

LUBBOCK AREA FOUNDATION, INC.

LUBBOCK, TEXAS

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

**FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR 2012**

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

LUBBOCK AREA FOUNDATION, INC.

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WITH COMPARATIVE TOTALS FOR 2012**

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BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

Board of Directors
Lubbock Area Foundation, Inc.
Lubbock, Texas

Report on Financial Statements

We have audited the accompanying financial statements of Lubbock Area Foundation, Inc., which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, 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 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 of 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 Lubbock Area Foundation, Inc. as of December 31, 2013, 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.

Report on Summarized Comparative Information

We have previously audited Lubbock Area Foundation, Inc.'s 2012 financial statements and our report dated September 26, 2013 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 December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements of Lubbock Area Foundation, Inc. taken as a whole. The accompanying comparison with the budget is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

November 17, 2014

LUBBOCK AREA FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR 2012

	December 31,	
	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,317,869	\$ 1,196,765
Certificates of Deposit	1,834,918	1,332,181
Grant Receivable	105,000	
Investments - Marketable Securities	31,048,574	26,027,531
Fixed Assets at Cost Less Accumulated Depreciation of \$59,046 in 2013 and \$46,405 in 2012	<u>190,142</u>	<u>191,566</u>
Total Assets	<u>\$ 34,496,503</u>	<u>\$ 28,748,043</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Funds Held as Agency Endowments	\$ 1,767,948	\$ 1,542,110
Other Liabilities	<u>92,226</u>	
Total Liabilities	<u>\$ 1,860,174</u>	<u>\$ 1,542,110</u>
Net Assets		
Unrestricted		
Available for General Use	\$ 32,309,187	\$ 26,831,367
Equity in Fixed Assets	190,142	191,566
Temporarily Restricted	<u>137,000</u>	<u>183,000</u>
	<u>\$ 32,636,329</u>	<u>\$ 27,205,933</u>
Total Liabilities and Net Assets	<u>\$ 34,496,503</u>	<u>\$ 28,748,043</u>

See accompanying notes to financial statements.

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LUBBOCK AREA FOUNDATION, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>December 31,</u>	
			<u>2013</u>	<u>2012</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	\$ 1,726,705	\$	\$ 1,726,705	\$ 2,431,620
Interest and Dividend Income	617,120		617,120	647,529
Investments Realized Net Gains	1,938,138		1,938,138	1,240,996
Investments Unrealized Net Gains (Losses)	2,768,408		2,768,408	(558,578)
Grants	36,500	197,500	234,000	21,500
Other Income	39,897		39,897	150,006
	<u>\$ 7,126,768</u>	<u>\$ 197,500</u>	<u>\$ 7,324,268</u>	<u>\$ 3,933,073</u>
Net Assets Released from Restrictions	\$ 243,500	\$ (243,500)	\$	\$ (77,000)
	<u>\$ 7,370,268</u>	<u>\$ (46,000)</u>	<u>\$ 7,324,268</u>	<u>\$ 3,856,073</u>
EXPENSES				
Grants and Scholarships	\$ 1,099,537	\$	\$ 1,099,537	\$ 691,642
Other Program Expenses	405,397		405,397	299,709
Fund Raising	329,256		329,256	179,873
Administrative and General	59,682		59,682	68,460
	<u>\$ 1,893,872</u>	<u>\$ 0</u>	<u>\$ 1,893,872</u>	<u>\$ 1,239,684</u>
CHANGE IN NET ASSETS	\$ 5,476,396	\$ (46,000)	\$ 5,430,396	\$ 2,616,389
NET ASSETS AT BEGINNING OF YEAR	<u>27,022,933</u>	<u>183,000</u>	<u>27,205,933</u>	<u>24,589,544</u>
NET ASSETS AT END OF YEAR	<u>\$ 32,499,329</u>	<u>\$ 137,000</u>	<u>\$ 32,636,329</u>	<u>\$ 27,205,933</u>

See accompanying notes to financial statements.

LUBBOCK AREA FOUNDATION, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR 2012

	December 31,	
	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 5,430,396	\$ 2,616,389
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Net Unrealized Losses (Gains) on Investments	(2,768,408)	558,578
Net Realized Losses (Gains) on Investments	(1,938,138)	(1,240,996)
Depreciation	12,642	11,160
Change in Assets	105,000	
Change in Liabilities	<u>318,064</u>	<u>105,232</u>
Net Cash Provided By Operating Activities	\$ <u>1,159,556</u>	\$ <u>2,050,363</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Fixed Assets	\$ (11,218)	\$
Purchases of Investments	(17,464,152)	(17,962,571)
Proceeds from Sale of Investments	<u>16,436,918</u>	<u>15,277,165</u>
Net Cash Used in Investing Activities	\$ <u>(1,038,452)</u>	\$ <u>(2,685,406)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ 121,104	\$ (635,043)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,196,765</u>	<u>1,831,808</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u><u>1,317,869</u></u>	\$ <u><u>1,196,765</u></u>

See accompanying notes to financial statements.

LUBBOCK AREA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Lubbock Area Foundation (the Foundation) was incorporated October 14, 1980, as a not-for-profit, charitable organization exempt from federal income taxes under Internal Revenue Code 501(c)(3). The purpose of the Foundation is to receive and accept funds and property to be administered exclusively for charitable purposes primarily in and for the South Plains community.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Uncertain Tax Positions

Lubbock Area Foundation, Inc. has adopted the "uncertain tax positions" provisions of accounting principles generally accepted in the United States of America. The primary tax position of the Foundation is its filing status as a tax exempt entity. The Foundation determined that it is more likely than not that their tax positions will be sustained upon examination by the Internal Revenue Service (IRS), or other State taxing authorities. The Foundation is no longer subject to examinations by federal taxing authorities for years before 2010. The Foundation recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. There were no penalties or interest recognized during the year ended December 31, 2013.

Classification of Net Assets

Unrestricted Net Assets:

Substantially all contributions, including those with donor-imposed restrictions, are subject to the variance power established by the Foundation's governing documents. The variance power gives the Board of Directors the ability to modify donor restrictions that are incapable of fulfillment or inconsistent with the charitable needs of the community. The Foundation's governing documents further provide that absent contrary directions given in the transferring instrument regarding the use of principal, all or part of the principal, of any fund may be used subject to certain conditions, including approval of the Board of Directors. Accordingly, the financial statements classify these assets as unrestricted but segregate the portion that is held as endowment from the funds that are currently available for grants and administration.

Unrestricted net assets include:

Endowment Funds	\$	29,979,647
Available for Grants		924,026
Available for Administration		1,405,514
Equity in Fixed Assets		190,142
	\$	<u>32,499,329</u>

LUBBOCK AREA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of \$137,000 representing the balance of various grants. The program is to provide matching funds to supplement contributions to endowments for selected regional non-profit organizations.

Fair Value Investments

The Foundation follows generally accepted financial accounting standards which provide a framework for measuring fair value under GAAP. The standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an 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. The standard requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The standard also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

These levels, defined by the valuation techniques are described below:

Level 1 – Inputs include quoted prices in active markets for identical assets.

Level 2 – Inputs include available indirect information, such as quoted prices for similar assets in active markets, or quoted prices for identical or similar assets in markets that are not active.

Level 3 – Inputs are subjective and generally based on the entity's own assumptions on how knowledgeable parties would price assets and are developed using the best information available in the circumstances.

See Note 2 below for a detail of Endowment Investments and their fair value.

In accordance with the policy of stating investments at fair value, net unrealized appreciation or depreciation for the year is reflected in the statement of activities. Income from investments is recorded as earned on an accrual basis. Investments are made according to the Investment Policy adopted by the Foundation's Board of Directors.

Promises to Give

Unconditional promises to give are recognized as revenue in the period received. Promises to give are recorded at net realizable value. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

LUBBOCK AREA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Spending Policy

The Foundation adopted a spending policy for invested contributions received. Unless the donor specifically states otherwise, annual distribution is to be based on a percent (presently established at three and a half percent in 2012 and 2013) of the average market value of the invested contributions.

Grants

Grants are recorded when they are approved by the Board of Directors for payment.

Donated Services

A portion of the Foundation's functions is conducted by board members and unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements because the criterion for recognition has not been met.

Reclassifications

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

2. Investments

The Foundation's Endowment Funds consist of long-term investments in equity and fixed income securities. The assets are held substantially by Merrill Lynch Investment Group and other custodian banks. The Investment Group advises and invests the funds. Overseeing these investments are the Foundation's Board of Directors, the Investment Committee, the Executive Director and Finance Director. These investments are recorded at their fair market value.

Values in the investments at December 31, 2013 consist of the following:

	Cost	Fair Value	Investment Level
Short Term Investments	\$ 916,575	\$ 916,575	1
Corporate Stocks	17,149,828	21,328,270	1
U.S. Governmental Agency Obligations	4,127,415	4,127,415	2
Mutual Funds	2,213,693	1,898,724	1
Corporate Bonds	2,722,539	2,777,590	2
	<u>\$ 27,130,050</u>	<u>\$ 31,048,574</u>	

The following table presents changes in the Foundation's level 3 investment assets measured at fair value on a recurring basis for the year ended December 31, 2013:

Balance, Beginning of Year (Fair Market Value)	\$ 238,967
Proceeds from Sale of Level 3 Investments	<u>(238,967)</u>
Balance, End of Year (Fair Market Value)	<u><u>\$ 0</u></u>

LUBBOCK AREA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Realized and unrealized investment gains or losses are determined by comparison of asset cost to net proceeds received at the time of disposal and changes in the difference between fair values and cost, respectively. Realized and unrealized gains and losses are included in net gain (loss) on investments in the statement of activities. The change in unrealized gains for the year ended December 31, 2013 for investments still held on those dates are as follows:

Net Change in Fair Value \$ 2,768,408

3. Fixed Assets

Fixed assets are recorded at cost or the fair value of the gift if donated. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis at an annual rate of 5% to 33%. Depreciation expense for the year ended December 31, 2013 was \$12,642.

The following represents the detail of fixed assets for the year ended December 31, 2013:

	Original Cost	Accumulated Depreciation	Book Value
Land	\$ 12,954	\$	\$ 12,954
Buildings	202,238	37,920	164,318
Office Furniture & Equipment	33,996	21,126	12,870
Balance - December 31, 2013	<u>\$ 249,188</u>	<u>\$ 59,046</u>	<u>\$ 190,142</u>

4. Pension Benefits

The Foundation provides a defined contribution plan pension benefit to its employees through an IRC Section 403(b) contract. The cost to the Foundation was \$18,969 in 2013.

5. Functional Expenses

	Program	Fund Raising	Administrative and General	Total
Grants and Scholarships	\$ 1,099,537	\$	\$	\$ 1,099,537
Personnel Costs	342,478	125,221	29,807	497,506
Professional and Special Services	20,342	16,529	9,218	46,089
Office Occupancy and Expense	16,105	15,734	3,496	35,335
Marketing and Development	23,096	171,772	17,161	212,029
Library	3,376			3,376
	<u>\$ 1,504,934</u>	<u>\$ 329,256</u>	<u>\$ 59,682</u>	<u>\$ 1,893,872</u>

LUBBOCK AREA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

6. Temporarily Restricted Net Assets

Temporarily Restricted Net Assets consisted of the following at December 31, 2013:

	Balance 1/1/13	Contributions	Released From Restrictions	Balance 12/31/13
Time Restricted Net Assets				
Community Endowment Challenge	\$ 56,000	\$	\$ (56,000)	\$ 0
Regional Service Challenge	50,000	113,500	(82,500)	81,000
Slaton Affiliate Challenge	50,000		(50,000)	0
Levelland Challenge	27,000	25,000	(52,000)	0
Keep Lubbock Beautiful		28,000		28,000
Breed Love Dehydrated Food Challenge		31,000	(3,000)	28,000
Total Temporarily Restricted Net Assets	<u>\$ 183,000</u>	<u>\$ 197,500</u>	<u>\$ (243,500)</u>	<u>\$ 137,000</u>

This balance represents monies contributed or paid to the Foundation to be used for future purposes.

7. Funds Held As Agency Endowments

This account represents endowment funds accepted by the Foundation from not-for-profit organizations that specify itself as beneficiary of the fund. The Lubbock Area Foundation, Inc. has legal ownership and ultimate variance power over the funds; however, for accounting purposes the agencies recognize a beneficial interest in the assets.

8. Concentration of Credit Risk

The Foundation maintains cash in local bank accounts. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. At times during the year the balance in these accounts exceeded the insured limits.

9. Micro Loan Program

The Foundation offers a program to guarantee business development loans. Applicants must meet certain requirements to qualify. Approved applicants may apply to a participating bank for a loan through the banks regular loan application process. The participating banks process and service the loans. The Foundation guarantees 75% of the balance of each loan up to \$3,750 through an Endowment Fund previously established at the Foundation. The Foundation had no outstanding guarantee obligations as of December 31, 2013.

10. Leases

The Foundation is leasing a Xerox Work Centre 7120 copy machine under an operating lease with Lubbock National Bank. The agreement began May 2013 and is for 36 months, the related lease expense for the period ending December 31, 2013 was \$610. The future minimum lease payments for 2014, 2015, 2016 is \$1,463, \$1,463 and \$610 respectively.

LUBBOCK AREA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

11. Commitments

The Foundation has an obligation to fund scholarships in subsequent years providing the current recipients remain qualified and attend school. The present obligation to be paid in the years 2014, 2015, and 2016 totals \$274,195.

12. Subsequent Events

The Foundation's management has evaluated subsequent events through November 17, 2014, the date which the financial statements were available for issue.

ACCOMPANYING INFORMATION

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LUBBOCK AREA FOUNDATION, INC.

Schedule I

**OPERATING FUND
COMPARISON WITH THE BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Actual	Adjustment To Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget - Favorable (Unfavorable)
REVENUE					
Contributions	\$ 1,391,003	\$	\$ 1,391,003	\$ 30,000	\$ 1,361,003
Management Fees	274,485		274,485	279,335	(4,850)
CH Foundation for Library	21,500		21,500	21,500	0
Interest/Dividends	2,048		2,048	2,000	48
Discretionary Funds	32,234		32,234	28,000	4,234
Grants	15,000		15,000	100,000	(85,000)
Workshop Income	2,150		2,150	6,000	(3,850)
Annual Fund Raiser	95,544		95,544	95,000	544
TOTAL REVENUE	\$ 1,833,964	\$ 0	\$ 1,833,964	\$ 561,835	\$ 1,272,129
EXPENSES					
Personnel Costs					
Personnel Costs	\$ 241,287	\$	\$ 241,287	\$ 262,900	\$ 21,613
Payroll Taxes	17,472		17,472	20,112	2,640
Retirement Plan	18,969		18,969	24,040	5,071
Health Insurance	10,326		10,326	12,000	1,674
Total Personnel Costs	\$ 288,054	\$ 0	\$ 288,054	\$ 319,052	\$ 30,998
Special Services					
Legal	\$	\$	\$	\$ 1,000	\$ 1,000
Accounting Services	24,919		24,919	12,600	(12,319)
Insurance	2,103		2,103	3,472	1,369
Grant Fundraiser/Grant Writer	12,612		12,612	17,500	4,888
Software Upgrade and Expenses	19,067		19,067	21,450	2,383
Total Special Services	\$ 58,701	\$ 0	\$ 58,701	\$ 56,022	\$ (2,679)
Office Expense					
Telephone	\$ 1,194	\$	\$ 1,194	\$ 1,380	\$ 186
Building Expenses	11,615		11,615	12,903	1,288
Auto Expense	5,485		5,485	6,000	515
Printing and Copying	3,638		3,638	5,000	1,362
Postage and Freight	2,443		2,443	2,500	57
Office Supplies	7,296		7,296	2,000	(5,296)
Equipment and Repairs	202		202	11,000	10,798
Depreciation Expense	12,642	(12,642)			0
Bank Charges and Credit Card Fees	1,907		1,907	850	(1,057)
Conferences	11,018		11,018	6,000	(5,018)
Dues	3,170		3,170	3,160	(10)
Program Expense	140		140	750	610
Marketing/Development	8,861		8,861	12,030	3,169
Staff Expense	147		147		(147)
Board Meeting Expense	470		470		(470)
Interest Expense	2,471		2,471		(2,471)
Training	9,655		9,655		(9,655)
Miscellaneous Expense	6,037		6,037		(6,037)
Grantee Luncheon	4,825		4,825		(4,825)
Regional Affiliate Expense	5,004		5,004		(5,004)
Levelland Area Endowment Operating Expense	2,266		2,266		(2,266)
Total Office Expense	\$ 100,486	\$ (12,642)	\$ 87,844	\$ 63,573	\$ (24,271)
Fundraiser Expenses					
Annual Fundraiser Expense	\$ 46,890	\$	\$ 46,890	\$ 5,000	\$ (41,890)
Total Fundraiser Expense	\$ 46,890	\$ 0	\$ 46,890	\$ 5,000	\$ (41,890)
Library Expenses					
Library Materials	\$ 995	\$	\$ 995	\$ 1,000	\$ 5
Workshop	187		187	200	13
Library Training	2,194		2,194	1,500	(694)
Total Library Expense	\$ 3,376	\$ 0	\$ 3,376	\$ 2,700	\$ (676)
TOTAL EXPENSES	\$ 497,507	\$ (12,642)	\$ 484,865	\$ 446,347	\$ (38,518)
NET INCOME	\$ 1,336,457	\$ 12,642	\$ 1,349,099	\$ 115,488	\$ 1,233,611

Client: **46550 - Lubbock Area Foundation**
 Engagement: **46550 - 2013 Lubbock Area Foundation**
 Period Ending: **12/31/2013**
 Trial Balance: **017 - Trial Balance by Fund**
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
To correct opening balances for prior year adjustments no posted.				
01-24000	Accounts Payable		634.00	
01-31055	Operating Fund Balance		200,556.04	
02-13200	Asset Mgmt Accts Inv Principal		40,614.65	
02-13300	Fair Mkt Val Adj		474.16	
02-13301	FMV Adjustment-Smith Barney		2,552.56	
03-13540	Columbia Management Account		1,344.80	
03-31150	Scholarship Funds		178,309.93	
05-31062	W. B. and Mozelle Rushing Fund Balance		60,742.83	
06-31153	Levelland Funds		9,656.96	
08-31194	Post-Garza County Endowment		105,997.63	
09-31197	The Plainview Area Endowment		6,334.74	
02-13250	Morgan Stanley Smith Barney			17,895.56
02-31000	Endowment Funds			573,237.84
03-13550	Columbia FMV Adjustment			1,344.80
04-31151	Pass-through Funds			14,640.10
10-31229	Mercy Ministries Slaton Area Endowment			100.00
Total			607,218.30	607,218.30
Adjusting Journal Entries JE # 2				
To reclass FMA to cost basis to properly state investments.				
02-13250	Morgan Stanley Smith Barney		2,785.28	
02-13301	FMV Adjustment-Smith Barney			2,785.28
Total			2,785.28	2,785.28
Adjusting Journal Entries JE # 3				
		018b		
To adjust agency endowment fund activity.				
07-41000	Interest on Deposits		36,161.93	
07-45100	Contributions		29,832.37	
07-45200	Realized Gains/Losses		111,980.25	
07-45300	Unrealized Gains/Losses		106,280.99	
07-31156	Agency Endowment Funds			225,838.26
07-50100	Grants			40,241.43
07-50200	Management Fees			7,468.80
07-50300	Investment Fees			10,707.05
Total			284,255.54	284,255.54

Client: **46550 - Lubbock Area Foundation**
Engagement: **46550 - 2013 Lubbock Area Foundation**
Period Ending: **12/31/2013**
Trial Balance: **017 - Trial Balance by Fund**
Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 4				
To remove Management Fees and income between funds and transfer				
01-42000	Management Fees		274,485.03	
02-31000	Endowment Funds		189,083.21	
03-31150	Scholarship Funds		47,687.58	
04-31151	Pass-through Funds		490.36	
05-31062	W. B. and Mozelle Rushing Fund Balance		30,327.20	
06-31153	Levelland Funds		2,237.68	
08-31194	Post-Garza County Endowment		2,559.80	
09-31197	The Plainview Area Endowment		1,999.20	
10-31229	Mercy Ministries Slaton Area Endowment		100.00	
01-31055	Operating Fund Balance			274,485.03
02-50200	Management Fees			189,083.21
03-50200	Management Fees			47,687.58
04-50200	Management Fee			490.36
05-50200	Management Fees			30,327.20
06-50200	Management Fees			2,237.68
08-50200	Management Fees			2,559.80
09-50200	Management Fees			1,999.20
10-50200	Management Fees			100.00
Total			<u>548,970.06</u>	<u>548,970.06</u>
Adjusting Journal Entries JE # 5				
To reclass Hero's Lunch to Donor Recognition Events.				
01-47000	Fundraiser Income		25,348.56	
01-48500	Donor Recognition Events			25,348.56
Total			<u>25,348.56</u>	<u>25,348.56</u>
Adjusting Journal Entries JE # 6				
To book current year depreciation and additions.				
01-15000	Furniture & Equipment		11,217.84	
01-53890	Depreciation Expense		12,641.98	
01-15500	Accumulated Depreciation			12,641.98
01-53700	Equipment and Repairs			11,217.84
Total			<u>23,859.82</u>	<u>23,859.82</u>
Adjusting Journal Entries JE # 7				
To reclass grant receivable.				
01-12400	Grant Receivable		25,000.00	
06-12200	Accounts Receivable			25,000.00
Total			<u>25,000.00</u>	<u>25,000.00</u>
Adjusting Journal Entries JE # 8				
To true-up CD balance to actual.				
01-11500	Certificates of Deposit		135.14	
01-41000	Interest on Deposits			135.14
Total			<u>135.14</u>	<u>135.14</u>

Client: **46550 - Lubbock Area Foundation**
 Engagement: **46550 - 2013 Lubbock Area Foundation**
 Period Ending: **12/31/2013**
 Trial Balance: **017 - Trial Balance by Fund**
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 9				
To adjust AP to actual balance.				
01-24000	Accounts Payable		7,437.33	
02-24000	AP		5,769.34	
01-50100	Grants			2,412.30
01-54999	Misc Exp			5,025.03
02-50100	Grants			5,769.34
Total			13,206.67	13,206.67

Adjusting Journal Entries JE # 10				
Entries to reconcile cash.				
01-24000	Accounts Payable		634.00	
01-42000	Management Fees		0.02	
01-42000	Management Fees		3,000.00	
01-45100	Contributions		30.00	
01-51000	Salaries		1,537.66	
01-51220	Development Director Salary		3,500.00	
01-51300	Payroll Taxes		569.50	
01-51300	Payroll Taxes		634.00	
01-51300	Payroll Taxes		818.35	
01-51400	Payroll Insurance		377.16	
01-53720	Credit Card Service Expense		86.85	
02-13200	Asset Mgmt Accts Inv Principal		500.00	
02-13200	Asset Mgmt Accts Inv Principal		500.00	
02-13200	Asset Mgmt Accts Inv Principal		15,343.89	
02-45100	Contributions		21,741.04	
03-45100	Contributions		2,014.53	
06-11310	AIM Bank Savings		20,000.00	
01-11150	City Bank Business Checking			14,909.29
01-24000	Accounts Payable			634.00
01-24000	Accounts Payable			634.00
01-41000	Interest on Deposits			6.96
01-45100	Contributions			1,609.00
01-51000	Salaries			6,666.67
01-51300	Payroll Taxes			282.84
01-51300	Payroll Taxes			510.00
01-51400	Payroll Insurance			177.16
01-51500	Retirement Plan			1,500.00
01-53720	Credit Card Service Expense			101.51
02-11150	City Bank Business Checking			500.00
02-11150	City Bank Business Checking			21,741.04
03-11150	City Bank Business Checking			2,014.53
06-11150	City Bank Business Checking			20,000.00

Adjusting Journal Entries JE # 11				
To adjust to FMV of investments.				
02-13200	Asset Mgmt Accts Inv Principal		911,893.52	
02-50300	Investment Fees		12,045.38	
02-45200	Realized Gains/Losses			32,893.95
02-45300	Unrealized Gains/Losses			891,044.95
Total			923,938.90	923,938.90

Client: **46550 - Lubbock Area Foundation**
 Engagement: **46550 - 2013 Lubbock Area Foundation**
 Period Ending: **12/31/2013**
 Trial Balance: **017 - Trial Balance- No Fund**
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
To correct opening balances for prior year adjustments not posted.				
13200	Asset Mgmt Accts Principal		40,614.65	
13300	Asset Mgmt Accts FMV Adjustment		474.16	
13301	FMV Adjustment-Smith Barney		2,552.56	
13540	Columbia Management Account		1,344.80	
24000	Accounts Payable		634.00	
31055	Operating Fund Balance		200,556.04	
31062	W. B. and Mozelle Rushing Fund Balance		60,742.83	
31150	Scholarship Funds		178,309.93	
31153	Levelland Funds		9,656.96	
31194	Post-Garza County Endowment		105,997.63	
31197	The Plainview Area Endowment		6,334.74	
13250	Morgan Stanley Smith Barney			17,895.56
13550	Columbia FMV Adjustment			1,344.80
31000	Endowment Funds			573,237.84
31151	Pass-through Funds			14,640.10
31229	Mercy Ministries Slaton Area Endowment			100.00
Total			607,218.30	607,218.30
Adjusting Journal Entries JE # 2				
To reclass FMA to cost basis to properly state investments.				
		018a		
13250	Morgan Stanley Smith Barney		2,785.28	
13301	FMV Adjustment-Smith Barney			2,785.28
Total			2,785.28	2,785.28
Adjusting Journal Entries JE # 3				
To adjust agency endowment activity.				
		018b		
41000	Interest on Deposits		36,161.93	
45100	Contributions		29,832.37	
45200	Realized Gains/Losses		111,980.25	
45300	Unrealized Gains/Losses		106,280.99	
31156	Agency Endowment Funds			225,838.26
50100	Grants			40,241.43
50200	Management Fees			7,468.80
50300	Bank Fees			10,707.05
Total			284,255.54	284,255.54
Adjusting Journal Entries JE # 4				
To remove Management Fees and income between funds and transfer equity that is available for administrative use based on management.				
31000	Endowment Funds		189,083.21	
31062	W. B. and Mozelle Rushing Fund Balance		30,327.20	
31150	Scholarship Funds		47,687.58	
31151	Pass-through Funds		490.36	
31153	Levelland Funds		2,237.68	
31194	Post-Garza County Endowment		2,559.80	
31197	The Plainview Area Endowment		1,999.20	
31229	Mercy Ministries Slaton Area Endowment		100.00	
42000	Management Fees		274,485.03	
31055	Operating Fund Balance			274,485.03
50200	Management Fees			274,485.03
Total			548,970.06	548,970.06
Adjusting Journal Entries JE # 5				
To reclass Hero's Lunch to Donor Recognition Events.				

Client: **46550 - Lubbock Area Foundation**
 Engagement: **46550 - 2013 Lubbock Area Foundation**
 Period Ending: **12/31/2013**
 Trial Balance: **017 - Trial Balance- No Fund**
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
47000	Fundraiser Income		25,348.56	
48500	Donor Recognition Events			25,348.56
Total			25,348.56	25,348.56

Adjusting Journal Entries JE # 6

To book current year depreciation and additions.

15000	Furniture & Equipment		11,217.84	
53890	Depreciation Expense		12,641.98	
15500	Accumulated Depreciation			12,641.98
53700	Equipment and Repairs			11,217.84
Total			23,859.82	23,859.82

Adjusting Journal Entries JE # 7

To reclass grant receivable.

12400	Grant Receivable		25,000.00	
12200	Accounts Receivable			25,000.00
Total			25,000.00	25,000.00

Adjusting Journal Entries JE # 8

To true-up CD to actual balance.

11500	Certificate of Deposit		135.14	
41000	Interest on Deposits			135.14
Total			135.14	135.14

Adjusting Journal Entries JE # 9

To adjust AP to actual.

24000	Accounts Payable		13,206.67	
50100	Grants			8,181.64
54999	Misc Exp			5,025.03
Total			13,206.67	13,206.67

Adjusting Journal Entries JE # 10

PBC - Entries to Reconcile Cash.

11310	AIM Bank Savings		20,000.00	
13200	Asset Mgmt Accts Principal		500.00	
13200	Asset Mgmt Accts Principal		500.00	
13200	Asset Mgmt Accts Principal		15,343.89	
24000	Accounts Payable		634.00	
42000	Management Fees		0.02	
42000	Management Fees		3,000.00	
45100	Contributions		30.00	
45100	Contributions		2,014.53	
45100	Contributions		21,741.04	
51000	Salaries		1,537.66	
51220	Development Director Salary		3,500.00	
51300	Payroll Taxes		569.50	
51300	Payroll Taxes		634.00	
51300	Payroll Taxes		818.35	
51400	Payroll Insurance		377.16	
53720	Credit Card Service Expense		86.85	
11150	City Bank Business Checking			15,343.89
11150	City Bank Business Checking			43,820.97
24000	Accounts Payable			634.00
24000	Accounts Payable			634.00
41000	Interest on Deposits			6.96

Client: **46550 - Lubbock Area Foundation**
 Engagement: **46550 - 2013 Lubbock Area Foundation**
 Period Ending: **12/31/2013**
 Trial Balance: **017 - Trial Balance- No Fund**
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
45100	Contributions			15.00
45100	Contributions			25.00
45100	Contributions			25.00
45100	Contributions			44.00
45100	Contributions			1,500.00
51000	Salaries			6,666.67
51300	Payroll Taxes			282.84
51300	Payroll Taxes			510.00
51400	Payroll Insurance			177.16
51500	Retirement Plan			1,500.00
53720	Credit Card Service Expense			22.30
53720	Credit Card Service Expense			79.21
Total			71,287.00	71,287.00
Adjusting Journal Entries JE # 11				
To adjust to FMV of investments.				
13200	Asset Mgmt Accts Principal		956,832.85	
45300	Unrealized Gains/Losses		65,787.90	
50300	Bank Fees		12,045.38	
13200	Asset Mgmt Accts Principal			44,939.33
45200	Realized Gains/Losses			32,893.95
45300	Unrealized Gains/Losses			956,832.85
Total			1,034,666.13	1,034,666.13