

MAYER AND MORRIS KAPLAN FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011



Lipschultz, Levin & Gray
L.L.C. Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Mayer and Morris Kaplan Foundation

We have audited the accompanying financial statements of Mayer and Morris Kaplan Foundation, which comprise the statements of financial position as of December 31, 2012, and the related statements of activities and changes in unrestricted net assets, 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 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 Mayer and Morris Kaplan Foundation as of December 31, 2012, and the change 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.

Other Matter

The 2011 financial statements were reviewed by us, and our report thereon, dated October 11, 2012, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Lipschultz Levin & Gray, L.L.C.

Lipschultz, Levin & Gray, LLC
Northbrook, Illinois
November 18, 2013



MAYER AND MORRIS KAPLAN FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 2011

| | 2012 | 2011 |
|--|---------------------|---------------------|
| | Audited | Reviewed |
| ASSETS | | |
| CASH | \$ 20,000 | \$ 449,598 |
| INVESTMENTS: | | |
| Cash Management Funds | 1,085,356 | 135,292 |
| Bond Mutual Funds | 8,890,575 | 3,553,082 |
| Common Stocks and Mutual Funds | 15,440,175 | 7,421,775 |
| Limited Partnerships | 5,983,294 | 7,769,992 |
| Offshore Hedge Funds | 3,013,669 | 2,930,701 |
| TOTAL INVESTMENTS | <u>34,413,069</u> | <u>21,810,842</u> |
| CONTRIBUTIONS RECEIVABLE | | 12,066,735 |
| FURNITURE AND EQUIPMENT: | | |
| Office Equipment and Furnishings | 105,425 | 105,425 |
| Less: Accumulated Depreciation | (105,425) | (105,425) |
| FURNITURE AND EQUIPMENT, NET | <u>0</u> | <u>0</u> |
| OTHER ASSETS: | | |
| Distributions Receivable from Limited Partnerships | 1,271,824 | |
| Current and Deferred Income and Excise Taxes | | |
| Receivable, Net | | 6,180 |
| TOTAL OTHER ASSETS | <u>1,271,824</u> | <u>6,180</u> |
| TOTAL ASSETS | <u>\$35,704,893</u> | <u>\$34,333,355</u> |
| LIABILITIES AND UNRESTRICTED NET ASSETS | | |
| LIABILITIES: | | |
| Current and Deferred Income and Excise Taxes | | |
| Payable, Net | \$ 152,913 | |
| Grants Payable | 2,521,667 | \$ 3,282,667 |
| TOTAL LIABILITIES | <u>2,674,580</u> | <u>3,282,667</u> |
| UNRESTRICTED NET ASSETS | <u>33,030,313</u> | <u>31,050,688</u> |
| TOTAL LIABILITIES AND UNRESTRICTED | | |
| NET ASSETS | <u>\$35,704,893</u> | <u>\$34,333,355</u> |

See Independent Auditor's Report and Accompanying Notes to Financial Statements.



MAYER AND MORRIS KAPLAN FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS

YEARS ENDED DECEMBER 31, 2012 AND 2011

| | 2012 Audited | 2011 Reviewed |
|--|---------------------|---------------------|
| REVENUES AND OTHER INCOME (LOSS): | | |
| Contributions | \$ 797,397 | \$12,320,592 |
| Interest | 87,861 | 106,992 |
| Dividends | 679,916 | 402,368 |
| Realized Gains, Net | 1,323,137 | 1,129,621 |
| Other Income (Loss), Net | 34,335 | (4,193) |
| TOTAL NET REVENUES AND OTHER INCOME (LOSS) | 2,922,646 | 13,955,380 |
| GRANTS AND EXPENSES: | | |
| Grant Expenditures | 2,347,485 | 2,792,988 |
| Investment Expenses | 206,577 | 213,795 |
| Investment Interest Expense | 2,708 | 4,676 |
| Professional Fees | 35,862 | 35,291 |
| Investment Advisor Fees | 84,732 | 78,106 |
| Office Expenses | 54,469 | 53,239 |
| Travel and Meetings | 28,591 | 20,474 |
| Meals and Entertainment | 8,267 | 7,894 |
| Salaries and Payroll Taxes | 248,339 | 229,383 |
| Consulting and Other Expenses | 43,472 | 1,393 |
| TOTAL GRANTS AND EXPENSES | 3,060,502 | 3,437,239 |
| INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED GAINS (LOSSES) ON INVESTMENTS, NET AND INCOME AND EXCISE TAXES EXPENSE | (137,856) | 10,518,141 |
| UNREALIZED GAINS (LOSSES) ON INVESTMENTS, NET | 2,304,639 | (1,077,354) |
| INCREASE IN UNRESTRICTED NET ASSETS BEFORE INCOME AND EXCISE TAXES EXPENSE | 2,166,783 | 9,440,787 |
| INCOME AND EXCISE TAXES EXPENSE | (187,158) | (29,518) |
| INCREASE IN UNRESTRICTED NET ASSETS | 1,979,625 | 9,411,269 |
| UNRESTRICTED NET ASSETS - BEGINNING OF YEAR | 31,050,688 | 21,639,419 |
| UNRESTRICTED NET ASSETS - END OF YEAR | \$33,030,313 | \$31,050,688 |

See Independent Auditor's Report and Accompanying Notes to Financial Statements.



MAYER AND MORRIS KAPLAN FOUNDATIONSTATEMENTS OF CASH FLOWSYEARS ENDED DECEMBER 31, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|--|---------------------|-------------------|
| | Audited | Reviewed |
| CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES: | | |
| Increase in Unrestricted Net Assets | \$ 1,979,625 | \$ 9,411,269 |
| Adjustments to Reconcile Increase (Decrease) in Unrestricted Net Assets to Net Cash Flows Used by Operating Activities: | | |
| Unrealized (Gains) Losses on Investments, Net | (2,304,639) | 1,077,354 |
| (Increase) Decrease in: | | |
| Contributions Receivable | 12,066,735 | (12,066,735) |
| Distributions Receivable | (1,271,824) | |
| Current and Deferred Income and Excise Taxes, Net | 159,093 | 16,969 |
| Grants Payable | (761,000) | 830,667 |
| NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES | <u>9,867,990</u> | <u>(730,476)</u> |
| CASH FLOW FROM (USED BY) INVESTING ACTIVITY - | | |
| Sales of Investments and Partnership Distributions, Net of Additional Investments | <u>(10,297,588)</u> | <u>1,067,350</u> |
| NET INCREASE (DECREASE) IN CASH | <u>(429,598)</u> | <u>336,874</u> |
| CASH - BEGINNING OF YEAR | <u>449,598</u> | <u>112,724</u> |
| CASH - END OF YEAR | <u>\$ 20,000</u> | <u>\$ 449,598</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | |
| Cash Paid During the Year for: | | |
| Income and Excise Taxes, Net | <u>\$ 28,065</u> | <u>\$ 29,504</u> |
| Investment Interest Expense | <u>\$ 2,708</u> | <u>\$ 4,676</u> |

See Independent Auditor's Report and Accompanying Notes to Financial Statements.



MAYER AND MORRIS KAPLAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

ORGANIZATION AND NATURE OF ACTIVITIES

The Mayer and Morris Kaplan Foundation (the "Foundation") was established on August 11, 1959, as a private foundation for the purpose of supporting recognized charitable organizations within the United States of America.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of the Foundation are prepared on the accrual basis of accounting.

Investments:

Investments of cash management funds, mutual funds, common stocks (foreign and domestic) and offshore hedge funds are carried at fair value based on quoted market prices and net asset values. Unrealized gains and losses are included in the Statement of Activities.

The Foundation utilizes the practical expedient in valuing its investment in limited partnerships. The practical expedient is an acceptable method under GAAP to determine the fair value of investments that do not have a readily determinable fair value predicated upon a public market and have the attributes of an investment company. The Foundation first utilizes the equity method based on K-1 capital account balances provided by the general partner. Under the equity method, the investments are recorded at cost, and increased by the Foundation's share of the limited partnerships' operating income and additional capital contributions, and decreased by the amount of any distributions received or receivable and operating losses of the limited partnership. Management then takes into consideration the other information provided by the general partner to determine overall reasonableness of the recorded value. Management believes that this method represents the best estimate of the partnerships' fair values. Because of the inherent uncertainty of valuing the investments in such partnerships and certain of the underlying investments held by the partnerships, the Foundation's estimate of fair value may differ significantly from the values that would have been used had a ready market for the investments existed.

Furniture and Equipment:

Purchases of furniture and equipment are carried at cost. Depreciation was provided using an accelerated method over the estimated useful lives of the assets.



MAYER AND MORRIS KAPLAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Distributions Receivable:

The distributions receivable, at December 31, 2012 of \$1,271,824, represents distributions paid by limited partnership investments prior to the end of the year but not received by the Foundation until the subsequent year.

Contributions:

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. The Foundation has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

Bequests are recorded as contributions in the year of the passing of the donor to the extent that such amounts are readily determinable.

Any noncash distributions received are recorded at the fair market value of the asset at the time of the donation.

Grant Expenditures:

Grant expenditures are recognized in the period the grant is approved, provided the grant is not subject to substantial future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. As of December 31, 2012 and 2011 the Foundation had approved but unpaid grants amounting to \$2,521,667 and \$3,282,667, respectively (see *Grants Payable* footnote).

Income and Excise Taxes:

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except for unrelated business income taxes. In 2012 and 2011, the Foundation incurred taxes on unrelated business income passed through from partnership investments. In addition, according to the applicable provisions of the Code, the Foundation is subject to an excise tax (1% or 2%) on net investment income, including realized gains, as defined in the Code.

In addition, the Code requires that certain minimum distributions be made in accordance with a specified formula. At December 31, 2012 and 2011, the Foundation had distributed more than the required minimum.



MAYER AND MORRIS KAPLAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income and Excise Taxes (Continued):

Management believes that its tax positions have been taken in accordance with the rules and regulations of the respective taxing authorities in which it files and that they have filed in jurisdictions where required.

The Foundation's income tax returns have not been examined by the tax authorities for the last three years, which remain as the years that are generally still subject to examination. Management realizes that there may be differences of opinion relating to interpretations taken by taxing authorities and that certain tax jurisdictions may require filings which have not been made. However, through November 18, 2013, there have not been any material claims made by any taxing authorities that have not been appropriately defended or provided for in the financial statements, nor is management aware of any specific uncertain tax positions that currently exist.

Deferred Income Taxes:

Deferred income taxes are determined utilizing the liability approach. This method gives consideration to the future tax consequences associated with differences between financial and tax accounting. Such differences relate to the Foundation's unrealized gains or losses on its investments. This method gives immediate effect to changes in income tax laws upon enactment. The income effect is derived from changes in the deferred income tax account on the Statement of Financial Position. Substantially all of the tax provision is comprised of deferred taxes.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

CASH AND CASH MANAGEMENT FUNDS

The Foundation maintains its cash accounts in what it believes are high-quality financial institutions. Nevertheless, there is exposure where balances exceed federally insured limits.



MAYER AND MORRIS KAPLAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

CASH AND CASH MANAGEMENT FUNDS (Continued)

The Foundation maintains accounts with brokerage firms. The accounts contain cash management funds and other securities. Balances are insured up to \$500,000 for each brokerage firm by the Security Investor Protection Corporation against potential losses, excluding decreases in market value. The Foundation has not experienced any losses in its cash management funds. Management believes that the Foundation is not exposed to any significant credit risk on these accounts.

The Foundation considers cash management funds to be investments since the balances in such accounts routinely exceed the amounts required to fund normal operating expenses.

For the purpose of the statement of cash flows, the Foundation does not consider highly liquid investments with maturity of three months or less, when purchased, to be cash equivalents.

CONTRIBUTION RECEIVABLE

During 2011, a trustee of the Foundation died and named the Foundation as the remainder beneficiary of his estate. In 2012, the Foundation received from the estate mutual funds and securities valued at \$11,870,808.

Another trustee also died during 2011 and named the Foundation as the beneficiary of a retirement account. In 2012, the amount of the IRA, \$195,927, was received by the Foundation.

FAIR VALUE OF INVESTMENTS

The Foundation's investments at fair value are summarized below as of December 31, 2012:

| | <u>Cost/Equity Basis</u> | <u>Fair Value</u> |
|--------------------------------|--------------------------|----------------------|
| Cash Management Funds | \$ 1,085,356 | \$ 1,085,356 |
| Bond Mutual Funds | 8,500,466 | 8,890,575 |
| Common Stocks and Mutual Funds | 8,972,262 | 15,440,175 |
| Limited Partnerships | 5,983,294 | 5,983,294 |
| Offshore Hedge Funds | <u>1,820,646</u> | <u>3,013,669</u> |
| Total Investments | <u>\$ 26,362,024</u> | <u>\$ 34,413,069</u> |



MAYER AND MORRIS KAPLAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

FAIR VALUE OF INVESTMENTS (Continued)

The Foundation's investments at fair value are summarized below as of December 31, 2011:

| | <u>Cost/Equity Basis</u> | <u>Fair Value</u> |
|--------------------------------|--------------------------|----------------------|
| Cash Management Funds | \$ 135,292 | \$ 135,292 |
| Bond Mutual Funds | 3,541,259 | 3,553,082 |
| Common Stocks and Mutual Funds | 4,621,192 | 7,421,775 |
| Limited Partnerships | 7,769,992 | 7,769,992 |
| Offshore Hedge Funds | <u>1,820,646</u> | <u>2,930,701</u> |
| Total Investments | <u>\$ 17,888,381</u> | <u>\$ 21,810,842</u> |

Generally accepted accounting principles in the United States of America have established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets 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



MAYER AND MORRIS KAPLAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

FAIR VALUE OF INVESTMENTS (Continued)

unobservable inputs. See *Summary of Significant Accounting Policies* for description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

The valuation methods described in the *Summary of Significant Accounting Policies* may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level, within the fair value hierarchy, the Foundation's investment assets at fair value as of December 31, 2012:

| <u>Description</u> | <u>Total</u> | <u>Fair Value Measurements at Reporting Date Using</u> | | |
|-----------------------------------|----------------------|---|--|--|
| | | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| Cash Management Funds | \$ 1,085,356 | | \$ 1,085,356 | |
| Bond Mutual Funds | 8,890,575 | \$ 8,890,575 | | |
| Common Stocks and Mutual Funds | 15,440,175 | 15,440,175 | | |
| Limited Partner- ships | 5,983,294 | | | \$ 5,983,294 |
| Offshore Hedge Funds | <u>3,013,669</u> | | | <u>3,013,669</u> |
| Total | <u>\$ 34,413,069</u> | <u>\$ 24,330,750</u> | <u>\$ 1,085,356</u> | <u>\$ 8,996,963</u> |



MAYER AND MORRIS KAPLAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

FAIR VALUE OF INVESTMENTS (Continued)

The following table sets forth, by level, within the fair value hierarchy, the Foundation's investment assets at fair value as of December 31, 2011:

| <u>Description</u> | <u>Total</u> | <u>Fair Value Measurements at Reporting Date Using</u> | | |
|-----------------------------------|----------------------|---|--|--|
| | | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| Cash Management Funds | \$ 135,292 | | \$ 135,292 | |
| Bond Mutual Funds | 3,553,082 | \$ 3,553,082 | | |
| Common Stocks and Mutual Funds | 7,421,775 | 7,421,775 | | |
| Limited Partner- ships | 7,769,992 | | | \$ 7,769,992 |
| Offshore Hedge Funds | <u>2,930,701</u> | | | <u>2,930,701</u> |
| Total | <u>\$ 21,810,842</u> | <u>\$ 10,974,857</u> | <u>\$ 135,292</u> | <u>\$ 10,700,693</u> |

The following table provides a summary of changes in fair value of the Foundation's Level 3 investments in limited partnerships, as well as the portion of gains or losses included in income attributable to unrealized gains or losses that relate to those investments held at December 31, 2012 and 2011:

| | <u>2012 Limited Partnerships</u> | <u>2011 Limited Partnerships</u> |
|--|--|--|
| Balance, January 1 | \$ 7,769,992 | \$ 9,394,656 |
| Investment Income, Net | 983,720 | 261,747 |
| Purchases, Issuances and Settlements, Net | <u>(2,770,418)</u> | <u>(1,886,411)</u> |
| Balance, December 31 | <u>\$ 5,983,294</u> | <u>\$ 7,769,992</u> |
| Portion of Investment Income, Net Relating to Those Assets Still Held | <u>\$ 983,720</u> | <u>\$ 261,747</u> |



MAYER AND MORRIS KAPLAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

FAIR VALUE OF INVESTMENTS (Continued)

The above information for the Level 3 investments in Offshore Hedge Funds is not available since they represent a segment of total investments in a master fund with portions attributable to all levels.

GRANTS PAYABLE

Grants payable totaling \$2,521,667 and \$3,282,667 at December 31, 2012 and 2011, respectively, consisted of approved grant commitments. As of December 31, 2012, based on the specific grant agreements, amounts payable are expected to be paid in the following years:

| | | |
|----------------------|----|------------------|
| 2013 | \$ | 1,178,333 |
| 2014 | | 908,334 |
| 2015 | | <u>435,000</u> |
| Total Grants Payable | \$ | <u>2,521,667</u> |

INVESTMENT RETURN

The following schedule summarizes the investment return and its classification in the Statement of Activities for the years ended December 31, 2012 and 2011:

| | <u>2012</u> | <u>2011</u> |
|--------------------------------|---------------------|-------------------|
| Interest | \$ 87,861 | \$ 106,992 |
| Dividends | 679,916 | 402,368 |
| Realized Gains, Net | 1,323,137 | 1,129,621 |
| Unrealized Gains (Losses), Net | 2,304,639 | (1,077,354) |
| Other Income (Losses), Net | 34,335 | (4,193) |
| Investment Expenses | (206,577) | (213,795) |
| Investment Interest Expense | (2,708) | (4,676) |
| Investment Advisor Fees | <u>(84,732)</u> | <u>(78,106)</u> |
| Investment Income, Net | <u>\$ 4,135,871</u> | <u>\$ 260,857</u> |

MAYER AND MORRIS KAPLAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

RELATED PARTY TRANSACTIONS

During 2012 and 2011, the Foundation received investment advisor, personnel and other services from Kaplan Family Investments (KFI), an affiliate of the trustees, and paid KFI \$365,205 and \$337,328, respectively, for those services.

RISKS AND UNCERTAINTIES

The Foundation invests in various types of investments. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

COMMITMENT

As of December 31, 2012 and 2011, the Foundation was committed to future capital calls on its investments amounting to approximately \$515,000 and \$605,000, respectively.

RECLASSIFICATIONS

Certain amounts in the 2011 financial statements have been reclassified to conform to the current year presentation.

SUBSEQUENT EVENTS

The Foundation management has evaluated subsequent events through November 18, 2013, the date which the financial statements were available for issue.