

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

Consolidated Financial Statements

June 30, 2014

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Frankie Lemmon Foundation, Inc. and Frankie Lemmon School and Developmental Center, Inc. (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2014, 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 consolidated 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 consolidated 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, Inc. and Frankie Lemmon School and Developmental Center, Inc. as of June 30, 2014, 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 relates 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 consolidated 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 audited Frankie Lemmon Foundation, Inc. and Frankie Lemmon School and Developmental Center, Inc.'s 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 12, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Thomas, Judy & Ficker, P.A.

November 25, 2014

**FRANKIE LEMMON FOUNDATION, INC. AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2014
(With Comparative Totals as of June 30, 2013)

<u>ASSETS</u>	2014			Total	2013
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Current Assets:					
Cash and Cash Equivalents	\$ 344,751	\$ 132,181	\$	\$ 476,932	\$ 774,342
Investments	2,787,040	259,418	13,824	3,060,282	2,288,298
Accounts Receivable	303,191			303,191	198,882
Pledges Receivable	2,734			2,734	7,734
Inventory	6,195			6,195	9,655
Prepaid Expenses	2,454			2,454	6,939
Total Current Assets	3,446,365	391,599	13,824	3,851,788	3,285,850
Property and Equipment:					
Leasehold Improvements	9,358			9,358	9,358
Furniture and Equipment	51,444			51,444	48,122
Office Equipment	10,061			10,061	6,517
Less Accumulated Depreciation	(47,761)			(47,761)	(39,849)
Net Property and Equipment	23,102			23,102	24,148
Total Assets	\$ 3,469,467	\$ 391,599	\$ 13,824	\$ 3,874,890	\$ 3,309,998
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities:					
Accounts Payable	\$ 49,724	\$	\$	\$ 49,724	\$ 9,255
Accrued Expenses	2,000			2,000	
Total Liabilities	51,724			51,724	9,255
Net Assets:					
Unrestricted:					
Undesignated	1,917,743			1,917,743	1,404,292
Designated	1,500,000			1,500,000	1,500,000
Temporarily Restricted		391,599		391,599	382,627
Permanently Restricted			13,824	13,824	13,824
Total Net Assets	3,417,743	391,599	13,824	3,823,166	3,300,743
Total Liabilities and Net Assets	\$ 3,469,467	\$ 391,599	\$ 13,824	\$ 3,874,890	\$ 3,309,998

See Accompanying Notes

**FRANKIE LEMMON FOUNDATION, INC. AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2014
(With Comparative Totals as of June 30, 2013)

	2014			Total	2013
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<u>REVENUES AND SUPPORT</u>					
Contributions	\$ 763,695	\$ 14,672	\$	\$ 778,367	\$ 649,859
Special Events, Net of Direct Expenses of \$768,898 in 2014 and \$619,749 in 2013	578,550			578,550	700,316
Interest and Dividends	57,547			57,547	70,525
Wake County Public Schools Income	258,408			258,408	258,642
Intinerent Revenue	125,305			125,305	142,535
Satellite Program	189,507			189,507	55,937
Boxtops Income	864			864	
Other Income	24,074			24,074	16,549
Realized and Unrealized Gain on Investments	323,890			323,890	90,040
Total Revenues and Support	2,321,840	14,672		2,336,512	1,984,403
Net Assets Released from Restrictions	5,700	(5,700)			
Total Revenues, Support and Net Assets Released from Restrictions	2,327,540	8,972		2,336,512	1,984,403
<u>EXPENSES</u>					
Program Services:					
Education	1,064,914			1,064,914	808,147
Total Program Services	1,064,914			1,064,914	808,147
Supporting Services:					
Management and General	334,341			334,341	305,009
Fundraising	414,834			414,834	345,880
Total Supporting Services	749,175			749,175	650,889
Total Expenses	1,814,089			1,814,089	1,459,036
Change in Net Assets	513,451	8,972		522,423	525,367
Net Assets at Beginning of Year	2,904,292	382,627	13,824	3,300,743	2,775,376
Net Assets at End of Year	<u>\$ 3,417,743</u>	<u>\$ 391,599</u>	<u>\$ 13,824</u>	<u>\$ 3,823,166</u>	<u>\$ 3,300,743</u>

See Accompanying Notes

**FRANKIE LEMMON FOUNDATION, INC. AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014
(With Comparative Totals as of June 30, 2013)

	2014				2013
	Program	General and	Fundraising	Total	
	Education	Administrative			
Advertising	\$	\$	\$	\$	\$ 19
Bad Debt Expense			5,000	5,000	
Bank, Investment and Credit Card Fees		33,211	23,851	57,062	46,713
Benefits	10,198	11,268	31,907	53,373	41,166
Bookkeeping Services		2,781		2,781	2,288
Classroom Equipment	1,000			1,000	
Contracted Therapies	22,753	26,958	4,757	54,468	58,305
Contribution Expenditures					24,395
Depreciation		5,810	2,101	7,911	6,061
Dues and Subscriptions		484		484	402
Educational Supplies and Materials	8,464			8,464	13,094
Equipment Lease		3,291		3,291	3,954
Housekeeping Supplies		8,965		8,965	9,797
Insurance	72,274			72,274	62,045
Itinerant Expense	41,114			41,114	99,590
Maintenance and Repairs		1,284		1,284	6,061
Meals and Entertainment		6,031		6,031	633
Meetings, Travel and Meals		13,973	18,530	32,503	36,386
Miscellaneous		3,028		3,028	1,711
Office Expenses		42,050		42,050	43,029
Office Supplies		7,787	1,298	9,085	14,468
Payroll Taxes	46,978	6,955	20,866	74,799	68,693
Professional Development		4,550		4,550	3,543
Professional Fees		20,525	30,205	50,730	17,153
Rent		5,599	16,795	22,394	18,205
Salaries and Wages	571,781	123,771	259,524	955,076	869,165
Satellite Program - Facility	283,299			283,299	
School Lunches	7,053			7,053	7,760
Summer School Program Expense					213
Telephone and Postage		6,020		6,020	4,187
	<u>\$ 1,064,914</u>	<u>\$ 334,341</u>	<u>\$ 414,834</u>	<u>\$ 1,814,089</u>	<u>\$ 1,459,036</u>

See Accompanying Notes

**FRANKIE LEMMON FOUNDATION, INC. AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2014
(With Comparative Totals as of June 30, 2013)

	2014	2013
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 522,423	\$ 525,367
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	7,911	6,061
Realized and Unrealized Gain on Investments	(323,890)	(90,040)
Donated Stock	101,464	133,200
Changes in Assets and Liabilities that Provided (Used) Cash:		
Accounts Receivable	(104,309)	(65,779)
Pledges Receivable	5,000	5,500
Inventory	3,460	4,125
Prepaid Expenses	4,485	(5,096)
Accounts Payable	40,470	780
Accrued Expenses	2,000	
Net Cash Provided by Operating Activities	259,014	514,118
Cash Flows from Investing Activities:		
Proceeds on Sale of Investments	1,742,084	688,315
Purchases of Investments	(2,291,643)	(1,028,548)
Purchases of Property and Equipment	(6,865)	(8,475)
Net Cash Used by Investing Activities	(556,424)	(348,708)
Net Increase (Decrease) in Cash and Equivalents	(297,410)	165,410
Cash and Equivalents at Beginning of Year	774,342	608,932
Cash and Equivalents at End of Year	\$ 476,932	\$ 774,342

See Accompanying Notes

**FRANKIE LEMMON FOUNDATION, INC., INC. AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014
(With Comparative Totals as of June 30, 2013)

1. Business Operations and Summary of Significant Accounting Policies

Business Operations

The Frankie Lemmon Foundation, Inc. (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, 2014.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

(With Comparative Totals as of June 30, 2013)

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

Concentration of Credit Risk

The Organization occasionally maintains 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, 2014, the Foundation and the School's uninsured balance was \$14,116.

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. The Organization had cash equivalents of \$71,056 and \$189,182 as of June 30, 2014 and 2013, respectively.

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, 2014, 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, 2014 and 2013 was \$7,911 and \$6,061 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.

**FRANKIE LEMMON FOUNDATION, INC., INC. AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014
(With Comparative Totals as of June 30, 2013)

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

Income Taxes (Continued)

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, 2014, 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 Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income examination for years prior to 2011.

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 years ended June 30, 2014 and 2013 advertising costs were \$0 and \$19, respectively.

Reclassifications

Certain amounts from the 2013 financial statements have been reclassified to conform to current year presentation. These reclassifications have no effect on previously reported change in net assets or total net assets.

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.

**FRANKIE LEMMON FOUNDATION, INC., INC. AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

(With Comparative Totals as of June 30, 2013)

3. Pledges Receivable

Pledges receivable at June 30, 2014 and 2013 were as follows:

	2014	2013
One year or less	\$ 2,734	\$ 7,734

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, 2014 and 2013, all investments are assessed at level 1.

**FRANKIE LEMMON FOUNDATION, INC., INC. AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

(With Comparative Totals as of June 30, 2013)

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, 2014:</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds:			
Fixed Income:			
High Yield	\$ 131,549	\$ 148,533	\$ 16,984
Intermediate Term Bond	447,174	463,338	16,164
Emerging Markets	298,618	297,677	(941)
Short-term and Inflation Protected	4,224	5,029	805
Alternative Funds:	553,911	546,402	(7,509)
Equity Funds:			
Stock	1,214,011	1,597,156	383,145
Moderate Allocation	<u>1,667</u>	<u>2,147</u>	<u>479</u>
	<u>\$ 2,651,154</u>	<u>\$ 3,060,282</u>	<u>\$ 409,127</u>
 <u>June 30, 2013:</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>

Investment interest and dividends for the year ended June 30, 2014, and 2013 was \$57,547 and \$70,525, respectively.

6. Permanently Restricted Net Assets

Permanently restricted net assets consist of cash endowments maintained in investments restricted for the purposes of student activities. The balance as of June 30, 2014, and 2013 was \$13,824.

**FRANKIE LEMMON FOUNDATION, INC., INC. AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014
(With Comparative Totals as of June 30, 2013)

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2014 and 2013:

	2014	2013
Capital Fund	\$ 259,418	\$ 259,418
Playground	67,509	67,509
Operational	50,000	50,000
Other	14,672	5,700
	\$ 391,599	\$ 382,627

8. Designated Net Assets

The Organization has designated net assets for future operating expenses in the amounts of \$1,500,000 and \$1,500,000 as of June 30, 2014 and 2013, 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, 2014 and 2013, the Organization contributed \$17,752 and \$14,733, respectively, to employee accounts.

10. Concentration

The Organization received approximately 15.9% and 18.1% of its support from Wake County Public Schools during the years ended June 30, 2014 and 2013, respectively. Wake County Public Schools has contracted therapy services from the Organization to provide to students with developmental disabilities.

11. Lease Expense and Commitment

The Organization leases office equipment under a non-cancelable operating lease. For the years ended June 30, 2014 and 2013, total lease expense for the office equipment was \$3,291 and \$3,954, respectively.

**FRANKIE LEMMON FOUNDATION, INC., INC. AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014
(With Comparative Totals as of June 30, 2013)

11. Lease Expense and Commitment (Continued)

Future minimum lease payments as of June 30, 2014 are as follows:

<u>Year Ending June 30</u>	
2015	\$ 5,496
2016	5,496
2017	<u>2,351</u>
	<u>\$ 13,343</u>

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, 2014 and 2013 was \$22,394 and \$18,205, respectively.

12. Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 25, 2014, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**FRANKIE LEMMON FOUNDATION, INC. AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2014**

	<u>Foundation</u>	<u>School</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Unrestricted	\$ 252,524	\$ 92,227	\$	\$ 344,751
Temporarily Restricted	120,961	11,220		132,181
Investments:				
Unrestricted	2,787,040			2,787,040
Temporarily Restricted	259,418			259,418
Permanently Restricted	13,824			13,824
Accounts Receivable	303,191			303,191
Pledges Receivable	2,734			2,734
Inventory	6,195			6,195
Prepaid Expenses	2,233	221		2,454
	3,748,120	103,668		3,851,788
Property and Equipment:				
Leasehold Improvements	5,679	3,679		9,358
Furniture and Equipment	5,885	45,559		51,444
Office Equipment	10,061			10,061
Less Accumulated Depreciation	(11,061)	(36,700)		(47,761)
	10,564	12,538		23,102
	\$ 3,758,684	\$ 116,206	\$	\$ 3,874,890
 LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 8,071	\$ 41,653	\$	\$ 49,724
Accrued Expenses	2,000			2,000
	10,071	41,653		51,724
Net Assets:				
Unrestricted:				
Undesignated	1,854,410	63,333		1,917,743
Designated	1,500,000			1,500,000
Temporarily Restricted	380,379	11,220		391,599
Permanently Restricted	13,824			13,824
	3,748,613	74,553		3,823,166
	\$ 3,758,684	\$ 116,206	\$	\$ 3,874,890

**FRANKIE LEMMON FOUNDATION, INC. AND
FRANKIE LEMMON SCHOOL AND DEVELOPMENTAL CENTER, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2014**

	<u>Foundation</u>	<u>School</u>	<u>Eliminations</u>	<u>Total</u>
<u>REVENUES AND SUPPORT</u>				
Contributions:				
Unrestricted	\$ 763,290	\$ 405	\$	\$ 763,695
Temporarily Restricted	3,452	11,220		14,672
Income from Foundation		558,605	(558,605)	
Special Events, Net of Direct Expenses of \$768,898 in 2014 and \$619,749 in 2013	578,550			578,550
Interest and Dividends	57,547			57,547
Wake County Public Schools Income		258,408		258,408
Intinerent Revenue		125,305		125,305
Satellite Program		189,507		189,507
Boxtops Income		864		864
Other Income	5,922	18,152		24,074
Realized and Unrealized Gain on Investments	323,890			323,890
	<u>1,732,651</u>	<u>1,162,466</u>	<u>(558,605)</u>	<u>2,336,512</u>
Total Revenues and Support				
Net Assets Released from Restrictions				
	<u>1,732,651</u>	<u>1,162,466</u>	<u>(558,605)</u>	<u>2,336,512</u>
Total Revenues, Support and Net Assets Released from Restrictions				
<u>EXPENSES</u>				
Program Services:				
Education		1,064,914		1,064,914
		<u>1,064,914</u>		<u>1,064,914</u>
Total Program Services				
Supporting Services:				
Support to Frankie Lemmon School	558,605		(558,605)	
Management and General	237,028	97,313		334,341
Fundraising	414,834			414,834
	<u>1,210,467</u>	<u>97,313</u>	<u>(558,605)</u>	<u>749,175</u>
Total Supporting Services				
Total Expenses	<u>1,210,467</u>	<u>1,162,227</u>	<u>(558,605)</u>	<u>1,814,089</u>
Change in Net Assets	522,184	239		522,423
Net Assets at Beginning of Year	<u>3,226,429</u>	<u>74,314</u>		<u>3,300,743</u>
Net Assets at End of Year	<u>\$ 3,748,613</u>	<u>\$ 74,553</u>	<u>\$</u>	<u>\$ 3,823,166</u>