

**FRANKIE LEMMON FOUNDATION AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL
CENTER, INC.**

Consolidated Financial Statements

June 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Frankie Lemmon Foundation and
Frankie Lemmon School and Developmental Center, Inc.
Raleigh, North Carolina

We have audited the accompanying consolidated financial statements of Frankie Lemmon Foundation and Frankie Lemmon School and Developmental Center, Inc. (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Frankie Lemmon Foundation and Frankie Lemmon School and Developmental Center, Inc as of June 30, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 14 and 15 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated 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 consolidated financial statements or the consolidated 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 consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously reviewed Frankie Lemmon Foundation and Frankie Lemmon School and Developmental Center, Inc's 2012 consolidated financial statements, and our report dated December 18, 2012, indicated no material modification that should be made to the consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. 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 reviewed consolidated financial statements from which it has been derived.

Thomas, Judy & Fuchs, P.A.

December 12, 2013

**FRANKIE LEMMON FOUNDATION AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2013 (Audited)
(With Comparative Totals as of June 30, 2012 (Reviewed))

<u>ASSETS</u>	2013			Total	2012
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Current Assets:					
Cash and Cash Equivalents	\$ 651,133	\$ 123,209	\$	\$ 774,342	\$ 608,932
Investments	2,015,056	259,418	13,824	2,288,298	1,991,225
Accounts Receivable	198,882			198,882	133,103
Pledges Receivable	7,734			7,734	13,234
Inventory	9,655			9,655	13,780
Prepaid Expenses	6,939			6,939	1,843
Total Current Assets	2,889,399	382,627	13,824	3,285,850	2,762,117
Property and Equipment:					
Leasehold Improvements	9,358			9,358	5,679
Furniture and Equipment	48,122			48,122	44,330
Office Equipment	6,517			6,517	5,513
Less Accumulated Depreciation	(39,849)			(39,849)	(33,788)
Net Property and Equipment	24,148			24,148	21,734
Total Assets	\$ 2,913,547	\$ 382,627	\$ 13,824	\$ 3,309,998	\$ 2,783,851
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities:					
Accounts Payable	\$ 9,255	\$	\$	\$ 9,255	\$ 8,475
Total Liabilities	9,255			9,255	8,475
Net Assets:					
Unrestricted:					
Undesignated	1,404,292			1,404,292	2,345,625
Designated	1,500,000			1,500,000	39,000
Temporarily Restricted		382,627		382,627	376,927
Permanently Restricted			13,824	13,824	13,824
Total Net Assets	2,904,292	382,627	13,824	3,300,743	2,775,376
Total Liabilities and Net Assets	\$ 2,913,547	\$ 382,627	\$ 13,824	\$ 3,309,998	\$ 2,783,851

See Accompanying Notes

**FRANKIE LEMMON FOUNDATION AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2013 (Audited)
(With Comparative Totals as of June 30, 2012 (Reviewed))

	2013			Total	2012
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUES AND SUPPORT					
Contributions	\$ 644,159	\$ 5,700	\$	\$ 649,859	\$ 647,344
Special Events, Net of Direct Expenses of \$619,749 in 2013 and \$652,754 in 2012	700,316			700,316	523,202
Interest and Dividends	70,525			70,525	85,112
Wake County Public Schools Income	258,642			258,642	258,059
Intinerent Revenue	142,534			142,534	143,851
Satellite Program	55,937			55,937	
Other Income	16,549			16,549	15,042
Realized and Unrealized Gain (Loss) on Investments	90,040			90,040	(77,248)
Total Revenues and Support	1,978,703	5,700		1,984,403	1,595,362
Net Assets Released from Restrictions					
Total Revenues, Support and Net Assets Released from Restrictions	1,978,703	5,700		1,984,403	1,595,362
EXPENSES					
Program Services:					
Education	808,147			808,147	687,446
Total Program Services	808,147			808,147	687,446
Supporting Services:					
Management and General	305,009			305,009	251,123
Fundraising	345,880			345,880	342,524
Total Supporting Services	650,889			650,889	593,647
Total Expenses	1,459,036			1,459,036	1,281,093
Change in Net Assets	519,667	5,700		525,367	314,269
Net Assets at Beginning of Year	2,384,625	376,927	13,824	2,775,376	2,461,107
Net Assets at End of Year	\$ 2,904,292	\$ 382,627	\$ 13,824	\$ 3,300,743	\$ 2,775,376

See Accompanying Notes

**FRANKIE LEMMON FOUNDATION AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2013 (Audited)

(With Comparative Totals as of June 30, 2012 (Reviewed))

2013

	Program		General and		Fundraising	Total	2012
	Education	Administrative	Administrative	Fundraising			
Salaries and Wages	\$ 530,523	\$ 111,375	\$ 227,267	\$ 869,165	\$ 736,235		
Benefits	8,419	8,610	24,137	41,166	31,743		
Contracted Therapies	17,744	34,477	6,084	58,305	28,574		
Payroll Taxes	44,364	6,082	18,247	68,693	57,323		
School Lunches	7,760			7,760	9,605		
Telephone and Postage		4,187		4,187	3,885		
Insurance	62,045			62,045	67,511		
Itinerant Expense	99,590			99,590	25,841		
Summer School Program Expense	213			213	792		
Equipment Lease		3,954		3,954	3,675		
Professional Fees		7,666	9,487	17,153	75,672		
Bookkeeping Services		2,288		2,288	6,443		
Office Supplies		9,737	4,731	14,468	23,160		
Contribution Expenditures	24,395			24,395	29,962		
Depreciation		4,963	1,098	6,061	6,760		
Maintenance and Repairs		6,061		6,061	10,190		
Meetings, Travel and Meals		14,754	21,632	36,386	40,908		
Miscellaneous		1,711		1,711	4,801		
Educational Supplies and Materials	13,094			13,094	7,183		
Housekeeping Supplies		9,797		9,797	2,379		
Professional Development		3,543		3,543	3,145		
Classroom Equipment					1,199		
Dues and Subscriptions		402		402	345		
Meals and Entertainment		633		633			
Bank, Investment and Credit Card Fees		27,169	19,544	46,713	46,805		
Office Expenses		43,029		43,029	45,142		
Rent		4,552	13,653	18,205	11,815		
Advertising		19		19			
	<u>\$ 808,147</u>	<u>\$ 305,009</u>	<u>\$ 345,880</u>	<u>\$ 1,459,036</u>	<u>\$ 1,281,093</u>		

See Accompanying Notes

**FRANKIE LEMMON FOUNDATION AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2013 (Audited)
(With Comparative Totals as of June 30, 2012 (Reviewed))

	2013	2012
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 525,367	\$ 314,269
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	6,061	6,760
Loss on Disposal of Assets		3,443
Realized and Unrealized Loss on Investments	90,040	73,805
Changes in Assets and Liabilities that Provided (Used) Cash:		
Accounts Receivable	(65,779)	(66,177)
Pledges Receivable	5,500	138,450
Inventory	4,125	(5,959)
Prepaid Expenses	(5,096)	560
Accounts Payable	780	5,837
Net Cash Provided by Operating Activities	560,998	470,988
Cash Flows from Investing Activities:		
Proceeds from Certificate of Deposit		100,000
Purchases of Investments	(387,113)	(399,707)
Purchases of Property and Equipment	(8,475)	(7,027)
Net Cash Used by Investing Activities	(395,588)	(306,734)
Net Increase in Cash and Equivalents	165,410	164,254
Cash and Equivalents at Beginning of Year	608,932	444,678
Cash and Equivalents at End of Year	\$ 774,342	\$ 608,932

See Accompanying Notes

**FRANKIE LEMMON FOUNDATION AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2013 (Audited)
(With Comparative Totals as of June 30, 2012 (Reviewed))

1. Business Operations and Summary of Significant Accounting Policies

Business Operations

The Frankie Lemmon Foundation (the "Foundation"), located in Raleigh, North Carolina, was organized in 1987 for the purpose of providing support to Frankie Lemmon School and Developmental Center, Inc. (the "School"). The School is a nonprofit corporation that trains and educates children with developmental disabilities. The combined activity is referred to as the "Organization."

Basis of Accounting

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

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under FASB ASC 958-605, certain of the Organization's contributions are required to be reported as restricted support and are then reclassified to unrestricted net assets upon expiration of restriction.

Principles of Consolidation

As a result of formal affiliations and economic interdependency between the Foundation and the School, the financial statements of these organizations are presented on a consolidated basis and include the accounts of both entities. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Donated Services

The Organization receives a substantial amount of services donated by its members. The Organization only recognizes donated services that create or enhance non-financial assets that do not require specialized skills that are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation. No such donations were recognized for the year ended June 30, 2013.

Concentration of Credit Risk

The Organizations occasionally maintain deposits in excess of federally insured limits. The Financial Accounting Standards Board identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2013, the Foundation and the School's uninsured balance was \$275,659.

**FRANKIE LEMMON FOUNDATION AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2013 (Audited)
(With Comparative Totals as of June 30, 2012 (Reviewed))

1. Business Operations and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is assessed for the estimated losses that may be incurred due to uncollectible accounts receivable. The estimated losses are based on prior years' experience and a review of the current status of the existing receivables. At June 30, 2013, no allowance is considered necessary.

Inventory

Inventory is stated at the lower of cost or market, determined by the first-in, first-out method. Inventory consists of various items such as wine and glassware.

Property and Equipment

Property and equipment is recorded at cost. Donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. The Organization follows the practice of capitalizing all expenditures for furniture or equipment in excess of \$1,000.

Depreciation of property and equipment is computed using the straight-line method over estimated useful lives ranging from five to ten years. Depreciation expense for the years ended June 30, 2013 and 2012 was \$6,061 and \$6,760 respectively.

Income Taxes

The Organization is exempt from income taxes as not-for-profit organizations under section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Foundation has taken an uncertain tax position that more likely than not would be sustained upon examination by the applicable authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2013, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organizations are subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The Organization believe they is no longer subject to income examination for years prior to 2010.

**FRANKIE LEMMON FOUNDATION AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2013 (Audited)
(With Comparative Totals as of June 30, 2012 (Reviewed))

1. Business Operations and Summary of Significant Accounting Policies (Continued)

Use of Estimates and Assumptions

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 amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising costs are expensed as incurred. For the year ended June 30, 2013, and 2012 advertising costs were \$19 and \$0, respectively.

2. Related Organizations

During 1983, the Organization formed a separate corporation, the Sunshine Development Corporation (the "Corporation"), to act as the sponsor of a Housing and Urban Development financed housing project. The housing project is to provide apartment housing units for elderly or handicapped residents with low or moderate income. The Organization currently receives no income from the Corporation, nor does it pay any expenses for the Corporation.

3. Pledges Receivable

Pledges receivable at June 30, 2013 and 2012 were as follows:

	2013	2012
One year or less	\$ 7,734	\$ 13,234

**FRANKIE LEMMON FOUNDATION AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2013 (Audited)
(With Comparative Totals as of June 30, 2012 (Reviewed))

4. Fair Value Measurements

The Financial Accounting Standards Board established a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value of investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

Level 2 Inputs to the valuation methodology include:

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

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

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. As of June 30, 2013, all investments are assessed at level 1.

**FRANKIE LEMMON FOUNDATION AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2013 (Audited)
(With Comparative Totals as of June 30, 2012 (Reviewed))

5. Investments

Investments are stated at fair value and consist of mutual funds and equity securities. Their cost and market values are as follows:

<u>June 30, 2013:</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds:			
Fixed Income:			
High Yield	\$ 165,006	\$ 180,364	\$ 15,358
Intermediate Term Bond	563,396	563,712	316
Emerging Markets	212,724	205,279	(7,445)
Equity Funds:			
Stock	1,196,939	1,337,086	140,147
Moderate Allocation	<u>1,583</u>	<u>1,857</u>	<u>274</u>
	<u>\$ 2,139,648</u>	<u>\$ 2,288,298</u>	<u>\$ 148,650</u>
 <u>June 30, 2012:</u>			
Mutual Funds:			
Fixed Income:			
High Yield	\$ 146,506	\$ 160,356	\$ 13,850
Intermediate Term Bond	482,754	511,038	28,284
Emerging Markets	188,224	196,967	8,743
Equity Funds:			
Stock	1,018,455	1,099,536	81,081
Moderate Allocation	<u>22,224</u>	<u>23,329</u>	<u>1,105</u>
	<u>\$ 1,858,163</u>	<u>\$ 1,991,226</u>	<u>\$ 133,063</u>

Investment interest and dividends for the year ended June 30, 2013, and 2012 was \$70,525 and \$85,112, respectively.

6. Permanently Restricted Net Assets

Permanently restricted net assets consist of cash endowments maintained in money market accounts, accounts receivable, and investments restricted for the purposes of student activities. The balance as of June 30, 2013, and 2012 was \$13,824 for each year

**FRANKIE LEMMON FOUNDATION AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2013 (Audited)
(With Comparative Totals as of June 30, 2012 (Reviewed))

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2013 and 2012:

	2013	2012
Capital Fund	\$ 259,418	\$ 259,418
Playground	67,509	67,509
Operational	50,000	50,000
Other	5,700	
	\$ 382,627	\$ 376,927

8. Designated Net Assets

The Organization has designated net assets for future operating expenses in the amounts of \$1,500,000 and \$39,000 as of June 30, 2013 and 2012, respectively.

9. Retirement Plan

In July 2001, the Organization adopted a SIMPLE IRA retirement plan for its employees, which allows employees to defer a portion of their gross income annually. For employees that are eligible to participate in the plan, the Organization makes a non-elective contribution of 2% of the employees' salary. For the years ended June 30, 2013 and 2012, the Organization contributed \$14,733 and \$9,115, respectively, to employee accounts.

10. Concentration

The Organization received approximately 18.1% and 32.5% of its support from Wake County Public Schools during the years ended June 30, 2013 and 2012, respectively. Wake County Public Schools has contracted therapy services from the Organization to provide to students with developmental disabilities.

**FRANKIE LEMMON FOUNDATION AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2013 (Audited)
(With Comparative Totals as of June 30, 2012 (Reviewed))

11. Lease Expense and Commitment

The Organization leases office equipment under a non-cancelable operating lease. For the years ended June 30, 2013 and 2012, total lease expense for the office equipment was \$3,953 and \$3,675, respectively.

Future minimum lease payments as of June 30, 2013 are as follows:

<u>Year Ending June 30</u>	
2014	<u>\$ 1,200</u>

10. Lease Expense and Commitment (Continued)

The Organization leases office and storage under a month-to-month operating lease at \$1,709 a month. The Organization may vacate the premises without penalty with a 30-day notice. Rent expense for the years ended June 30, 2013 and 2012 was \$18,205 and \$11,815, respectively.

12. Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 12, 2013, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**FRANKIE LEMMON FOUNDATION AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2013

<u>ASSETS</u>	<u>Foundation</u>	<u>School</u>	<u>Eliminations</u>	<u>Total</u>
Current Assets:				
Cash and Cash Equivalents:				
Unrestricted	\$ 591,107	\$ 60,026	\$	\$ 651,133
Temporarily Restricted	123,209			123,209
Investments:				
Unrestricted	2,015,056			2,015,056
Temporarily Restricted	259,418			259,418
Permanently Restricted	13,824			13,824
Accounts Receivable	198,882			198,882
Pledges Receivable	7,734			7,734
Inventory	9,655			9,655
Prepaid Expenses	399	6,540		6,939
	<u>3,219,284</u>	<u>66,566</u>		<u>3,285,850</u>
Total Current Assets				
Property and Equipment:				
Leasehold Improvements	5,679	3,679		9,358
Furniture and Equipment	5,381	42,741		48,122
Office Equipment	6,517			6,517
Less Accumulated Depreciation	<u>(8,259)</u>	<u>(31,590)</u>		<u>(39,849)</u>
Net Property and Equipment	<u>9,318</u>	<u>14,830</u>		<u>24,148</u>
Total Assets	<u>\$ 3,228,602</u>	<u>\$ 81,396</u>	<u>\$</u>	<u>\$ 3,309,998</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts Payable	\$ 2,173	\$ 7,082	\$	\$ 9,255
Total Liabilities	<u>2,173</u>	<u>7,082</u>		<u>9,255</u>
Net Assets:				
Unrestricted:				
Undesignated	1,329,978	74,314		1,404,292
Designated	1,500,000			1,500,000
Temporarily Restricted	382,627			382,627
Permanently Restricted	<u>13,824</u>			<u>13,824</u>
Total Net Assets	<u>3,226,429</u>	<u>74,314</u>		<u>3,300,743</u>
Total Liabilities and Net Assets	<u>\$ 3,228,602</u>	<u>\$ 81,396</u>	<u>\$</u>	<u>\$ 3,309,998</u>

**FRANKIE LEMMON FOUNDATION AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

<u>REVENUES AND SUPPORT</u>	<u>Foundation</u>	<u>School</u>	<u>Eliminations</u>	<u>Total</u>
Contributions:				
Unrestricted	\$ 643,510	\$ 649	\$	\$ 644,159
Temporarily Restricted	5,700			5,700
Income from Foundation		440,471	(440,471)	
Special Events, Net of Direct Expenses of \$619,749 in 2013 and \$652,754 in 2012	700,316			700,316
Interest and Dividends	70,525			70,525
Wake County Public Schools Income		258,642		258,642
Intinerent Revenue		142,534		142,534
Satellite Program		55,937		55,937
Other Income	1,488	15,061		16,549
Realized and Unrealized Gain on Investments	90,040			90,040
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Support	1,511,579	913,295	(440,471)	1,984,403
Net Assets Released from Restrictions				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues, Support and Net Assets Released from Restrictions	1,511,579	913,295	(440,471)	1,984,403
	<hr/>	<hr/>	<hr/>	<hr/>
<u>EXPENSES</u>				
Program Services:				
Education		808,147		808,147
		<hr/>		<hr/>
Total Program Services		808,147		808,147
Supporting Services:				
Support to Frankie Lemmon School	440,471		(440,471)	
Management and General	213,813	91,196		305,009
Fundraising	345,880			345,880
	<hr/>	<hr/>	<hr/>	<hr/>
Total Supporting Services	1,000,164	91,196	(440,471)	650,889
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	1,000,164	899,343	(440,471)	1,459,036
Change in Net Assets	511,415	13,952		525,367
Net Assets at Beginning of Year	2,715,014	60,362		2,775,376
	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets at End of Year	<u>\$ 3,226,429</u>	<u>\$ 74,314</u>	<u>\$</u>	<u>\$ 3,300,743</u>