Vera Institute of Justice, Inc.
and Related Entity

Consolidated Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

June 30, 2013 and 2012

Vera Institute of Justice, Inc. and Related Entity

Index

Independent Auditor's Report

To the Board of Trustees
Vera Institute of Justice, Inc.

We have audited the accompanying consolidated financial statements of Vera Institute of Justice, Inc. and Related Entity (the "Institute"), which comprise the consolidated statements of financial position, including supplementary information as of June 30, 2013 and 2012, and the related consolidated statements of activities, including supplementary information, functional expenses, including supplementary information 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 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 consolidated 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 consolidated financial statements based on our audit. We did not audit the financial statements of Esperanza, NY, Inc. ("Esperanza") (the "related entity") as of and for the for the years ended June 30, 2013 and 2012, which statements reflect total assets of $1,157,537 and $1,281,027 as of June 30, 2013 and 2012 and total revenue of $3,320,034 and $3,261,926 for the years then ended, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the related entity as of June 30, 2013 and 2012 and for the years then ended, is based solely on the report of the other auditors.

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 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 auditor's 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, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vera Institute of Justice, Inc. and Related Entity as of June 30, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CohnReznick LLP

New York, New York
February 5, 2014

Vera Institute of Justice, Inc. and Related Entity

Consolidated Statements of Financial Position
(with Supplementary Information)
June 30, 2013 and 2012

	2013			2012
	Vera	Esperanza	Total	2012
Assets	(supplementary information)			
Cash and cash equivalents	$ 2,055,279	$ 386,865	$ 2,442,144	$ 3,427,010
Grants receivable:				
Billed, net	4,305,903	710,426	5,016,329	5,394,806
Unbilled	896,176		896,176	742,295
Investments in marketable securities	6,539,237		6,539,237	6,075,807
Pledges receivable, net	5,052,827		5,052,827	4,132,078
Prepaid expenses	131,060	54,868	185,928	133,930
Deposits and sundry receivables	293,479		293,479	405,679
Leasehold improvements, furniture and equipment, net	1,202,524	5,378	1,207,902	1,387,331
Totals	$ 20,476,485	$ 1,157,537	$ 21,634,022	$ 21,698,936
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$ 3,256,347	$ 113,028	$ 3,369,375	$ 3,823,797
Deferred rent	1,071,493		1,071,493	1,051,063
Deferred income and advances	123,470		123,470	140,454
Payroll taxes and employee benefits withheld	103,707		103,707	177,658
Miscellaneous payables	30,492		30,492	32,656
Totals	4,585,509	113,028	4,698,537	5,225,628
Commitments and contingencies				
Net assets:				
Unrestricted:				
Undesignated	114,619	1,030,711	1,145,330	2,600,171
Board-designated	7,725,862		7,725,862	7,639,273
Total unrestricted	7,840,481	1,030,711	8,871,192	10,239,444
Temporarily restricted	7,800,495	13,798	7,814,293	5,983,864
Permanent endowment	250,000		250,000	250,000
Total net assets	15,890,976	1,044,509	16,935,485	16,473,308
Totals	$ 20,476,485	$ 1,157,537	$ 21,634,022	$ 21,698,936

See Notes to Consolidated Financial Statements.

Vera Institute of Justice, Inc. and Related Entity

Consolidated Statement of Activities
Year Ended June 30, 2013
(with Supplementary Information and Comparative Totals for 2012)

	2013											
	Vera				Esperanza							
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total	Total Unrestricted	Total Temporarily Restricted	Total Permanently Restricted	Total	2012 Total
	(supplementary information)											
Public support and revenue:												
Public support:												
Grant income	$ 26,179,698			$ 26,179,698	$ 3,309,153		$ 3,309,153	$ 29,488,851			$ 29,488,851	$ 25,990,563
Contributions	741,684	$ 7,516,591		8,258,275	450	$ 10,000	10,450	742,134	$ 7,526,591		8,268,725	7,552,232
Interest and dividends	3,452			3,452	431		431	3,883			3,883	12,744
Miscellaneous	628,507			628,507				628,507			628,507	664,539
Endowment income allocation	256,127			256,127				256,127			256,127	278,384
Net assets released from restrictions - satisfaction of program restrictions	5,689,960	(5,689,960)			6,202	(6,202)		5,696,162	(5,696,162)			
Total public support and revenue	33,499,428	1,826,631		35,326,059	3,316,236	3,798	3,320,034	36,815,664	1,830,429		38,646,093	34,498,462
Expenses:												
Program services	30,387,659			30,387,659	2,751,793		2,751,793	33,139,452			33,139,452	28,827,104
Administration	4,048,994			4,048,994	640,969		640,969	4,689,963			4,689,963	4,737,289
Fundraising	441,090			441,090				441,090			441,090	402,379
Total expenses	34,877,743			34,877,743	3,392,762		3,392,762	38,270,505			38,270,505	33,966,772
Excess (deficiency) of operating revenue over operating expenses	(1,378,315)	1,826,631		448,316	(76,526)	3,798	(72,728)	(1,454,841)	1,830,429		375,588	531,690
Investment gains (losses) in excess of endowment appropriations	86,589			86,589				86,589			86,589	(632,595)
Changes in net assets	(1,291,726)	1,826,631		534,905	(76,526)	3,798	(72,728)	(1,368,252)	1,830,429		462,177	(100,905)
Net assets, beginning of year	9,132,207	5,973,864	$ 250,000	15,356,071	1,107,237	10,000	1,117,237	10,239,444	5,983,864	$ 250,000	16,473,308	16,574,213
Net assets, end of year	$ 7,840,481	$ 7,800,495	$ 250,000	$ 15,890,976	$ 1,030,711	$ 13,798	$ 1,044,509	$ 8,871,192	$ 7,814,293	$ 250,000	$ 16,935,485	$ 16,473,308

See Notes to Consolidated Financial Statements.

Vera Institute of Justice, Inc. and Related Entity

Consolidated Statement of Activities
(with Supplementary Information)
Year Ended June 30, 2012

	2012										
	Vera				Esperanza						
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total	Total Unrestricted	Total Temporarily Restricted	Total Permanently Restricted	Total
	(supplementary information)										
Public support and revenue:											
Public support:											
Grant income	$ 22,742,147			$ 22,742,147	$ 3,248,416		$ 3,248,416	$ 25,990,563			$ 25,990,563
Contributions	1,949,278	$ 5,589,917		7,539,195	3,037	$ 10,000	13,037	1,952,315	$ 5,599,917		7,552,232
Interest and dividends	12,271			12,271	473		473	12,744			12,744
Miscellaneous	664,539			664,539				664,539			664,539
Endowment income allocation	278,384			278,384				278,384			278,384
Net assets released from restrictions - satisfaction of program restrictions	5,202,205	(5,202,205)			51,038	(51,038)		5,253,243	(5,253,243)		
Total public support and revenue	30,848,824	387,712		31,236,536	3,302,964	(41,038)	3,261,926	34,151,788	346,674		34,498,462
Expenses:											
Program services	26,175,286			26,175,286	2,651,818		2,651,818	28,827,104			28,827,104
Administration	4,114,096			4,114,096	623,193		623,193	4,737,289			4,737,289
Fundraising	402,379			402,379				402,379			402,379
Total expenses	30,691,761			30,691,761	3,275,011		3,275,011	33,966,772			33,966,772
Excess (deficiency) of operating revenue over operating expenses	157,063	387,712		544,775	27,953	(41,038)	(13,085)	185,016	346,674		531,690
Investment gain in excess of spending rate	(632,595)			(632,595)				(632,595)			(632,595)
Changes in net assets	(475,532)	387,712		(87,820)	27,953	(41,038)	(13,085)	(447,579)	346,674		(100,905)
Net assets, beginning of year	9,607,739	5,586,152	250,000	15,443,891	1,079,284	51,038	1,130,322	10,687,023	5,637,190	250,000	16,574,213
Net assets, end of year	$ 9,132,207	$ 5,973,864	$ 250,000	$ 15,356,071	$ 1,107,237	$ 10,000	$ 1,117,237	$ 10,239,444	$ 5,983,864	$ 250,000	$ 16,473,308

See Notes to Consolidated Financial Statements.

Vera Insitute of Justice, Inc. and Related Entity

Consolidated Statement of Functional Expenses
Year Ended June 30, 2013
(with Supplementary Information and Comparative Totals for 2012)

	2013								
	Program Services								
	Demonstration Projects	Centers and Programs	Planning and Research	Esperanza	Total	Administration	Fundraising	Total	2012
	(supplementary information)								
Salaries and related expenses:									
Salaries	$ 1,821,644	$ 6,900,785	$ 885,090	$ 1,636,140	$ 11,243,659	$ 2,902,088	$ 212,111	$ 14,357,858	$ 13,274,737
Fringe benefits	448,336	1,480,130	221,486	523,610	2,673,562	688,008	33,517	3,395,087	3,178,893
Totals	2,269,980	8,380,915	1,106,576	2,159,750	13,917,221	3,590,096	245,628	17,752,945	16,453,630
Consultants	60,873	14,149,083	322,369	20,298	14,552,623	89,684	54,712	14,697,019	12,240,254
Professional fees	121,308	40,167	1,023	31,407	193,905	311,057	1,832	506,794	418,465
Occupancy and central office charge recoveries	363,872	1,413,043	155,488	316,050	2,248,453	(57,910)		2,190,543	2,175,380
Equipment expense and rentals	43,899	85,024	3,555	18,490	150,968	146,477		297,445	247,641
Publications and printing	1,708	19,201	3,721		24,630	11,845	417	36,892	24,910
Office expenses	15,952	168,645	2,861	19,601	207,059	220,058	27,068	454,185	294,255
Interest						527		527	1,221
Telephone	19,490	63,402	7,195	32,084	122,171	89,817	795	212,783	221,502
Travel and subsistence	33,630	1,150,218	41,540	102,894	1,328,282	66,262	104,537	1,499,081	1,250,888
Sundry	13,715	86,672	9,035	7,198	116,620	61,083	1,895	179,598	173,018
Insurance	23,289	17,199	101	18,836	59,425	104,316		163,741	137,552
Management fees		2,373			2,373			2,373	39,868
Totals before depreciation and amortization	2,967,716	25,575,942	1,653,464	2,726,608	32,923,730	4,633,312	436,884	37,993,926	33,678,584
Depreciation and amortization	36,127	136,857	17,553	25,185	215,722	56,651	4,206	276,579	288,188
Totals	3,003,843	25,712,799	1,671,017	2,751,793	33,139,452	4,689,963	441,090	38,270,505	33,966,772

See Notes to Consolidated Financial Statements.

Vera Insitute of Justice, Inc. and Related Entity

Consolidated Statement of Functional Expenses
(with Supplementary Information)
Year Ended June 30, 2012

	2012							
	Program Services							
	Demonstration Projects	Centers and Programs	Planning and Research	Esperanza	Total	Administration	Fundraising	Total
	(supplementary information)							
Salaries and related expenses:								
Salaries	$ 1,648,392	$ 5,927,441	$ 891,300	$ 1,577,251	$ 10,044,384	$ 3,052,414	$ 177,939	$ 13,274,737
Fringe benefits	438,964	1,298,143	184,685	531,100	2,452,892	699,401	26,600	3,178,893
Totals	2,087,356	7,225,584	1,075,985	2,108,351	12,497,276	3,751,815	204,539	16,453,630
Consultants	39,792	11,437,707	585,511		12,063,010	93,855	83,389	12,240,254
Professional fees	6,447	37,680	37,729	41,397	123,253	285,505	9,707	418,465
Occupancy and central office charge recoveries	430,973	1,303,851	239,248	280,889	2,254,961	(79,581)		2,175,380
Equipment expense and rentals	15,531	73,621	10,283	23,116	122,551	125,090		247,641
Publications and printing	3,562	12,381	422		16,365	6,881	1,664	24,910
Office expenses	9,677	88,040	2,107	19,506	119,330	165,579	9,346	294,255
Interest						1,221		1,221
Telephone	14,855	58,235	7,454	29,938	110,482	110,349	671	221,502
Travel and subsistence	63,942	924,635	32,621	90,759	1,111,957	52,610	86,321	1,250,888
Sundry	12,937	44,961	28,378	10,876	97,152	73,053	2,813	173,018
Bad debts								
Insurance	17,574	19,324	63	16,788	53,749	83,803		137,552
Management fees		39,868			39,868			39,868
Total before depreciation and amortization	2,702,646	21,265,887	2,019,801	2,621,620	28,609,954	4,670,180	398,450	33,678,584
Depreciation and amortization	36,396	130,876	19,680	30,198	217,150	67,109	3,929	288,188
Totals	$ 2,739,042	$ 21,396,763	$ 2,039,481	$ 2,651,818	$ 28,827,104	$ 4,737,289	$ 402,379	$ 33,966,772

See Notes to Consolidated Financial Statements.

Vera Institute of Justice, Inc. and Related Entity

Consolidated Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
Operating activities:		
Change in net assets	$ 462,177	$ (100,905)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	276,579	288,188
Net realized and unrealized losses (gains) on investments	(242,481)	424,508
Discount on pledges receivable	564	26,675
Changes in operating assets and liabilities:		
Grants receivable, billed and unbilled	224,596	(1,201,799)
Pledges receivable	(921,313)	(71,941)
Prepaid expenses	(51,998)	26,036
Due from Altus		144,249
Deposits and sundry receivables	112,200	311,738
Accounts payable and accrued expenses	(454,422)	385,671
Deferred rent	20,430	(153,846)
Deferred income and advances	(16,984)	(49,843)
Payroll taxes and employee benefits payable	(73,951)	22,250
Miscellaneous payables	(2,164)	(1,912)
Net cash provided by (used in) operating activities	(666,767)	49,069
Investing activities:		
Purchase of marketable securities	(8,240,714)	(2,804,629)
Proceeds from sale of marketable securities	8,019,765	2,644,573
Purchase of leasehold improvements, furniture and equipment	(97,150)	(420,909)
Net cash used in investing activities	(318,099)	(580,965)
Net decrease in cash and cash equivalents	(984,866)	(531,896)
Cash and cash equivalents, beginning of year	3,427,010	3,958,906
Cash and cash equivalents, end of year	$ 2,442,144	$ 3,427,010
Supplemental disclosure of cash flow data:		
Interest paid	$ 527	$ 1,221

See Notes to Consolidated Financial Statements.

Note 1 - Organization

Vera Institute of Justice, Inc. ("Vera") and its related entity, Esperanza NY, Inc. ("Esperanza") (collectively, the "Institute"), were organized under the Not-for-Profit Corporation Law of the State of New York and are qualified as public charities exempt from Federal income tax under certain provisions of the Internal Revenue Code. Vera is the sole member of Esperanza.

Vera is dedicated to making government policies fairer, more humane, and more effective for all people. Working in collaboration with government and local communities, the Institute designs and implements innovative programs that expand the practice of justice and improve the quality of urban life. Vera operates demonstration projects in partnership with government, conducts original research, and provides technical assistance to public officials in New York and throughout the world.

The purpose of Esperanza NY, Inc. is to safely reduce the reliance on confinement or incarceration of youth involved in the justice system by developing safe, humane, and productive responses to the challenges of court-involved youth. Esperanza seeks to reduce the use of confinement through a combination of the provision of direct services and technical assistance, and through aiding in structural reform efforts. Its primary source of revenue is a contract from the City of New York.

Note 2 - Summary of significant accounting policies

Basis of presentation

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

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Institute and changes therein are classified and reported as follows:

Unrestricted – include expendable resources not subject to donor-imposed restrictions.

Temporarily restricted – include resources subject to donor-imposed stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported as net assets released from restrictions.

Permanently restricted – include resources subject to donor-imposed stipulations, requiring that the principal be maintained in perpetuity, but permit the Institute to expend part or all of the income and gains derived therefrom.

The consolidated financial statements include the accounts of Vera and Esperanza.

Amounts presented on a separate Company basis on the consolidated statements of financial position are shown net of eliminations for the years ended June 30, 2013 and 2012. All material intercompany balances and transactions have been eliminated in consolidation.

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

Cash and cash equivalents
The Institute considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Institute places its temporary cash investments with high credit quality financial institutions.

Marketable securities
Investments in equity and fixed income securities with readily determinable fair values and all investments in debt securities, hedge funds, and managed futures are reported at fair value with gains and losses included in the consolidated statement of activities. Realized gains or losses are recognized on the specific identification method.

Pledges receivable
Contributions are recognized when the donor makes a pledge to the Institute that is unconditional. Contributions receivable due within one year are recorded at their net realizable value. Contributions receivable due in more than one year are recorded at the present value of their net realizable value using risk adjusted discount rates applicable to the years in which the contributions are received to discount the amounts.

Leasehold improvements, furniture and equipment
Leasehold improvements, furniture and equipment are carried at original cost, less accumulated depreciation and amortization. Depreciation and amortization is calculated using the straight-line method based on the shorter of the estimated useful lives of the assets or for leasehold improvements, term of the lease, if shorter. All assets greater than $1,500 with a useful life greater than one year are deemed capital expenditures.

Grant income
Cost recovery grants provide for reimbursement of budgeted expenditures within the grant period. The funds are received in either predetermined installments or in increments based on estimated expenditures for the period. Any excess or deficiency of cash receipts over expenditures incurred is reported as "Deferred income and advances." Upon termination, unexpended cash funds received and revertible equipment purchased are returnable to the grantor. Accordingly, grant income under these awards are recognized in amounts equal to actual expenditures incurred.

The Institute provides technical assistance and consulting services under contracts with various units of Federal, state and local governments. Income is recognized based upon services rendered and expensed in accordance with contract provisions.

Nonrefundable grants impose no limitation on the period to which the funds may be applied. Accordingly, revenue is recorded when the grant is awarded.

Contributions
Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions are satisfied in the same reporting period. Pursuant to Vera's 5% spending rate policy (see Note 8); an endowment income allocation is made for general purposes (unrestricted).

Functional allocation of expenses
The cost of providing the various programs and other activities has been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated between program services and supporting services based on an analysis of personnel time and space utilized for the related activities.

Contributed services
No amounts have been reflected in the consolidated financial statements for donated services. The Institute pays for most services, which require specific expertise.

Income taxes
The Institute has no unrecognized tax benefits as of June 30, 2013 and 2012. The Institute's Federal and state income tax returns prior to fiscal year 2010 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, the Institute will recognize interest and penalties associated with tax matters as administration expenses and include accrued interest and penalties with the related tax liability in the consolidated statements of financial position. There were no interest or penalties for the year ended June 30, 2013.

Deferred rent
The Institute occupies office space under two leases containing escalation clauses and a lease incentive that require normalization of the rental expense over the life of the lease. This results in deferred rent, which is reflected in the accompanying consolidated statements of financial position.

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

Subsequent events
The Institute has evaluated subsequent events through February 5, 2014, which is the date the financial statements were available to be issued.

Note 3 - Concentration of credit risk

Financial instruments that potentially subject the Institute to concentrations of credit risk consist principally of cash and cash equivalents, grants and pledges receivable, and investments. At times during the year, the Institute's cash balances may exceed the limits of Federal Deposit Insurance Corporation (FDIC) insurance coverage. At June 30, 2013, the Institute's uninsured cash and cash equivalent balances totaled approximately $2,200,000. The Institute monitors its financial institutions and the concentration of credit risk on a regular basis and does not anticipate nonperformance by the financial institutions.

Grants and pledges receivable credit risk is limited due to the nature of the grants and pledges. The Institute regularly monitors its grants and pledges receivable by investigating delayed payments and differences when payments received do not conform to the amount billed. The Institute considers all pledges as collectible. There were no allowances for uncollectible billed grants receivable as of June 30, 2013 and 2012, respectively.

Vera's investments are in high-quality marketable securities placed within institutions with a high-credit rating. This investment policy limits Vera's exposure to concentrations of credit risk.

Note 4 - Investment in marketable securities

At June 30, 2013 and 2012, the fair value of marketable securities consisted of the following:

	2013	2012
Equities	$ 827,009	$2,382,391
Mutual funds	5,172,244	2,104,774
Fixed income		842,558
Alternative assets	539,984	746,084
Totals	$6,539,237	$6,075,807

Investment gain (loss) in excess of spending rate for the years ended June 30, 2013 and 2012 was:

	2013	2012
Dividend income	$ 123,648	$ 104,820
Interest income	33,160	36,863
Investment expense	(56,573)	(71,386)
Realized and unrealized (losses) gains on investments	242,481	(424,508)
Total return (loss) on investments	342,716	(354,211)
Endowment appropriations	(256,127)	(278,384)
investment gain (loss) in excess of appropriations	$ 86,589	$ (632,595)

For the years ended June 30, 2013 and 2012, investment advisory fees amounted to $56,573 and $71,386, respectively.

Note 5 - Fair value measurements

Vera values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to level 3 inputs.

In determining fair value, Vera utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

The following tables set forth by level, within the fair value hierarchy, the Institute's investments as of June 30, 2013 and 2012:

	2013			
	Level 1	Level 2	Level 3	Total
Equities and mutual funds:				
Large-cap blend	$ 610,446			$ 610,446
Mid-cap blend	424,351			246,442
Small-cap value	476,168			47,937
Natural resource	402,658			459,880
International equity	891,756			140,338
Emerging markets	607,794			38,262
Real estate securities	198,788			315,864
Interest rate sensitive fixed income	889,921			546,396
Multi-sector bonds	295,204			146,039
Directional hedge-long/short equity	600,411			166,907
Multi-strategy hedge	401,968			178,018
Low-volatility hedge	199,788			179,822
Alternative investments:				
Fund of funds			$ 539,984	230,184
Totals	$ 5,999,253	$	$ 539,984	$ 6,539,237

	2012			
	Level 1	Level 2	Level 3	Total
Equities and mutual funds:				
Large-cap value	$ 352,153			$ 352,153
Large-cap growth	246,442			246,442
Mid-cap value	47,937			47,937
Small-cap core	139,358			139,358
Multi-cap growth	459,880			459,880
Inflation-indexed securities	140,338			140,338
Natural resource	38,262			38,262
International equity	315,864			315,864
Emerging markets	546,396			546,396
Real estate securities	146,039			146,039
Managed futures strategy	166,907			166,907
Hedge strategy	178,018			178,018
International bonds	179,822			179,822
High-yield bonds	184,763			184,763
Money market	436,877			436,877
Short-term fixed income	908,109			908,109
Corporate bonds		$ 842,558		842,558
Alternative investments:				
Fund of funds			$ 515,900	515,900
Limited partnership			230,184	230,184
Totals	$ 4,487,165	$ 842,558	$ 746,084	$ 6,075,807

The following table sets forth a summary of changes in the Institute's level 3 investments for the year ended June 30, 2013:

	Balance July 1, 2012	Purchases	Settlements	Total Gains/(Losses)	Balance June 30, 2013
Alternative investments:					
Fund of funds	$ 515,900	$		$ 24,084	$ 539,984
Limited partnership	230,184		$ (221,318)	(8,866)	-
Totals	$ 746,084	$	$ (221,318)	$ 15,218	$ 539,984

The amount of total gains for the year ended June 30, 2013 included in unrestricted net assets attributable to the change in unrealized gains relating to assets still held at the reporting date was $24,084.

The following table sets forth a summary of changes in the Institute's level 3 investments for the year ended June 30, 2012:

	Balance July 1, 2011	Purchases	Settlements	Total Losses	Balance June 30, 2012
Alternative investments:					
Fund of funds	$ 541,319	$	$	$ (25,419)	$ 515,900
Limited partnership	259,700			(29,516)	230,184
Totals	$ 801,019	$	$ -	$ (54,935)	$ 746,084

The following is a description of the valuation methodology used for investments at fair value. There have been no changes in the methodologies used at June 30, 2013 and 2012.

Investments in equity securities, mutual funds and fixed income investments are valued using market prices on active markets (level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Investment in fixed income investments are designated as (level 2) instruments and valuations are obtained from readily-available pricing sources for comparable instruments.

The fair value of the fund of funds and limited partnership (level 3) are determined by net asset value which is based on the value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares outstanding. The net asset value was obtained from audited financial statements and other reports received from the investment advisor.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Vera believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Net asset value per share

Vera's disclosures include fair value, number of funds, unfunded commitments, redemption terms, redemption restrictions and if the restrictions were not in place at year end for those assets whose fair value is estimated using the net asset value ("NAV") per share as of June 30, 2013 and 2012. The following table presents Vera's investments with a reported NAV at June 20, 2013:

Fund Name	NAV in Fund	# of Funds	Redemption Terms/Restrictions	Redemption Restrictions in Place at Year-End
Hatteras Multi-Strategy TEI Fund, L.P.	$ 539,984	1	1-year lock-up period quarterly withdrawal, with 65 days notice	Yes

There were no unfunded commitments at June 30, 2013.

The following table presents Vera's investments with a reported NAV at June 30, 2012:

Fund Name	NAV in Fund	# of Funds	Redemption Terms/Restrictions	Redemption Restrictions in Place at Year-End
Hatteras Multi-Strategy TEI Fund, L.P.	$ 515,900	1	1-year lock-up period quarterly withdrawal, with 65 days notice	Yes
Polaris Futures Fund, L.P.	230,184	1	Monthly withdrawal, with 3 business days notice to the General Partner	Yes
Total	$ 746,084	2		

There are no unfunded commitments at June 30, 2012.

The Hatteras Multi-Strategy TEI Fund, L.P. seeks to provide capital appreciation consistent with the return characteristic of larger endowments through investments in six asset classes: Opportunity Equity, Enhanced Fixed Income, Absolute Return, Real Estate, Private Equity, and Energy and Natural Resources.

The Polaris Futures Fund, L.P. (formerly Managed Futures Profile HV, L.P.) is a multi-advisor commodity pool created to profit from the speculative trading of domestic and foreign futures contracts, forward contracts, foreign exchange commitments, options on physical commodities and futures contracts, spot (cash) commodities and currencies, exchange of futures contracts on physicals transactions and futures contracts transactions.

Note 6 - Pledges receivable

At June 30, 2013 and 2012, pledges receivable consist of the following:

	2013	2012
Receivable in less than one year	$3,848,847	$3,208,208
Receivable in one to five years	1,236,859	956,185
Total pledges	5,085,706	4,164,393
Less discount to net present value	32,879	32,315
Net pledges receivable	$5,052,827	$4,132,078

Pledge receivables due in one to five years are discounted at 1.50% for 2013 and 2012. No allowance for uncollectible pledges has been recorded as all pledges are deemed collectible by management at June 30, 2013 and 2012.

Note 7 - Leasehold improvements, furniture and equipment

Leasehold improvements, furniture and equipment consist of the following:

	Estimated Useful Lives	2013	2012
Leasehold improvements	10 years	$1,645,785	$1,573,634
Computer equipment	3-5 years	302,795	280,801
Furniture and fixtures	3-7 years	170,953	55,792
Office equipment	3-5 years	182,607	292,576
Totals		2,302,140	2,202,803
Less accumulated depreciation and amortization		1,094,238	815,472
Totals		$1,207,902	$1,387,331

Note 8 - Endowments

The Institute's endowment consists of equity and fixed income securities, alternative investments, and cash established for a variety of purposes. Its endowment includes both permanently donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Vera classifies as permanently restricted net assets (a) the original value of gifts 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 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 Institute in a manner consistent with the standard of prudence prescribed by applicable laws and regulations. The Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the Institute and donor-restricted endowment funds, (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 Institute, (7) the Institute's investment policies, and (8) where appropriate, alternatives to spending from the donor-restricted endowment funds and the possible effects of those alternatives on the Institute.

Endowment investment and spending policies

The Endowment Fund (the "Fund") was established in fiscal year 1987 as an unrestricted Board designated fund to function as and to achieve the same general purposes as an endowment. The Fund was to be held in a "segregated restricted investment fund." Policy guidelines established by the Institute's Board of Trustees incorporate this requirement and provide that the Fund was to be known as the "Endowment Fund."

The Endowment Fund continues to be accounted for in a separate, segregated fund and the Finance and Investment Committee of the Institute's Board of Trustees continues to exercise investment decisions and establishes and maintains investment guidelines and strategies.

Vera's investment and spending policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Investment risk is measured in terms of the total Endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

In 2013, the Board of Trustees approved that Vera make an endowment appropriation to fund the unrestricted general endowment fund in the amount of $256,127 according to the spending policy of 5%. During 2012, the Board of Trustees approved that Vera make an endowment income allocation to fund the deficit in the unrestricted general fund in the amount of $278,384 according to the spending policy.

Endowment net asset (deficiency) composition by type of fund as of June 30, 2013 is as follows:

	Unrestricted				
	General	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (51,229)			$ 250,000	$ 198,771
Board-designated endowment funds	(1,280,041)	$ 7,725,862			6,445,821
	$ (1,331,270)	$ 7,725,862		$ 250,000	$ 6,644,592

Endowment net asset (deficiency) composition by type of fund as of June 30, 2012 is as follows:

	Unrestricted				
	General	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (1,540)			$ 250,000	$ 248,460
Board-designated endowment funds	(1,657,231)	$ 7,639,273			5,982,042
	$ (1,658,771)	$ 7,639,273	$ -	$ 250,000	$ 6,230,502

Changes in endowment net assets (deficiency) for the years ended June 30, 2013 and 2012 are as follows:

	Unrestricted				
	General	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets (deficiency), July 1, 2012	$ (1,937,155)	$ 8,271,868		$ 250,000	$ 6,584,713
Investment income, net		141,683			141,683
Net realized and unrealized losses		(424,508)			(424,508)
Fees		(71,386)			(71,386)
Appropriation	278,384	(278,384)			-
Endowment net assets (deficiency), June 30, 2012	$ (1,658,771)	$ 7,639,273		$ 250,000	$ 6,230,502
Investment income		156,808			156,808
Net realized and unrealized gains		242,481			242,481
Fees		(56,573)			(56,573)
Other Income	71,374				71,374
Appropriation	256,127	(256,127)			-
Endowment net assets (deficiency), June 30, 2013	$ (1,331,270)	$ 7,725,862		$ 250,000	$ 6,644,592

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or New York Prudent Management of Institutional Funds Act requires the Institute to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported in unrestricted net assets were $51,229 and $1,540 as of June 30, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

Note 9 - Notes payable - bank

In June 2010, Vera entered into a variable rate line of credit agreement with Morgan Stanley Bank, N.A., which was registered and approved on July 9, 2010, that provides for borrowings on a revolving basis at an amount based on a percentage of the total portfolio amount up to $2,360,000. This line of credit was terminated by Vera in October 2012.

In January 2013, Vera entered into a revolving line of credit agreement with Citibank, N.A., that provides for borrowings up to $2,500,000. This line of credit is secured by a blanket first lien on substantially all the assets of Vera. Interest is charged at the greater of the bank's prime rate (3.25% as of June 30, 2013) less 0.75% or two hundred basis points in excess of a rate of interest determined by the bank in accordance with its customary procedures less 0.75%.

There were no borrowings from the lines of credit during the year ended June 30, 2013 and interest expense was $0 and $207 for the years ended June 30, 2013 and 2012, respectively. Vera had no outstanding lines of credit as of June 30, 2013 and 2012.

Esperanza entered into an agreement with TD Bank, N.A. providing for a $500,000 unsecured, revolving term note with an interest rate of 0.5% above the prime rate, limited to a minimum of 4%. The line of credit agreement expires on April 5, 2014 and is guaranteed by Vera up to $250,000 of the outstanding balance. No amounts were outstanding under this note as of June 30, 2013 and 2012. Interest expense was $527 and $1,014 for the years ended June 30, 2013 and 2012, respectively.

Note 10- Temporarily restricted net assets

At June 30, 2013 and 2012, temporarily restricted net assets are available for the following purposes in future periods:

	2013	2012
Demonstration projects	$ 573,533	$1,298,588
Centers and programs	6,688,351	4,405,845
Planning and research	48,516	
Fundraising	490,095	269,431
Other	13,798	10,000
Totals	$7,814,293	$5,983,864

Net assets released from donor restrictions for the years ended June 30, 2013 and 2012 were released by incurring expenses satisfying the program restrictions and the expiration of time restrictions specified by the donors.

Note 11 - Permanently restricted net assets

Permanently restricted net assets are restricted to an investment in perpetuity, the income from which is expendable for general purposes.

Note 12 - Employee benefit plans

Vera maintains a defined contribution group pension plan whereby contributions are made in an amount equal to 5% of annual compensation for all eligible employees. Employees are eligible to participate in the plan if they have completed one year of service and contribute at least 3% of their annual salary to the Vera Tax Sheltered Annuity Plan ("Annuity Plan"). Contributions to the plan for the years ended June 30, 2013 and 2012 amounted to $426,448 and $377,022, respectively.

The Annuity Plan is a noncontributory tax sheltered annuity plan that allows employees to defer a portion of their salaries for tax purposes through payroll deductions.

Esperanza sponsors a defined contribution plan for eligible employees. The plan is funded through voluntary contributions by participants and the employer matching portion of up to 5% of employees' gross salaries. Total pension expense for the years ended June 30, 2013 and 2012 was $53,721 and $59,131, respectively.

Note 13 - Commitments and contingencies

Operating leases

The Institute currently has various cancellable and non-cancellable property lease agreements in connection with its programs which expire through June 2017. The property leases are subject to real estate tax escalations. Rental expense for the Institute under all operating leases for the years ended June 30, 2013 and 2012 was $1,906,765 and $1,755,298, respectively.

The Institute has a lease at 233 Broadway, which started on November 30, 2010 and expires on July 31, 2021. The minimum annual future rental commitments related to the renewal lease, along with all of the Institute's current non-cancellable leases, in the five years subsequent to June 30, 2013 and thereafter are as follows:

Year Ending June 30,	Cancellable	Non-cancellable	Total
2014	$ 407,018	$ 1,619,461	$ 2,026,479
2015	417,303	1,674,746	2,092,049
2016	412,332	1,724,908	2,137,240
2017	390,783	1,671,164	2,061,947
2018		1,489,942	1,489,942
Thereafter		3,301,787	3,301,787
Total	$ 1,627,436	$ 11,482,008	$ 13,109,444

Vera has cancelable operating leases for its location for one demonstration project in New York City, Adolescent Portable Therapy ("APT"). If Vera were to cancel this lease, it would be responsible for legal fees up to $5,000, landlord transaction costs up to $96,979, and nine month's rent up to a maximum of $308,865.

Cost recovery grants

In most instances, grants are subject to audits by state, city and Federal auditors and costs charged grantors may be adjusted. In the opinion of the Institute's management, no provision is required for cost adjustments.

Note 14 - Altus

Altus is a formal alliance of six nongovernmental organizations ("NGOs") and academic centers based in Brazil, Chile, India, Nigeria, Russia and the United States that launched on April 8, 2004. Its purpose is to stimulate justice reform globally through the sharing of knowledge, tools, and advice across cultures, languages and legal traditions. The directors of the member organizations created Altus because they believe that what is common practice in the delivery of safety and justice in countries around the world today is more important than any existing differences. Also, greater justice in one place has the potential to spur change around the world.

The founding members are the Center for Law Enforcement Education of Nigeria in Lagos, Centro de Estudos de Seguranca e Cidadania (Center for Studies on Public Security and Citizenship) in Rio de Janeiro, INDEM Foundation in Moscow, Institute for Development and Communication in Chandigarh, Centro de Estudios en Seguridad Ciudadana (Center for Studies on Public Safety) in Santiago and Vera Institute of Justice in New York.

Funding to create Altus and operate it came initially from the Ford Foundation, The William and Flora Hewlett Foundation, the JEHT Foundation, The John D. and Catherine T. MacArthur Foundation, Foundation Open Society Institute (Zug) and the City of the Hague. Altus currently has a grant from the U.K. Department for International Development.

Vera had a contractual relationship with Altus whereby they provided certain grant management, administrative and bookkeeping services. This agreement terminated in March 2012. In 2013, Vera recognized revenue from Altus related to a grant for Police Stations Visitors Week. For the fiscal years ended June 30, 2013 and 2012, Vera recognized \$52,694 and \$137,138 of income from Altus, respectively.

Amounts due to Altus were \$9,056 and \$14,057 as of June 30, 2013 and 2012, respectively.

Note 15 - Donated facilities

Included in contributions and in occupancy expense for the years ended June 30, 2013 and 2012 are donations representing the estimated in-kind rent and related expenses for the following programs:

	2013	2012
The Guardianship Program:		
Supreme Court building in Brooklyn, NY	$ 25,000	$25,000
Common Justice:		
Blue Ridge Foundation office space in Brooklyn, NY	15,000	58,820
New Orleans Criminal Justice Reform:		
Stone Pigman LLC office space in New Orleans, LA	8,000	7,000
Willenken Wilson Loh & Delgado LLP:		
Office space in Los Angeles, CA	44,500	
Totals	$ 92,500	$90,820

Note 16 - Funds held on behalf of others

Through The Guardianship Project, Vera acts as the court appointed guardian for designated individuals. As the guardian, the Institute is required to administer the individuals' assets. These amounts are not included in the accompanying consolidated financial statements.

The approximate value of the assets at June 30, 2013 and 2012 are as follows:

	2013	2012
Cash	$ 7,000,000	$ 6,000,000
Securities	7,000,000	4,000,000
Other	1,000,000	
Real property	35,000,000	29,000,000
Totals	$50,000,000	$39,000,000

At times during the year, cash balances for The Guardianship Project, which are in Vera's name, may exceed the limits of FDIC insurance coverage.

Note 17 - Subsequent events

On July 24, 2013, Esperanza amended its by-laws to be effective as of June 30, 2013 with Vera's consent, modified its corporate structure by removing Vera as its sole member, created a board of trustees and elected new trustees. Therefore, subsequent to June 30, 2013, Vera will no longer consolidate its financial statements with Esperanza's financial statements.

During November 2013, Vera notified one of its landlords that they are exercising their rights under the lease and will terminate the lease effective August 2014 the lease term is through June 2017. Vera expects that the termination of this lease will result in approximately $1,100,000 in cost savings.

Independent Auditor's Report on Supplementary Information

To the Board of Trustees
Vera Institute of Justice, Inc.

We have audited the consolidated financial statements of Vera Institute of Justice, Inc. and Related Entity as of and for the year ended June 30, 2013, and have issued our report thereon dated February 5, 2014, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities as of and for the year ended June 30, 2013 are presented for the purposes of additional analysis and are not a required part of the 2013 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 2013 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2013 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 2013 consolidated financial statements or to the 2013 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar as it relates to amounts included for the related entity is based solely on the report of the other auditors, such information is fairly stated in all material respects in relation to the 2013 consolidated financial statements taken as a whole.

CohnReznick LLP

New York, New York
February 5, 2014

Vera Insitute of Justice, Inc. and Related Entity

Consolidating Statement of Financial Position
June 30, 2013

	Vera						
	Operations	Board Designated Endowment	Permanently Restricted	Total	Esperanza	Eliminations	Total
Assets							
Cash and cash equivalents	$ 1,949,924	$ 105,355		$ 2,055,279	$ 386,865		$ 2,442,144
Grants receivable:							-
Billed, net	4,305,903			4,305,903	710,426		5,016,329
Unbilled	896,176			896,176			896,176
Investment in marketable securities		6,340,466	$ 198,771	6,539,237			6,539,237
Pledges receivable	5,052,827			5,052,827			5,052,827
Prepaid expenses	131,060			131,060	54,868		185,928
Interfund receivables		1,280,041	51,229	1,331,270		$ (1,331,270)	-
Deposits and sundry receivables	293,479			293,479			293,479
Leasehold improvements, furniture and equipment, net	1,202,524			1,202,524	5,378		1,207,902
Totals	$ 13,831,893	$ 7,725,862	$ 250,000	$ 21,807,755	$ 1,157,537	$ (1,331,270)	$ 21,634,022
Liabilities and Net Assets							
Liabilities:							
Accounts payable and accrued expenses	$ 3,256,347			$ 3,256,347	$ 113,028		$ 3,369,375
Deferred rent	1,071,493			1,071,493			1,071,493
Interfund payables	1,331,270			1,331,270		$ (1,331,270)	-
Deferred income and advances	123,470			123,470			123,470
Payroll taxes and employee benefits withheld	103,707			103,707			103,707
Miscellaneous payables	30,492			30,492			30,492
Totals	5,916,779			5,916,779	113,028	(1,331,270)	4,698,537
Net assets:							
Unrestricted:							
Undesignated	114,619			114,619	1,030,711		1,145,330
Board-designated endowment		$ 7,725,862		7,725,862			7,725,862
Total unrestricted	114,619	7,725,862		7,840,481	1,030,711		8,871,192
Temporarily restricted	7,800,495			7,800,495	13,798		7,814,293
Permanent endowment			$ 250,000	250,000			250,000
Total net assets	7,915,114	7,725,862	250,000	15,890,976	1,044,509		16,935,485
Totals	$ 13,831,893	$ 7,725,862	$ 250,000	$ 21,807,755	$ 1,157,537	$ (1,331,270)	$ 21,634,022

See Independent Auditor's Report on Supplementary Information.

Vera Insitute of Justice, Inc. and Related Entity

Consolidating Statement of Activities
June 30, 2013

	Vera					Esperanza		
	Operations	Board Designated Endowment	Temporarily Restricted	Permanently Restricted	Total	Operations	Temporarily Restricted	Total
Public support and revenue:								
Public support:								
Grant income	$ 26,179,698				$ 26,179,698	$ 3,309,153		$ 29,488,851
Contributions	741,684		$ 7,516,591		8,258,275	450	10,000	8,268,725
Interest and dividends	3,452				3,452	431		3,883
Miscellaneous	628,507				628,507			628,507
Endowment income allocation	256,127				256,127			256,127
Net assets released from restrictions - satisfaction of program restrictions	5,689,960		(5,689,960)			6,202	(6,202)	-
Total public support and revenue	33,499,428		1,826,631		35,326,059	3,316,236	3,798	38,646,093
Expenses:								
Program services	30,387,659				30,387,659	2,751,793		33,139,452
Administration	4,048,994				4,048,994	640,969		4,689,963
Fundraising	441,090				441,090			441,090
Total expenses	34,877,743				34,877,743	3,392,762	-	38,270,505
Excess (deficiency) of operating revenue over operating expenses	(1,378,315)		1,826,631		448,316	(76,526)	3,798	375,588
Investment gain in excess of endowment appropriations		$ 86,589			86,589			86,589
Changes in net assets	(1,378,315)	86,589	1,826,631		534,905	(76,526)	3,798	462,177
Net assets, beginning of year	1,492,934	7,639,273	5,973,864	$ 250,000	15,356,071	1,107,237	10,000	16,473,308
Net assets, end of year	$ 114,619	$ 7,725,862	$ 7,800,495	$ 250,000	$ 15,890,976	$ 1,030,711	$ 13,798	$ 16,935,485

See Independent Auditor's Report on Supplementary Information.