MEDSHARE INTERNATIONAL, INC.
AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
JUNE 30, 2012 AND 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
MedShare International, Inc.
3420 Clifton Springs Road
Decatur, GA 30034-4608

We have audited the accompanying statement of financial position of MedShare International, Inc. (the Organization) as of June 30, 2012 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based upon 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MedShare International, Inc. as of June 30, 2012 and 2013 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.

R Michael LaBounty & Associates, PC

Atlanta, Georgia
September 27, 2013

MEDSHARE INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2012 AND 2013

	2012	2013
ASSETS		
CURRENT ASSETS:		
Cash	$ 230,966	$ 688,062
Money market funds	1,054,726	1,208,123
Pledges receivable	1,072,000	848,000
Inventory	11,594,143	15,296,988
Prepaid expenses	45,210	25,288
Other	57,027	69,127
Total current assets	14,054,072	18,135,588
PROPERTY AND EQUIPMENT:		
Land	340,552	340,552
Building	1,800,892	1,800,892
Furniture and equipment	393,815	431,019
Total property and equipment	2,535,259	2,572,463
Accumulated depreciation	(597,573)	(704,840)
Total property and equipment - net	1,937,686	1,867,623
OTHER ASSETS:		
Pledges receivable	102,000	790,000
Other receivables	81,394	164,502
Endowment assets	1,048,221	1,099,641
Deposits	20,976	20,976
Total other assets	1,252,591	2,075,119
Total assets	$ 17,244,349	$ 22,078,330

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MEDSHARE INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF JUNE 30, 2012 AND 2013

	2012	2013
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 211,179	$ 296,392
Line of credit	400,000	550,000
Deferred revenue	52,745	62,350
Total current liabilities	663,924	908,742
NET ASSETS:		
Unrestricted	13,295,226	16,710,872
Temporarily restricted	2,285,199	3,458,716
Permanently restricted	1,000,000	1,000,000
Total net assets	16,580,425	21,169,588
Total liabilities and net assets	$ 17,244,349	$ 22,078,330

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MEDSHARE INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Grants and contributions	$ 1,170,964	$ -	$ -	$ 1,170,964
Contributions for specific projects	-	3,829,557	-	3,829,557
Special events, net of expenses	-	238,194	-	238,194
In-kind contributions				
Equipment and supplies	22,865,183	-	-	22,865,183
Leased space	217,856	-	-	217,856
Professional services	120,437	-	-	120,437
Earnings on endowment assets, net	-	76,420	-	76,420
Other income	9,512	-	-	9,512
	24,383,952	4,144,171	-	28,528,123
Net assets released from restrictions	2,970,654	(2,970,654)	-	-
Total revenue and support	27,354,606	1,173,517	-	28,528,123
Expenses:				
Program expenses	22,980,552	-	-	22,980,552
Fundraising expenses	647,595	-	-	647,595
General and administrative expenses	310,813	-	-	310,813
Total expenses	23,938,960	-	-	23,938,960
INCREASE IN NET ASSETS	3,415,646	1,173,517	-	4,589,163
NET ASSETS, BEGINNING OF YEAR	13,295,226	2,285,199	1,000,000	16,580,425
NET ASSETS, END OF YEAR	$ 16,710,872	$ 3,458,716	$ 1,000,000	$ 21,169,588

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MEDSHARE INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support				
Grants and contributions	$ 1,439,539	$ -	$ -	$ 1,439,539
Contributions for specific projects	-	2,043,259	-	2,043,259
Fundraising events, net of expenses	237,992	-	-	237,992
In-kind contributions				
Equipment and supplies	18,316,555	-	-	18,316,555
Leased space	211,080	-	-	211,080
Professional services and other	138,550	-	-	138,550
(Loss) on endowment assets, net	-	(2,795)	-	(2,795)
Other income	9,819	-	-	9,819
	20,353,535	2,040,464	-	22,393,999
Net assets released from restrictions	2,243,463	(2,243,463)	-	-
Total revenue and support	22,596,998	(202,999)	-	22,393,999
Expenses:				
Program expenses	21,597,083	-	-	21,597,083
Fundraising expenses	617,121	-	-	617,121
General and administrative expenses	353,775	-	-	353,775
Total expenses	22,567,979	-	-	22,567,979
INCREASE (DECREASE) IN NET ASSETS	29,019	(202,999)	-	(173,980)
NET ASSETS, BEGINNING OF YEAR	13,266,207	2,488,198	1,000,000	16,754,405
NET ASSETS, END OF YEAR	$ 13,295,226	$ 2,285,199	$ 1,000,000	$ 16,580,425

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MEDSHARE INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2013

	Program Services	Fundraising	General & Administrative	Total Supporting Services	Total
2013					
Equipment and supplies shipped	$ 19,176,389	$ -	$ -	$ -	$ 19,176,389
Personnel	1,853,342	515,681	147,360	663,041	2,516,383
Shipping	760,269	-	-	-	760,269
Occupancy	644,450	13,091	3,146	16,237	660,687
Professional fees	200,030	43,665	150,159	193,824	393,854
Travel	115,560	22,138	1,652	23,790	139,350
Office expenses	66,491	38,750	2,892	41,642	108,133
Depreciation	101,904	3,218	2,145	5,363	107,267
Insurance	47,462	1,024	3,062	4,086	51,548
Other expenses	11,960	3,688	397	4,085	16,045
Marketing	1,790	6,340	-	6,340	8,130
Interest	905	-	-	-	905
Total expenses	$ 22,980,552	$ 647,595	$ 310,813	$ 958,408	$ 23,938,960
2012					
Equipment and supplies shipped	$ 18,060,401	$ -	$ -	$ -	$ 18,060,401
Personnel	1,678,670	477,905	176,685	654,590	2,333,260
Shipping	684,105	-	-	-	684,105
Occupancy	577,600	4,350	2,900	7,250	584,850
Professional fees	168,253	42,812	160,959	203,771	372,024
Travel	134,952	43,367	3,080	46,447	181,399
Office expenses	92,859	36,792	3,986	40,778	133,637
Depreciation	101,220	3,196	2,130	5,326	106,546
Insurance	54,632	642	3,427	4,069	58,701
Other expenses	35,288	2,584	608	3,192	38,480
Marketing	8,813	5,473	-	5,473	14,286
Interest	290	-	-	-	290
Total expenses	$ 21,597,083	$ 617,121	$ 353,775	$ 970,896	$ 22,567,979

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

MEDSHARE INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2013

	2012	2013
CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES:		
Increase (decrease) in net assets:	$ (173,980)	$ 4,589,163
Adjustments to reconcile increase in net assets to net cash provided by (used by) operating activities		
Depreciation	106,546	107,267
Loss (earnings) on endowment assets, net	2,795	(76,420)
Decrease (increase) in pledges receivable	32,450	(464,000)
(Increase) in inventory	(377,059)	(3,702,845)
Decrease in prepaid expense	27,846	19,922
(Increase) in other current assets	(2,808)	(12,100)
Increase in accounts payable and accrued expenses	25,595	85,213
Increase in line of credit	310,000	150,000
Increase (decrease) in deferred revenue	(25,732)	9,605
(Decrease) in deferred rent	(27,498)	-
Net cash provided by (used by) operating activities	(101,845)	705,805
CASH FLOWS (USED BY) INVESTING ACTIVITIES:		
Purchase of property and equipment	(35,080)	(37,204)
(Increase) in other long-term receivable	(1,830)	(83,108)
Proceeds from endowment investments	19,000	25,000
Net cash (used by) investing activities	(17,910)	(95,312)
NET INCREASE (DECREASE) IN CASH	(119,755)	610,493
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,405,447	1,285,692
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,285,692	$ 1,896,185
OTHER SUPPLEMENTAL INFORMATION:		
Interest paid	$ 290	$ 905
Income taxes paid	$ -	$ -

NON-CASH TRANSACTIONS:

The Organization received $9,000 and $21,000 of donated equipment for 2012 and 2013, respectively.

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Incorporated in December 1998, MedShare International, Inc. (the "Organization") is dedicated to recycling surplus medical supplies and equipment for use by healthcare institutions primarily in Central America, South America, Asia, Africa and the Caribbean. To achieve this mission, the Organization collects supplies and equipment in the United States that are still valuable but no longer in demand due to procedural excess, technological change, regulatory requirements or production overage. The Organization arranges for the shipment and distribution of these items to healthcare facilities in the targeted developing countries. The Organization operates out of a 48,500 square foot warehouse facility in Decatur, Georgia and a 53,805 square foot warehouse facility in San Leandro, California.

Note 1 - Summary of Significant Accounting Principles

The Organization's Summary of Significant Accounting Policies is presented to assist in understanding its financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the statements' preparation. The financial statements and notes are representations of the Organization's management, who are responsible for their integrity and objectivity.

Basis of Accounting and Presentation - The Organization uses the accrual basis of accounting for its revenues and expenses. Information regarding its financial position and activities is presented under three separate net asset classifications: unrestricted, temporarily restricted and permanently restricted net assets. Certain amounts reported for 2012 have been reclassified from their previously reported categories in order to present the amounts in a format comparable to those reported for 2013.

Cash and Cash Equivalents - Cash and cash equivalents include all highly liquid investments purchased with an initial maturity of three months or less.

Investments - The Organization classifies its endowment investments as available-for-sale securities. These are debt and equity securities with quoted prices available on exchanges (Level 1 inputs). All gains and losses in value are included in the statement of activities.

Pledges Receivable - Contributions are recognized when the donor makes a written pledge to the Organization. Short-term pledges have a term of less than one year. Long-term pledges have a term of from one to five years. The Organization applies the allowance method to determine uncollectible pledges, with Management evaluating the need for an allowance on an annual basis. Based upon that evaluation, no allowance was considered necessary for the years ended June 30, 2012 or 2013, respectively.

Inventory – The Organization values its inventory of in-kind medical supplies and equipment at 50% of the average retail price for the item (or similar items). The average retail price approximates the fair value measurement of the inventory if sold in North America in an orderly transaction between market participants.

Property and Equipment - Purchased property and equipment is carried at cost. Donated property and equipment is carried at approximate fair value at donation date. Expenditures of $5,000 or more for repairs, maintenance, renewals and betterments which prolong an asset's useful life beyond 2 years are capitalized. The cost of assets retired or sold and their associated accumulated depreciation are removed from the accounts upon disposition, with any related gain or loss included in income. Depreciation is provided under the straight-line method over each asset's estimated useful life. Leasehold improvements are amortized over the shorter of the lease's remaining term or the asset's estimated useful life. Depreciation and amortization expense for the years ended June 30, 2012 and 2013 was $106,546 and $107,267, respectively.

Note 1 - Summary of Significant Accounting Principles (Continued)

Donated Assets, Space and Services - Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. The value of these in-kind donations was $9,000 and $32,580 during the years ended June 30, 2012 and June 30, 2013, respectively.

Donated leased space is recorded as a contribution at its estimated fair value. In the fiscal years ended June 30, 2012 and 2013, the Organization received use of 87,950 square feet of warehouse space with month-to-month terms. The value of this in-kind donation was $211,080 in both fiscal years. In the fiscal year ended June 30, 2013, the Organization received use of office space in New York City with month-to-month terms which was valued at $6,776.

Donated services are recognized at fair value as contributions and expenses if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. During the years ended June 30, 2012 and 2013, many individuals volunteered their time in support of the Organization's programs. The individuals' time did not meet the above criteria to be recorded as contributions in the financial statements. However, the Organization did receive professional services meeting these criteria. The value of these services was $135,600 with 48% supporting programmatic activities and 52% administrative activities for the year ended June 30, 2012, and $120,437, with 60% supporting programmatic activities, 3% development activities and 37% administrative activities for the year ended June 30, 2013.

Public Support and Revenue - The Organization is supported primarily by private contributions. Unconditional promises to give are recorded as received. Unconditional grants due within the next year are recorded as receivables at their net realizable value. Contributions of non-cash assets are recorded at their fair values in the period received.

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended June 30, 2012 and 2013, the Organization did not have any unrelated business income and, accordingly, no unrelated business income tax. The Financial Accounting Standards Board has issued an Interpretation clarifying when an uncertainty in income taxes should be recognized or disclosed in the Organization's financial statements. The Organization has reviewed its tax positions and has determined that there are no tax uncertainties requiring recognition or disclosure for the years open to potential IRS examination (2010-2013).

Fair Value of Financial Instruments - The Organization's financial instruments include cash, money market funds, pledges and other receivables, endowment assets, accounts payable and accrued expenses, and the line of credit. The carrying value of these instruments approximates fair value due to their relatively short-term nature.

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 affecting the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Note 2 – Line of Credit

The Organization has a line of credit with a commercial bank allowing the Organization to borrow up to $750,000, secured by the Organization's inventory and renewable annually each October. The interest rate on any borrowing is at prime, with a floor of 4.75%. As of June 30, 2013, the outstanding balance was $550,000 and the interest rate was 4.75%.

Note 3 – Lease Commitments

During the fiscal year ended June 30, 2012, the Organization expanded its leased space for its California operations under the terms of a non-cancelable lease expiring in April 2018 and entered into an equipment lease with a term expiring in May 2017.

As of June 30, 2013, future minimum payments over the remaining terms of the leases are as follows:

Year Ending June 30,	
2014	334,662
2015	342,798
2016	351,146
2017	358,940
2018	298,290
	$ 1,685,836

Rent expense for the years ended June 30, 2012 and 2013 was $240,118 and $340,898, respectively. Additionally, in-kind rent expense for the donated leased warehouse space was valued at $211,080 for both years ended June 30, 2012 and 2013.

Note 4 – Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised primarily of contributions subject to donor-imposed restrictions and income earned on endowment fund assets. The composition of these assets as of June 30, 2012 and 2013 is:

	2012	2013
Container Sponsorships & Operating Grants	$ 1,521,171	$ 2,353,982
Capital Campaign	535,897	744,062
Earnings on endowment fund, net	33,821	99,641
Other	194,310	261,061
Total temporarily restricted net assets	$ 2,285,199	$ 3,458,716

Net assets totaling $2,243,463 and $2,970,655 were released from donor restrictions during the years ended June 30, 2012 and 2013, respectively.

Note 5 – Endowed Net Assets

The Organization established the MedShare Building Maintenance Endowment Fund (the endowment) from capital campaign contributions for the purpose of providing funds for the maintenance and repair of its headquarters building in Decatur, GA. The endowment consists of this one fund and includes only donor-restricted funds. Net assets associated with endowment funds, including funds designated by the Organization's Board of Trustees to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions. The Organization's endowment net asset composition as of June 30, 2012 and 2013 is as follows:

	2012	2013
Temporarily Restricted	$ 33,821	$ 99,641
Permanently Restricted	1,000,000	1,000,000
Total funds	$ 1,033,821	$ 1,099,641

The permanently restricted net assets are comprised of $105,000 of pledges receivable and $895,000 of funds invested as of June 30, 2012, and $28,500 of pledges receivable and $971,500 of funds invested as of June 30, 2013.

Changes in the Organization's endowment for the year ended June 30, 2012 and 2013 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Beginning Balance July 1, 2011	$ 70,016	$ 1,000,000	$ 1,070,016
Interest and dividends	15,369	-	15,369
Investment gains/losses			
Realized	(7,162)	-	(7,162)
Unrealized	(2,011)	-	(2,011)
Released	(33,400)	-	(33,400)
Management fees	(8,991)	-	(8,991)
Ending Balance June 30, 2012	$ 33,821	$ 1,000,000	$ 1,033,821
Interest and dividends	20,237	-	20,237
Investment gains/losses			
Realized	42,467	-	42,467
Unrealized	23,890	-	23,890
Released	(10,600)	-	(10,600)
Management fees	(10,174)	-	(10,174)
Ending Balance June 30, 2013	$ 99,641	$ 1,000,000	$ 1,099,641

Note 5 – Endowed Net Assets (Continued)

As of June 30, 2012 and 2013, the Organization's endowment is comprised of the following investments:

	Cost	Unrealized Gain	Fair Value
Available-for-sale equity securities	$ 505,941	$ 52,005	$ 557,946
Available-for-sale debt securities	249,950	2,114	252,064
Cash and money market funds	133,211	-	133,211
Ending Balance June 30, 2012	$ 889,102	$ 54,119	$ 943,221
Available-for-sale equity securities	$ 607,307	$ 84,171	$ 691,478
Available-for-sale debt securities	331,172	(7,848)	323,324
Cash and money market funds	56,339	-	56,339
Ending Balance June 30, 2013	$ 994,818	$ 76,323	$ 1,071,141

Interpretation of Relevant Law

The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gift(s) donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization.

Note 5 – Endowed Net Assets (Continued)

Investment Policy

In June 2010, the Organization's Board of Trustees adopted an investment and spending policy for endowment assets which attempts to provide a predictable stream of funding to support building maintenance while seeking to maintain the purchasing power of the endowment assets. Under this policy as approved by the Board of Trustees, the endowed assets were invested in a manner which was intended to maximize the results while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average annual rate of return of approximately 5-7%. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation which places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Organization has a policy of appropriating for distribution each year 0.0% to 4.5% of its endowment fund's average fair value over the prior 12 quarters through the fiscal year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, the Organization expects the current spending policy to allow its endowment to grow over the long-term at an average of 0.5% to 7%. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. During the years ended June 30, 2012 and 2013, $33,400 and $3,600 were released, respectively, to support building maintenance.

Note 6 – Economic Environment

During fiscal year ended June 30, 2013 and thus far in 2013, the United States and global credit markets continue to be impacted by the financial crisis which occurred in 2008, resulting in several high-profile investment and commercial bank failures. These problems have affected the broader U.S. and global markets, as well as consumer confidence. It is uncertain how this downturn in the financial markets and consumer confidence may affect the operations, funding and contribution income of nonprofit organizations in the near future.

Note 7 – Retirement Plan

The Organization has a retirement savings plan which is qualified under Section 401 of the Internal Revenue Code. Employees are eligible to participate if they are age twenty-one or older and have completed three consecutive full calendar months of employment. Employees can elect salary deferrals to their Plan account up to the legally allowed amount. The Organization can, at its discretion, make contributions on behalf of employees. In October 2011, the Organization's Board of Trustees elected to initiate a discretionary match contribution, effective January 1, 2012, the start of the Plan Year. The contribution, which is equal to the lesser of 2% of eligible earnings or the employee's deferral, will be made to eligible employees after December 31, 2013, the end of the Plan Year. For the fiscal year ended June 30, 2012 and 2013 the match contribution expense was $8,227 and $13,162, respectively.

Note 8 – Founder's Welfare Benefit Plan

The Organization sponsors a welfare benefit plan for the benefit of a founder and former key executive which allows the purchase of life insurance to provide post-employment retirement benefits. Each premium or contribution provided by the Organization on behalf of the former executive is treated for tax purposes and financial purposes as a premium loan from the Organization. These premium loans are established as a long-term other receivable on the Organization's financial statements as required by IRC Section 26 C.F.R. Section 1.7872-15. The receivable is required to be repaid, including cumulative interest at a rate established by the Internal Revenue Service. The Organization holds a permanent and primary interest in the death benefit of a life insurance policy that will provide a full repayment of the accumulated loan receivable at his death.

Note 9 – Concentration of Credit Risks

The Organization maintains its cash at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC-insured limit is $250,000 per account per financial institution as of January 1, 2013. As of June 30, 2013, one of the Organization's account balances exceeded this insured limit, although the excess was subsequently applied within a few days towards its credit line borrowings. Management believes that the FDIC backing, the quality of the financial institution with which these amounts are deposited and its practice of quickly applying excess cash to other financial institutions minimizes any potential risk of material loss.

Note 10 – Subsequent Events

Management has evaluated events and transactions which occurred through September 27, 2013, which was the date the financial statements were available to be issued. As a result of this evaluation, management has determined that no events or transactions are required to be disclosed.