Financial Statements and Report of Independent Certified Public Accountants

THE FORSYTH INSTITUTE

June 30, 2014 and 2013

Contents

Grant Thornton

An instinct for growth™

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Report of Independent Certified Public Accountants

Board of Directors
The Forsyth Institute

Report on the financial statements

We have audited the accompanying financial statements of The Forsyth Institute (the "Institute"), which comprise the statement of financial position as of June 30, 2014 and 2013 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.

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 Institute'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 Institute'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 The Forsyth Institute as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Boston, Massachusetts
October 31, 2014

THE FORSYTH INSTITUTE

Statements of Financial Position

As of June 30, 2014 and 2013

	2014	2013
Assets:		
Current assets:		
Cash and cash equivalents	$ 263,502	$ 1,060,034
Accounts receivable	3,963,886	4,285,158
Contributions receivable, net	367,952	345,510
Investments	5,770,274	5,761,960
Prepaid expenses	75,440	466,468
Total current assets	10,441,054	11,919,130
Restricted cash	1,499,978	1,500,000
Contributions receivable, net of current portion	-	313,351
Beneficial interest in trusts	61,378,494	55,764,244
Property and equipment, net	18,617,009	18,490,663
Investments, restricted	225,000	225,000
Total assets	$ 92,161,535	$ 88,212,388
Liabilities and net assets:		
Line of credit	$ 350,000	$ -
Amounts held for the benefit of others	899,978	-
Accounts payable and accrued expenses	3,467,380	2,607,216
Deferred income	489,325	1,079,043
Total current liabilities	5,206,683	3,686,259
Deferred rent	5,882,952	6,009,433
Total liabilities	11,089,635	9,695,692
Commitments and contingencies (Note J)		
Net assets:		
Unrestricted	18,982,718	21,695,906
Temporarily restricted	61,589,182	56,320,790
Permanently restricted	500,000	500,000
Total net assets	81,071,900	78,516,696
Total liabilities and net assets	$ 92,161,535	$ 88,212,388

The accompanying notes are an integral part of the financial statements.

THE FORSYTH INSTITUTE

Statement of Activities

Year ended June 30, 2014

(With summarized comparative information for the year ended June 30, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	2013 Total
Operating revenues:					
Research grants and contracts	$ 22,538,825	$ -	$ -	$ 22,538,825	$ 22,589,976
Appreciation on perpetual trusts	-	9,170,694	-	9,170,694	3,832,690
Contributions	457,456	30,688	-	488,144	924,624
Investment return and other income	453,700	-	-	453,700	334,648
Distributions from perpetual trusts	3,319,836	(3,319,836)	-	-	-
Investment management fees paid by perpetual trusts	236,608	(236,608)	-	-	-
Net assets released from restrictions	376,546	(376,546)	-	-	-
Total operating revenues	27,382,971	5,268,392	-	32,651,363	27,681,938
Operating expenses:					
Program services - Research	27,865,552	-	-	27,865,552	26,242,786
Program services - Dental	1,800,444	-	-	1,800,444	1,426,585
Supporting services - Fundraising	430,163	-	-	430,163	613,630
Total operating expenses	30,096,159	-	-	30,096,159	28,283,001
Change in net assets	(2,713,188)	5,268,392	-	2,555,204	(601,063)
Net assets at beginning of year	21,695,906	56,320,790	500,000	78,516,696	79,117,759
Net assets at end of year	**$** 18,982,718	$ 61,589,182	$ 500,000	$ 81,071,900	$ 78,516,696

The accompanying notes are an integral part of the financial statements.

THE FORSYTH INSTITUTE

Statement of Activities

Year ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total
Operating revenues:				
Research grants and contracts	$ 22,589,976	$ -	$ -	$ 22,589,976
Appreciation (depreciation) on perpetual trusts	-	3,832,690	-	3,832,690
Contributions	515,261	409,363	-	924,624
Investment return and other income	334,648	-	-	334,648
Distributions from perpetual trusts	3,662,586	(3,662,586)	-	-
Investment management fees paid by perpetual trusts	307,127	(307,127)	-	-
Net assets released from restrictions	307,075	(307,075)	-	-
Total operating revenues	27,716,673	(34,735)	-	27,681,938
Operating expenses:				
Program services - Research	26,242,786	-	-	26,242,786
Program services - Dental	1,426,585	-	-	1,426,585
Supporting services - Fundraising	613,630	-	-	613,630
Total operating expenses	28,283,001	-	-	28,283,001
Change in net assets before transfers	(566,328)	(34,735)	-	(601,063)
Transfers	1,725,000	(1,725,000)	-	-
Change in net assets	1,158,672	(1,759,735)	-	(601,063)
Net assets at beginning of year	20,537,234	58,080,525	500,000	79,117,759
Net assets at end of year	$ 21,695,906	$ 56,320,790	$ 500,000	$ 78,516,696

The accompanying notes are an integral part of the financial statements.

THE FORSYTH INSTITUTE
Statements of Cash Flows
Years ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Change in net assets	$ 2,555,204	$ (601,063)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,149,670	1,712,566
Net (increase) decrease in beneficial interest in perpetual trusts	(5,614,250)	137,021
Realized and unrealized gain on investments	249,396	335,935
Change in operating assets and liabilities		
Accounts receivable	321,272	(124,840)
Contributions receivable	290,909	146,222
Prepaid expenses	391,028	124,708
Restricted cash	22	-
Accounts payable and accrued expenses	860,164	(671,422)
Deferred rent	(126,481)	(52,699)
Deferred income	(589,718)	(886,784)
Net cash provided by operating activities	487,216	119,644
Cash flows from investing activities:		
Purchases of property and equipment	(2,335,107)	(2,700,162)
Proceeds from sale of equipment	59,091	-
Proceeds from sale of investments	5,100	-
Purchase of investments	(262,810)	(244,015)
Net cash used in investing activities	(2,533,726)	(2,944,177)
Cash flows from financing activities:		
Net proceeds from line of credit	350,000	-
Amounts held for the benefit of others	899,978	-
Net cash provided by financing activities	1,249,978	-
Net decrease in cash and cash equivalents	(796,532)	(2,824,533)
Cash and cash equivalents at beginning of year	1,060,034	3,884,567
Cash and cash equivalents at end of year	$ 263,502	$ 1,060,034

The accompanying notes are an integral part of the financial statements.

NOTE A - INSTITUTE

Forsyth Dental Infirmary for Children d/b/a The Forsyth Institute (the "Institute"), is a charitable institute created by a special act of the Massachusetts Legislature on March 25, 1910. It was the first philanthropic institution in the world devoted to dental service, education and research. The Institute performs governmental and non-governmental research dealing with the cure and prevention of oral and craniofacial disease and provides fellowships for graduate students pursuing studies in dentistry. Government research grants and contracts represent approximately 62% and 64% of total grant and contract revenue for the fiscal years ended June 30, 2014 and 2013, respectively.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Institute have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Classification and Reporting of Net Assets

Net assets are classified into three categories, based on the existence or absence of donor-imposed restrictions. The categories are unrestricted, temporarily restricted, and permanently restricted. These categories represent a consolidation of funds maintained by the Institute to meet various fiduciary requirements.

- Unrestricted net assets are not subject to donor-imposed restrictions and include amounts available for the Institute's operations, and net investment in plant.

- Temporarily restricted net assets are subject to donor-imposed or legal stipulations that will be satisfied by actions of the Institute and/or the passage of time. These net assets include all contributions for which the donor-imposed restrictions have not yet been met, as well as pledges, annuities, and unitrusts for which the ultimate purpose of the proceeds is not permanently restricted.

- Permanently restricted net assets are subject to donor-imposed or legal stipulations requiring that the principal be maintained in perpetuity. Donors generally permit the use of some or all of the investment earnings and appreciation for program operations in accordance with donor restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Realized and unrealized gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.

Expirations of temporary restrictions on net assets, that is, when the donor-imposed stipulated purpose has been met and/or the stipulated time period has elapsed, are reported as release from restriction between the applicable classes of net assets.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Dividends, interest, reinvested gains, net realized gains and net unrealized appreciation, arising from investments, are reported:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;

- as increases in temporarily restricted net assets if the terms of the gift or state law impose restrictions on the current use of the income or net gains; and

- as increases in unrestricted net assets in all other cases.

Cash and Cash Equivalents

The Institute considers all highly liquid short-term investments with an original maturity of three months or less to be cash equivalents.

Restricted Cash and Investments

The Institute has cash of $600,000 which serves as collateral on the letter of credit from RBS Citizens Bank. This letter of credit is a requirement of the Cambridge facility lease discussed in Note L.

The Institute has cash of $899,978 which was returned by a collaborating subcontractor on an NIH project. Forsyth is awaiting authorization from NIH to complete the project through a new collaborating subcontractor. The cash is held at Charter Bank, a subsidiary of RBS Citizens Bank.

The Institute also has investments of $225,000 that are unavailable for withdrawal without dual approval of the Institute and the Commonwealth of Massachusetts Department of Public Health Radiation Control Program which have been restricted for decommissioning of the facility.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended to customers on a short-term basis; thus accounts receivable do not bear interest. Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. Provisions for uncollectible accounts on accounts receivable are determined on the basis of loss experience, known and inherent risks and current economic conditions.

As of June 30, 2014 two customers' balances, including NIH, represent 45% of accounts receivable.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributions

Transactions reported as contributions represent transfers to the Institute of cash or other assets or the cancellation of its liabilities in a nonreciprocal transfer. Contribution revenue is recorded at fair market value at the time of the transfer. Promises to give are recognized when the donor makes a pledge to the Institute that is in substance, unconditional. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the donor, are recognized only when the conditions are substantially met. The Institute has adopted the policy of reporting contributions whose restrictions are met in the same reporting period as unrestricted revenues.

Contributions and promises to give are classified as unrestricted, temporarily restricted or permanently restricted depending on the existence or nature of any donor imposed restrictions.

Investments

Investments consist of certificates of deposit (which have initial maturities in excess of three months) and mutual funds. Investments are carried at fair value. Changes in fair values are reported in the statement of activities as part of other income.

Purchases and sales of investments are recorded on a trade-date basis. Gains or losses from the sale of investment securities are computed on the specific identification method, or for pooled funds, on the average cost basis.

Beneficial Interest in Perpetual Trusts

The Institute is the sole beneficiary of certain perpetual trusts created for its benefit. These trusts are held by outside parties (the Trustees). Included in perpetual trusts are the John H. Forsyth and Thomas A. Forsyth Trust, the Forsyth Dental Infirmary Real Estate Trust, the John H. Forsyth Memorial Trust, the Mary EWD Forsyth Trust, the Scientific Trust, and the Rebuilding Fund. During the fiscal year-ended June 30, 2013, with the permission of the courts and the Trustees, these trusts were consolidated into one trust. Though legally consolidated by June 30, 2014 some of the trusts had activity during Fiscal 2014 but as of June 30, 2014 there was only one remaining trust.

The Institute reports its interest in perpetual trusts based upon the fair value of the underlying investments. Trust assets include publicly traded securities (approximately $50.3M as of June 30, 2014) as well as alternative investments (approximately $11.1M as of June 30, 2014). The fair value of publicly traded securities is based upon quoted market prices. The value of alternative investments, such as interests in partnerships or other nonmarketable securities for which there are no market quotations available are valued by the managers of those entities and reviewed by the Trustees. As alternative investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed and such differences could be material.

Trust distributions to the Institute were $3,556,444 and $3,969,713 for the years ended June 30, 2014 and 2013, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and equipment

The Institute's policy is to capitalize expenditures for property, equipment and leasehold improvements costing greater than $5,000 and having a useful life of greater than a year. Acquisitions are recorded at cost or, if donated, at the estimated fair value at the date of donation. Repairs and maintenance are expensed as incurred.

Depreciation expense is calculated on a straight-line basis over the following estimated useful lives of the assets:

Leasehold improvements	15 years
Furniture, fixtures and equipment	5-10 years
Vehicles and computer software	5 years

Grants and Contracts

Federal and private grants provide for the recovery of direct and, occasionally, indirect costs. Indirect costs are recorded at predetermined fixed rates negotiated with the federal government or grantor.

Expenses

Expenses are recognized when incurred and charged to the functions to which they are directly related. Expenses that relate to more than one function are allocated among functions based upon either modified total direct cost or square footage allocations.

The statement of activities presents expenses in functional categories without distinguishing program versus administrative expenses. Administration expenses of approximately $12.3 million and $11.8 million for the years ended June 30, 2014 and 2013, respectively, have been allocated among the categories presented.

Income Taxes

The Institute is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, as amended (the Code), and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The Institute is required to assess uncertain tax positions and has determined there were no such positions that are material to the financial statements. It is the Institute's policy to record estimated interest and penalties (if any) as part of management and general expense. Management believes that the Institute's income tax returns for fiscal years ending prior to June 30, 2010 are no longer subject to examination by tax authorities in its major tax jurisdictions.

Use of Estimates

The preparation of financial statements in conformity with 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. Key estimates include the fair value of beneficial interest in trust and the collectability of accounts receivable.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Transfers

Prior to fiscal year 2013, the Institute included $1,725,000 of restricted cash and investments in temporarily restricted net assets. However, these amounts were funded through unrestricted sources, not donor restricted contributions. As such they should have been recorded within unrestricted net assets. The amount of this error is not deemed material the financial statements. As such, the Institute corrected this error by transferring these amounts to unrestricted net assets during the year ended June 30, 2013.

Reclassifications

Certain amounts reported in the prior year financial statements have been reclassified for comparative purposes to conform to the current year presentation in the financial statements.

NOTE C - CONTRIBUTIONS RECEIVABLE

Contributions receivable are presented below. A discount to present value and an allowance for uncollectible contributions is computed to reflect the time value of promises and an estimate for uncollectible amounts, respectively. The effective discount rate was 1.0% for 2013.

	2014	2013
Receivable in less than one year	$ 367,952	$ 345,510
Receivable in one to five years	-	313,601
Total unconditional promises to give	367,952	659,111
Less: net present value discount and allowance for uncollectible promises to give	-	(250)
Net contributions receivable	$ 367,952	$ 658,861

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2014	2013
Leasehold improvements	$ 16,258,120	$ 15,821,445
Technical equipment	9,056,439	7,290,042
Furniture and fixtures	715,670	715,670
Vehicles and computer software	137,514	76,807
	26,167,743	23,903,964
Less: Accumulated depreciation	(7,550,734)	(5,413,301)
	$ 18,617,009	$ 18,490,663

NOTE E – INVESTMENTS

Investments which are reported at market value consisted of the following at June 30:

	2014	2013
Cash and cash equivalents	$ 2,682	$ 355,953
Mutual funds	5,992,592	5,631,007
Total investments	$ 5,995,274	$ 5,986,960

Total return on investments for the years ended June 30, 2014 and 2013, consisted of the following:

	2014	2013
Investment income	$ 230,453	$ 230,022
Net realized gain	27,529	32,482
Net unrealized gain	121,031	56,402
Total return on investments	$ 379,013	$ 318,906

Return on investments is included in investment return and other income in the accompanying statements of activities.

NOTE F – FAIR VALUE MEASUREMENTS

The Institute measures the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement price (an exit price). A fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below.

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology are other observable inputs, including quoted prices for similar assets and liabilities in active or non-active markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are not directly observable, but are corroborated by the observable market data.

Level 3 inputs to the valuation methodology are unobservable for the asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

NOTE F – FAIR VALUE MEASUREMENTS - Continued

The following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value, as well as the general classification pursuant to the valuation hierarchy.

Contributions receivable

Contributions receivable are valued at fair value on a non-recurring basis. Any multi-year pledges received are recorded at the present value of future cash flows with a discount rate adjusted for any market conditions to arrive at fair value, and as such are considered level 3 inputs.

Beneficial interests in perpetual trusts

Beneficial interests in perpetual trusts are valued using the fair value of the assets in the trust as a practical expedient unless facts and circumstances indicate that the fair value of the assets in the trust differs from the fair value of the beneficial interests. Beneficial interests in perpetual trusts are classified within Level 3 of the fair value hierarchy.

The following table sets forth the financial assets and liabilities carried at fair value, measured on a recurring basis as of June 30, 2014:

Assets	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	$ 2,682	$	$	$ 2,682
Mutual funds	5,992,592	-	-	5,992,592
Beneficial interest in perpetual trusts	-	-	61,378,494	61,378,494
Total assets	$ 5,995,274	$ -	$ 61,378,494	$ 67,373,768

The following table sets forth the financial assets and liabilities carried at fair value, measured on a recurring basis as of June 30, 2013:

Cash and cash equivalents	$ 355,953	$	$	$ 355,953
Mutual funds	5,631,007	-	-	5,631,007
Beneficial interest in perpetual trusts	-	-	55,764,244	55,764,244
	$ 5,986,960	$ -	$ 55,764,244	$ 61,751,204

NOTE F – FAIR VALUE MEASUREMENTS - Continued

The following is a reconciliation of the beginning and ending balances for assets measured at fair value using significant unobservable inputs (Level 3) during the years ended June 30, 2014 and 2013:

	2014	2013
Beginning balance	$ 55,764,244	$ 55,901,265
Net gains	8,302,887	2,960,413
Investment income	867,807	1,181,251
Distributions & fees	(3,556,444)	(4,278,685)
Ending balance	$ 61,378,494	$ 55,764,244

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. There were no such transfers during 2014 or 2013.

NOTE G – RESTRICTED NET ASSETS

The Institute's restricted net assets are available for the following purposes and consist of the following at June 30:

	2014	2013
Temporarily restricted		
Beneficial interest in perpetual trusts	$ 60,878,494	$ 55,264,244
Other purpose or time restricted	710,688	1,056,546
	61,589,182	56,320,790
Permanently restricted		
Beneficial interest in perpetual trusts	$ 500,000	$ 500,000

NOTE H - RETIREMENT PLAN

The Institute participates in a defined contribution plan administered by Teachers Insurance and Annuity Association of America (TIAA), College Retirement Equities Fund (CREF) for its personnel. The 2014 and 2013 pension costs amounted to $840,467 and $1,237,623, respectively.

NOTE I – CONCENTRATIONS OF RISK

The Institute maintains cash balances in money market funds which are not insured. The Institute has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk.

During fiscal 2014, the Institute received approximately 62% of its support from the National Institutes of Health (NIH) and other federal agencies. Government research funding is subject to review and generally requires reapplication on a periodic basis (usually 3 -5 years).

NOTE J – COMMITMENTS AND CONTINGENCIES

Contingencies

In conducting its activities, the Institute from time to time is the subject of various claims. Management believes that the ultimate resolution of any such claims would not have a material adverse effect on the financial position of the Institute.

All funds expended by the Institute in connection with government grants are subject to review or audit by governmental agencies. Management believes that any claims resulting from such reviews or audits would not have a material adverse effect on the financial position of the Institute.

NOTE K – RELATED PARTIES

An affiliated nonprofit corporation, Forsyth International, Inc., holds a contract with the Ministry of Health, State of Kuwait, to supervise a preventative and curative program of oral health for school students in various Provinces of the State of Kuwait. The Institute provides consultation and limited services to Forsyth International, Inc. for which $535,644 and $548,258 of revenue has been recognized as of June 30, 2014 and 2013, respectively.

NOTE L – OPERATING LEASE

The Institute entered into a non-cancelable lease for new scientific, lab and office space in Cambridge, Massachusetts on August 3, 2009. The lease is for fifteen years beginning on January 16, 2010 and expires on January 15, 2025. It has two options to renew for five years each at the current market rate at the time. The Institute is responsible for all operating expenses, real estate taxes and insurance. The lease payments began on July 1, 2010 and the difference between rent expense recognized on a straight-line basis and the payments is included in deferred rent.

NOTE L – OPERATING LEASE - Continued

Future minimum lease payments this lease for the years ending June 30 are as follows:

2015	$	2,925,901
2016		3,001,669
2017		3,075,493
2018		3,149,333
2019		3,223,189
Thereafter		19,222,527
	$	34,598,112

NOTE M – LINE OF CREDIT

The Institute has a line of credit with a bank which allows for borrowings up to $2,000,000 at the LIBOR Advantage rate, plus 1.5%. The rate was 1.651% at June 30, 2014. The Institute had an outstanding balance of $350,000 at June 30, 2014. The line of credit has no stated maturity but can be called by the bank at any time.

NOTE N - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 31, 2014, which is the date the financial statements were available for issuance. There were no subsequent events that require adjustments to or disclosure in the financial statements.