

16. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through October 17, 2013, the date on which the financial statements were available to be issued.