

**Altman Foundation**

Financial Statements

December 31, 2012 and 2011

**Independent Auditors' Report**

**Board of Trustees  
Altman Foundation**

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Altman Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2012 and 2011, 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Altman Foundation as of December 31, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*O'Connor Davies, LLP*

September 10, 2013

O'CONNOR DAVIES, LLP

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## Altman Foundation

### Statements of Financial Position

	December 31,	
	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash in operating account	\$ 7,418,096	\$ 96,641
Prepaid taxes	14,754	6,828
Prepaid expenses	71,072	56,376
Investments	232,367,663	231,206,703
Program related investments	2,300,000	1,300,000
Investments restricted for pension	589,400	1,244,173
Furniture, equipment and leasehold improvements, net	<u>47,440</u>	<u>67,732</u>
	<u>\$ 242,808,425</u>	<u>\$ 233,978,453</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Grants payable	\$ 2,553,700	\$ 3,355,000
Accounts payable and accrued expenses	205,864	311,896
Current excise tax payable	1,985	151,328
Deferred federal excise tax liability	778,534	457,500
Deferred pension liability	<u>458,529</u>	<u>1,434,173</u>
	<u>3,998,612</u>	<u>5,709,897</u>
Unrestricted net assets	<u>238,809,813</u>	<u>228,268,556</u>
	<u>\$ 242,808,425</u>	<u>\$ 233,978,453</u>

See notes to financial statements

## Altman Foundation

### Statements of Activities

	Year Ended December 31,	
	2012	2011
<b>REVENUE</b>		
Interest, dividends and partnership revenue	\$ 2,801,459	\$ 3,651,499
Net realized gain on sale of investments	6,211,306	9,174,005
Net unrealized gain (loss) on investments	16,054,727	(11,296,839)
Other income	17,515	29,600
	<u>25,085,007</u>	<u>1,558,265</u>
Direct investment expenses	(1,551,906)	(1,144,797)
Current Federal excise tax and state taxes	(62,636)	(220,500)
Deferred excise tax expense	<u>(321,034)</u>	<u>(117,500)</u>
Net Revenue	<u>23,149,431</u>	<u>75,468</u>
<b>EXPENSES</b>		
Grants authorized	10,680,323	10,479,650
Grant administration	1,503,426	1,739,299
Investment administration	424,425	615,680
Total Expenses	<u>12,608,174</u>	<u>12,834,629</u>
Change in Net Assets	10,541,257	(12,759,161)
<b>NET ASSETS</b>		
Beginning of year	<u>228,268,556</u>	<u>241,027,717</u>
End of year	<u>\$ 238,809,813</u>	<u>\$ 228,268,556</u>

See notes to financial statements

## Altman Foundation

### Statements of Cash Flows

	Year Ended December 31,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 10,541,257	\$ (12,759,161)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	20,292	25,962
Net realized gain on sale of investments	(6,211,306)	(9,174,005)
Net unrealized (gain) loss on investments	(16,054,727)	11,296,839
Actuarial adjustment related to pension	(310,785)	275,563
Deferred federal excise tax expense	321,034	117,500
Net change in operating assets and liabilities		
Prepaid taxes	(7,926)	13,172
Prepaid expenses	(14,696)	(13,734)
Grants payable	(801,300)	5,000
Accounts payable and accrued expenses	(106,032)	62,694
Current excise tax payable	(149,343)	147,328
Deferred pension liability	(664,859)	-
Net Cash from Operating Activities	(13,438,391)	(10,002,842)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Repayment of program related investment	-	500,000
Disbursement of program related investment	(1,000,000)	-
Proceeds from sale of investments	39,596,505	102,451,168
Proceeds from sale of assets restricted for pension	382,127	-
Purchase of investments	(15,798,375)	(93,570,291)
Proceeds on cash surrender value	282,732	-
Net change in cash surrender value, net of premiums paid	(10,069)	(9,379)
Net change in money market investments	(2,693,074)	39,933
Net Cash from Investing Activities	20,759,846	9,411,431
Net Change in Cash and Cash Equivalents	7,321,455	(591,411)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	96,641	688,052
End of year	\$ 7,418,096	\$ 96,641
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for federal excise tax on net investment income	\$ 106,000	\$ 70,000

See notes to financial statements

## **Altman Foundation**

Notes to Financial Statements  
December 31, 2012 and 2011

### **1. Organization**

The Altman Foundation (the "Foundation") was established and funded in 1913 by Benjamin Altman, the founder of B. Altman & Co. Under its charter, the Foundation is limited to grants to organizations in New York State. The Foundation concentrates its support to educational institutions, hospitals and health centers, artistic and cultural institutions, and social welfare programs, primarily in the metropolitan New York City area.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation***

The financial statements of the Foundation have been prepared in conformity with generally accepted accounting principles in the United States. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. At December 31, 2012 and 2011, the net assets of the Foundation were unrestricted.

#### ***Use of Estimates***

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

#### ***Fair Value Measurements***

The Foundation follows Financial Accounting Standards Board (FASB) guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents represent short-term investments with original maturities of three months or less, except for those short-term investments managed by the Foundation's investment managers as part of their long-term investment strategies.

## **Altman Foundation**

Notes to Financial Statements  
December 31, 2012 and 2011

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Investments Valuation***

Investments are carried at fair value. The fair value of alternative investments, including private equity, hedge funds and real asset funds, has been estimated using the Net Asset Value (“NAV”) as reported by the management of the respective alternative investment fund. FASB guidance provides for the use of NAV as a “Practical Expedient” for estimating fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Foundation’s interest therein and their classification within Level 2 or 3 is based on the Foundation’s ability to redeem its interest in the near term.

Because some of these investments are not readily marketable their estimated value is subject to uncertainty and therefore may be different from the value that would have been used had a ready market for such investments existed.

#### ***Investment Income Recognition***

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

#### ***Program Related Investments***

Program related investments (PRIs) consist of loans and are reflected at cost less an allowance for potential impairment in value. Whether a valuation allowance is necessary due to impairment is determined based on various factors, including the debtor’s payment performance and other pertinent factors related to the debtor’s operations and ability to repay its debts. PRIs are individually monitored to determine net realizable value based on an evaluation of recovery. The Foundation assesses the risk of their financing receivables internally as either performing or monitoring. Performing receivables are investments that meet repayment benchmarks on a timely basis. Monitoring receivables are investments that are either behind in their repayment schedules or the overall health of the investee organization is lessened based upon an assessment of the investee. The Foundation considers a PRI past due if an interest or principal payment is more than 30 days overdue. Loans for which interest has not been paid for six months after due date are put into non-accrual status. Interest will no longer be accrued.

#### ***Property and Equipment***

Property and equipment are recorded at cost and depreciated using the straight-line method. Leasehold improvements are depreciated over a fifteen-year period. Furniture and fixtures purchases are being depreciated over five years. Computer hardware and software is being depreciated over a five-year period. The Foundation capitalizes all property and equipment items over \$10,000.

## **Altman Foundation**

Notes to Financial Statements  
December 31, 2012 and 2011

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Grants***

Grants are recorded as an expense when authorized by the Board of Trustees.

#### ***Concentration of Credit Risk***

The Foundation invests its cash and cash equivalents in multiple accounts with a quality financial institution. Throughout the year, balances in such accounts exceeded the Federal insured limits.

#### ***Accounting for Uncertainty in Income Taxes***

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement disclosure. The Foundation is no longer subject to audits by the applicable taxing jurisdictions for periods prior to 2009.

### **3. Federal Excise Taxes**

The Foundation is a nonprofit organization exempt from Federal income taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code (the Code), and is a private foundation as defined in Section 509(a) of the Code. The Foundation is subject to a Federal excise tax of 2% on its net investment income, as defined, for tax purposes. However, the excise tax is reduced to 1% if certain conditions are met. For 2012 and 2011 the Foundation's rate was 1% and 2%, respectively. The Foundation has met its minimum distribution requirement.

Deferred taxes arise from differences between the cost and fair value of investments held at year end.



## Altman Foundation

### Notes to Financial Statements December 31, 2012 and 2011

#### 4. Assets Measured at Fair Value

The following are major categories of investments measured at fair value on a recurring basis at December 31, grouped by fair value hierarchy:

Description	2012			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Investments</b>				
U.S. Common Stocks (i)	\$ 21,567,121	\$ -	\$ -	\$ 21,567,121
Fixed income mutual funds	-	7,028,419	-	7,028,419
International emerging market funds	-	12,520,653	-	12,520,653
International equity funds	-	16,004,661	-	16,004,661
Domestic equity funds (i)	-	-	8,905,872	8,905,872
Private equity (i)	-	-	52,964,352	52,964,352
Hedge funds (i)	-	39,510,583	35,292,799	74,803,382
Real asset funds (i)	5,416,647	-	20,636,654	26,053,301
	<u>26,983,768</u>	<u>75,064,316</u>	<u>117,799,677</u>	<u>219,847,761</u>
Temporary cash investments				12,344,902
Unsettled security trades, net				175,000
<b>Total Investments</b>	<b><u>\$ 26,983,768</u></b>	<b><u>\$ 75,064,316</u></b>	<b><u>\$ 117,799,677</u></b>	<b><u>\$ 232,367,663</u></b>
<b>Investments Restricted For Pension</b>				
Money market funds	\$ 523,602	\$ -	\$ -	\$ 523,602
Cash surrender value of life insurance policy	-	65,798	-	65,798
<b>Total Investments Restricted For Pension</b>	<b><u>\$ 523,602</u></b>	<b><u>\$ 65,798</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 589,400</u></b>
<b>2011</b>				
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Investments</b>				
U.S. Common Stocks (i)	\$ 22,171,722	\$ -	\$ -	\$ 22,171,722
Fixed income mutual funds	-	6,161,355	-	6,161,355
International emerging market funds	-	10,877,276	-	10,877,276
International equity funds	-	13,798,137	-	13,798,137
Domestic equity funds (i)	-	-	6,959,058	6,959,058
Private equity (i)	-	-	48,938,397	48,938,397
Hedge funds (i)	-	41,108,639	33,403,951	74,512,590
Real asset funds (i)	6,057,197	-	17,932,475	23,989,672
	<u>28,228,919</u>	<u>71,945,407</u>	<u>107,233,881</u>	<u>207,408,207</u>
Temporary cash investments				9,066,432
Unsettled security trades, net				14,732,064
<b>Total Investments</b>	<b><u>\$ 28,228,919</u></b>	<b><u>\$ 71,945,407</u></b>	<b><u>\$ 107,233,881</u></b>	<b><u>\$ 231,206,703</u></b>
<b>Investments Restricted For Pension</b>				
Money market funds	\$ 905,712	\$ -	\$ -	\$ 905,712
Cash surrender value of life insurance policy	-	338,461	-	338,461
<b>Total Investments Restricted For Pension</b>	<b><u>\$ 905,712</u></b>	<b><u>\$ 338,461</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,244,173</u></b>

- (i) Based on its analysis of the nature and risks of these investments, the Foundation has determined that presenting them as a single class is appropriate.

## Altman Foundation

### Notes to Financial Statements December 31, 2012 and 2011

#### 4. Assets Measured at Fair Value (*continued*)

At December 31, 2012 and 2011 approximately 58% and 52% of the Foundation's investment portfolio was invested with certain managers that provided equity or equity-like exposure. Management does not anticipate that losses, if any, resulting from such market concentration would materially affect the financial position and operations of the Foundation.

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 year ended December 31:

	2012				
	Private Equity	Domestic Equity Funds	Hedge Funds	Real Asset Funds	Total
Beginning balance	\$ 48,938,397	\$ 6,959,058	\$ 33,403,951	\$ 17,932,475	\$ 107,233,881
Realized gains(losses)	3,966,463	572,443	-	(2,843,734)	1,695,172
Unrealized gains(losses)	2,174,426	1,380,237	2,127,981	4,446,784	10,129,428
Purchases, issuances and settlements, net	(2,114,934)	(5,866)	(239,133)	1,101,129	(1,258,804)
Ending balance	<u>\$ 52,964,352</u>	<u>\$ 8,905,872</u>	<u>\$ 35,292,799</u>	<u>\$ 20,636,654</u>	<u>\$ 117,799,677</u>

  

	2011				
	Private Equity	Domestic Equity Funds	Hedge Funds	Real Asset Funds	Total
Beginning balance	\$ 40,520,495	-	\$ 56,920,176	\$ 13,476,703	\$ 110,917,374
Realized gains(losses)	1,735,414	(351,402)	5,073,564	12,867	6,470,443
Unrealized gains(losses)	1,713,295	(179,229)	(4,874,941)	1,620,274	(1,720,601)
Purchases, issuances and settlements, net	4,969,193	7,489,689	(23,714,848)	2,822,631	(8,433,335)
Ending balance	<u>\$ 48,938,397</u>	<u>\$ 6,959,058</u>	<u>\$ 33,403,951</u>	<u>\$ 17,932,475</u>	<u>\$ 107,233,881</u>

Information regarding alternative investments valued at NAV using the practical expedient at December 31, 2012 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds (see "a" below)	\$ 74,803,382	-	Quarterly-Annually	45-90 days
Private equity (see "b" below)	52,964,352	21,941,554	Locked	N/A
Real asset funds (see "c" below)	20,636,654	875,000	Locked	N/A
International equity funds (see "d" below)	16,004,661	-	Monthly	6 days
International emerging market funds (see "e" below)	12,520,653	-	Semi-Monthly or Monthly	5-30 days
Domestic equity funds (see "f" below)	8,905,872	-	Quarterly	30 days
Total	<u>\$ 185,835,574</u>	<u>\$ 22,816,554</u>		

- a. This category includes investments in hedge funds that invest both long and short, predominantly in limited partnerships and similar pooled investment vehicles. These funds were primarily formed with the purpose of achieving long-term growth of capital with reduced volatility by allocating its capital among various money managers. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of investments in this category have been estimated using the net asset value per share of the investments. Investments in this category may be redeemed from 45 days to 90 days prior to the end of a

## Altman Foundation

Notes to Financial Statements  
December 31, 2012 and 2011

### 4. Assets Measured at Fair Value (*continued*)

quarter. Investments representing approximately 13 percent of the value of the investments in this category cannot be redeemed because the investments include restrictions that do not allow for redemption in the first 12 to 30 months after acquisition. The remaining restriction period for these investments ranged from zero to two months at December 31, 2012.

- b. This category includes several private equity funds that invest primarily in international and domestic private equity and venture capital partnerships. These investments can never be redeemed from the funds. The fair values of the investments in this category have been estimated using the net asset value of the Foundation's ownership interest in the respective fund. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. Management has estimated that the underlying assets of the fund will be liquidated over 10 months to 7 years, either by sales to strategic buyers -- corporations or other private firms -- or by public offerings. Subsequent to liquidation, the proceeds, less manager fees, will be returned to limited partners.
- c. This category includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this category have been estimated using the net asset value of the Foundation's ownership interest in the respective fund. Investors will receive the value of the underlying investments as the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 1 to 8 years as underlying properties are sold or refinanced.
- d. This category includes investments in equity and equity-linked instruments issued by companies which have their registered offices or which conduct the bulk of their business activities in countries other than the United States, or which exercise a preponderant part of their economic activities in countries other than the United States, including countries classified as emerging -- or developing -- markets, though the bulk of these investments are in developed markets. These funds were primarily formed with the purpose of achieving capital appreciation over the medium- to long-term by allocating its capital among various money managers. The fair values of investments in this category have been estimated using the net asset value per share of the investments as recalculated monthly. Redemptions are permitted on a monthly basis with six business days notice.
- e. This category includes investments in equity, hybrid, common stock, and fixed-income securities issues by companies which have their registered office in emerging or developing countries. In general, issuers may be considered a developing country if they are considered such in the international financial community. More specifically, an issuer may be considered a developing country if they are domiciled, maintain a principal place of business and/or substantial assets, or derive significant revenues or profits from a developing country. The fair values of investments in this category have been estimated using the net asset value per share of the investments. Redemptions are permitted on a semi-monthly or monthly basis with between five and thirty business day notice.

## Altman Foundation

Notes to Financial Statements  
December 31, 2012 and 2011

### 4. Assets Measured at Fair Value (*continued*)

- f. This category includes firms who predominantly invest in equity and equity-related securities of U.S. firms. In addition, they may also, from time to time, invest in other instruments, including, but not limited to, capital stock, bonds, notes and debentures, commodities, currencies, US and non-US government securities, mutual funds, money market funds, and other obligations and instruments or evidences of indebtedness of whatever kind or nature, whether or not publicly traded or readily marketable. The fair values of investments in this category have been estimated using the net asset value per share of the investments. Redemptions are permitted on a quarterly basis with thirty business days notice.

### 5. Program Related Investments (PRIs)

PRIs, defined in IRC 4944(c), have a primary purpose of advancing the mission of the Foundation without a significant purpose of the production of income or the appreciation of property. PRIs are treated as charitable distributions on Internal Revenue Service form 990-PF, the tax and information return filed by private foundations for minimum-distribution requirement purposes. The Foundation's PRI loans bear interest at below-market rates, from 0% to 2%, generally payable on a quarterly basis. PRI loans are individually monitored and at December 31, 2012 and 2011 are deemed performing receivables. Management has reviewed the collectability of all PRI loans and deemed an allowance to be unnecessary. At December 31, 2012 and 2011, there were no PRI loans past due.

Expected repayments are as follows:

2013	\$ 300,000
2014	1,000,000
2015	1,000,000
	<u>\$ 2,300,000</u>

### 6. Retirement Plans

The Foundation provides a 403(b) deferred compensation and savings plan to eligible employees. Employee contributions are permitted with the Foundation matching one-half of these contributions up to a maximum of 5% of salary per employee in 2012 and 2011. Employer matching was \$41,723 and \$38,269 for 2012 and 2011, respectively.

The Foundation also maintains a profit sharing plan for eligible employees. For 2012 and 2011, the Foundation's contribution was 7% of salary for all eligible officers and staff and amounted to \$58,336 and \$48,353 for 2012 and 2011, respectively.

## Altman Foundation

Notes to Financial Statements  
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### 6. Retirement Plans (*continued*)

The Foundation has also established a non-qualified retirement plan for a select group of management determined by the Board of Trustees, to which contributions to qualified pension plans are limited. Assets associated with this plan are assets of Altman Foundation, and are included in statements of financial position. An amount to represent the funds due to the plan participants is included in the statements of financial position as a liability. Due to a qualifying event in December 2011, a distribution of benefits was made February 1, 2012 in the amount of \$664,859. Due to the revaluation of that liability, the related (benefit)/expense was (\$305,059) and \$103,647 for 2012 and 2011, respectively.

### 7. Lease Commitments

The Foundation's office lease for the 35<sup>th</sup> floor of 521 Fifth Avenue, New York City expires on July 2015.

Under the terms of the lease, remaining minimum lease payments are as follows:

2013	\$ 289,644
2014	289,644
2015	<u>168,959</u>
Total	<u>\$ 748,247</u>

In lieu of a security deposit, the Foundation maintains an open letter of credit in the amount of \$68,409. Rent expense was \$354,583 and \$356,006 for 2012 and 2011.

### 8. Furniture, Equipment and Leasehold Improvements

At December 31, 2012 and 2011, furniture, equipment and leasehold improvements at the Foundation were as follows:

	<u>2012</u>	<u>2011</u>
Leasehold improvements	\$ 281,238	\$ 281,238
Furniture and equipment	297,217	297,217
Computer hardware and software	<u>63,603</u>	<u>63,603</u>
	642,058	642,058
Less accumulated depreciation	<u>594,618</u>	<u>574,326</u>
	<u>\$ 47,440</u>	<u>\$ 67,732</u>

Depreciation expense for 2012 and 2011 was \$20,292 and \$25,962.

## Altman Foundation

Notes to Financial Statements  
December 31, 2012 and 2011

### 9. Grants Payable

The Foundation has entered into grant commitments with certain organizations. Payments to these organizations at December 31, 2012 and 2011 are to be made as follows:

	<u>2012</u>	<u>2011</u>
Less than one year	\$ 2,353,700	\$ 3,000,000
One to four years	<u>200,000</u>	<u>355,000</u>
Total grants payable	<u>\$ 2,553,700</u>	<u>\$ 3,355,000</u>

### 10. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is September 10, 2013.

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