Photographic Society of America

Financial Report

June 30, 2011

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REGIER CARR & MONROE, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
THE DIVISION FOR CPA FIRMS

Independent Auditors' Report

To the Board of Directors
Photographic Society of America
Oklahoma City, Oklahoma

We have audited the consolidated statement of financial position of the Photographic Society of America as of June 30, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Photographic Society of America's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2010 financial statements and, in our report dated February 24, 2011, we expressed an unqualified opinion on those financial statements.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Photographic Society of America as of June 30, 2011, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Regier Carr & Monroe, L.L.P.

February 2, 2012
Wichita, Kansas

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Photographic Society of America
Consolidated Statement of Financial Position
June 30, 2011 with Comparative Totals for June 30, 2010

	Unrestricted					
	Operating	Board Designated	EF Trustee Designated	Permanently Restricted	June 30, 2011 Total	June 30, 2010 Total
ASSETS						
Current assets						
Cash and cash equivalents	$ 730,724	$ 74,880	$ 208,549	$ 27,861	$ 1,042,014	$ 880,316
Accrued interest receivable	26		11,527	51,480	63,033	57,955
Accounts receivable	13,350				13,350	2,839
Due from (to) other funds	(1,010)		53,569	(52,559)	-	-
Inventory at lower of cost (FIFO) or market	44,283				44,283	43,858
Prepaid expenses and other assets	12,753				12,753	17,670
Short-term investments	9,836		158,806	486,152	654,794	767,585
Total current assets	809,962	74,880	432,451	512,934	1,830,227	1,770,223
Print collection	263,300				263,300	263,300
Investments, less current maturities	2,025,772		1,864,057	7,202,147	11,091,976	9,977,509
Property and equipment, at cost less accumulated depreciation	27,322				27,322	9,005
	2,316,394	-	1,864,057	7,202,147	11,382,598	10,249,814
Total assets	$ 3,126,356	$ 74,880	$ 2,296,508	$ 7,715,081	$ 13,212,825	$ 12,020,037
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable and accrued expenses	$ 40,765	$ -	$ -	$ -	$ 40,765	$ 34,568
Deferred revenue, current	285,235				285,235	260,586
Total current liabilities	326,000	-	-	-	326,000	295,154
Deferred revenue	781				781	1,526
Net assets						
Unrestricted	2,799,576	74,880	2,296,508		5,170,964	4,722,921
Permanently restricted				7,715,081	7,715,081	7,000,436
Total net assets	2,799,576	74,880	2,296,508	7,715,081	12,886,045	11,723,357
Total liabilities and net assets	$ 3,126,356	$ 74,880	$ 2,296,508	$ 7,715,081	$ 13,212,825	$ 12,020,037

The accompanying Notes to Financial Statements are an integral part of these statements.

Photographic Society of America
Consolidated Statement of Activities
Year Ended June 30, 2011 with Comparative Totals for Year Ended June 30, 2010

	Unrestricted					
	Operating	Board Designated	EF Trustee Designated	Permanently Restricted	June 30, 2011 Total	June 30, 2010 Total
Revenues, gains and other support						
Dues	$ 277,152	$ -	$ -	$ -	$ 277,152	$ 249,204
PSA Journal	67,508				67,508	27,927
Division programs	65,548				65,548	50,280
Committee programs	605				605	20
Investment income (loss)	342,782	375	441,381	714,435	1,498,973	1,014,399
Headquarters services	2,798				2,798	14,167
Conventions and exhibitions	76,280				76,280	128,250
Contributions	2,185	1,180	-	210	3,575	162,300
Chapter income	39,648				39,648	31,195
Total revenues, gains and other support	874,506	1,555	441,381	714,645	2,032,087	1,677,742
Expenses						
General operations	140,304		1,173		141,477	97,774
Headquarters services	187,098				187,098	192,798
PSA Journal	263,937				263,937	232,955
Divisions	54,077				54,077	33,011
Committees	38,216				38,216	36,332
Awards	70	258			328	9,612
Chapter expenses	31,802				31,802	36,446
Conventions and exhibitions	96,846				96,846	109,231
Website expenses	18,358				18,358	10,392
Abandoned data base expenses	37,260				37,260	-
Total expenses	867,968	258	1,173	-	869,399	758,551
Change in net assets	6,538	1,297	440,208	714,645	1,162,688	919,191
Net assets - beginning	2,677,038	89,583	1,956,300	7,000,436	11,723,357	10,804,166
Transfers from (to) other funds	116,000	(16,000)	(100,000)	-	-	-
Net assets - ending	$ 2,799,576	$ 74,880	$ 2,296,508	$ 7,715,081	$ 12,886,045	$ 11,723,357

The accompanying Notes to Financial Statements are an integral part of these statements.

Photographic Society of America
Consolidated Statement of Cash Flows
Year Ended June 30, 2011 with Comparative Totals for June 30, 2010

	Unrestricted					
	Operating	Board Designated	EF Trustee Designated	Permanently Restricted	June 30, 2011 Total	June 30, 2010 Total
Operating activities						
Change in net assets	$ 6,538	$ 1,297	$ 440,208	$ 714,645	$ 1,162,688	$ 919,191
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:						
Depreciation	3,470				3,470	2,878
Gain (loss) on sale of investments	24,301			(77,624)	(53,323)	236,994
Unrealized (appreciation) depreciation of investments	(322,275)	(375)	(96,070)	(636,812)	(1,055,532)	(889,438)
Amortization of investment premiums	60	-	(97)	1,471	1,434	57
Decrease (increase) in interest receivable	1,916		(5,329)	(1,664)	(5,077)	18,130
Decrease (increase) in accounts receivable	(10,511)				(10,511)	(1,971)
Decrease (increase) in inventory	(425)				(425)	23,484
Decrease (increase) in other assets	4,917				4,917	(5,414)
Decrease (increase) in due (to) from other funds	210	-	11,440	(11,677)	(27)	27
Increase (decrease) in accounts payable	6,224				6,224	(4,701)
Increase (decrease) in deferred revenue	23,903				23,903	(19,061)
Permanently restricted contributions				(210)	(210)	(300)
Net cash provided (used) by operating activities	(261,672)	922	350,152	(11,871)	77,531	279,876
Investing activities						
Purchase of property assets	(21,787)				(21,787)	(3,828)
Purchase of investments	(1,262,183)	-	(414,650)	(737,870)	(2,414,703)	(3,170,962)
Sales/maturities of investments	1,716,497	-	155,000	648,950	2,520,447	3,254,662
Net cash provided (used) by investing activities	432,527	-	(259,650)	(88,920)	83,957	79,871
Financing activities						
Proceeds from contribution restricted for investment in term endowment				210	210	300
Net cash provided by financing activities	-	-	-	210	210	300
Transfers						
Transfers from (to) funds	116,000	(16,000)	(100,000)	-	-	-
Investment transfers	(85,000)	85,000				
Net cash provided (used) by transfers	31,000	69,000	(100,000)	-	-	-
Net increase (decrease) in cash and cash equivalents	201,855	69,922	(9,498)	(100,581)	161,698	360,047
Cash and cash equivalents at beginning of year	528,869	4,958	218,047	128,442	880,316	520,269
Cash and cash equivalents at end of year	$ 730,724	$ 74,880	$ 208,549	$ 27,861	$ 1,042,014	$ 880,316

The accompanying Notes to Financial Statements are an integral part of these statements.

Photographic Society of America

Notes to Consolidated Financial Statements
Year Ended June 30, 2011
with Comparative Information for June 30, 2010

1. Summary of Significant Accounting Policies

The consolidated financial statements of the Photographic Society of America have been prepared on the accrual basis of accounting. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Nature of operations and tax status:
Photographic Society of America (the "Society") is a not-for-profit membership organization organized to:

- Promote the art and science of photography as a means of communication, image appreciation, and cultural exchange.
- Provide education, information, inspiration, and opportunity for all persons interested in photography.
- Foster personal growth and expression, creativity, excellence, and ethical conduct in all aspects of photographic endeavor.

The Society was incorporated in 1937 under the Illinois General Corporation Law to operate exclusively for charitable, educational, scientific and literary purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954. The Internal Revenue Service has determined the Society is exempt from federal income tax. However, the Society may be subject to federal and state tax on unrelated business income. There were no taxes on unrelated activities for 2011 and 2010.

The Board of Directors established a quasi-endowment fund, Photographic Society of America Endowment Fund I (EF I), in the fiscal year ended June 30, 1986, into which the assets of the PSA Fund were transferred. An endowment fund, Photographic Society of America Endowment Fund II (EF II), was established during the fiscal year ended June 30, 1987. Both EF I and EF II are exempt under Section 501(c)(3) of the Internal Revenue Code. EF I (EF Trustee Designated) consists of unrestricted net assets and the Endowment Fund (EF II) consists of permanently restricted net assets.

The federal and state information and income tax returns of the Society, EF I and EF II for 2011, 2010, and 2009 are subject to examination by the IRS and state taxing authorities, generally for three years after they are filed. It is the Society's policy that penalties and interest assessed by income taxing authorities, if any, are included in operating expenses.

Basis of presentation and consolidation:
The accompanying consolidated financial statements include the accounts of the Society and its related endowment funds, EF I and EF II. Significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

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

1. Summary of Significant Accounting Policies (Continued)

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.

Display of net assets by class:
The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of Accounting Standards Codification (ASC) 958, *Not for Profit Entities*. This standard requires that the net assets of the Society be reported in the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets and (c) permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class. For the period represented, the Society had no temporarily restricted net assets.

Ordinary income is accounted for in the fund owning such assets. Except for the endowment fund, EF II, investment income and gains and losses arising from the sale, collection or other disposition of assets is accounted for in the unrestricted fund unless donor or other restrictions apply to such income.

Permanently restricted net assets:
The Society has permanently restricted net assets at June 30, 2011 and 2010. The Endowment Fund, EF II, can only make its income available for the exclusive benefit of the Society. Contributions to EF II, in accordance with the trust agreement, create permanent restricted net assets. Additionally, the trust agreement provides that realized and unrealized capital gains and capital losses increase or decrease permanently restricted net assets. Investment income from the endowment funds, other than capital gains and losses, is recorded in the Society's unrestricted fund. If the Fund were to dissolve, the balance or permanently restricted net assets could be transferred to the Society at the trustees' discretion.

Investments:
In accordance with ASC 958-320, investments are reported in the statement of financial position at fair value with any realized or unrealized gains and losses reported in the statement of activities. Fair values are utilized are either provided by brokerage firms holding the securities or available through financial publications. Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting periods in which they occur.

Prior year summaries for comparison purposes:
The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2010, from which the summarized information was derived. Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 financial statement presentation.

1. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents:
Cash and cash equivalents consist of cash on hand, in banks and cash management accounts.

Dues:
Membership dues are recognized as revenue over the term of the membership. Life membership dues are recognized as revenue over twenty years which is the estimated life of the membership.

Publication costs:
The Society publishes the PSA Journal, a monthly magazine for members of the Society. Publication costs are charged to expense when incurred.

Depreciation:
Property and equipment are capitalized at cost and are depreciated on a straight-line basis over the estimated useful lives of the related assets.

2. Investments

As stated in Note 1, investments are stated at fair value and are summarized as follows:

	June 30, 2011		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Certificates of deposit	$ 1,671,434	$ 1,720,562	$ 49,128
U.S. Gov. & Agency securities	322,460	354,896	32,436
Municipal securities	823,679	822,982	(697)
Mortgage backed securities	100,004	106,822	6,818
Corporate stocks	2,933,261	3,371,418	438,157
Domestic corporate bonds	2,133,388	2,278,365	144,977
Foreign corporate bonds	320,137	330,350	10,213
Mutual funds:			
Money funds	9,836	9,836	-
Gov't bond funds	209,954	201,960	(7,994)
Mortgage backed bonds	74,238	74,697	459
Corporate bonds	808,633	842,469	33,836
Domestic equities	950,569	1,006,012	55,443
Global equities	563,180	626,401	63,221
Total	10,920,773	11,746,770	825,997
Short-term	642,836	654,794	11,958
Long-term	$ 10,277,937	$ 11,091,976	$ 814,039

2. **Investments (continued)**

	June 30, 2010		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Certificates of deposit	$ 2,030,987	$ 2,085,617	$ 54,630
U.S. Gov. & Agency securities	634,952	659,728	24,776
Municipal securities	557,776	571,849	14,073
Mortgage backed securities	100,005	107,627	7,622
Corporate stocks	2,851,063	2,689,129	(161,934)
Domestic corporate bonds	2,215,456	2,336,778	121,322
Foreign corporate bonds	260,239	262,517	2,278
Mutual funds			
Money funds	89,753	89,753	-
Gov't bond funds	200,010	196,494	(3,516)
Corporate bonds	-	262,744	262,744
Domestic equities	1,472,999	1,183,610	(289,389)
Global equities	308,020	299,248	(8,772)
Total	10,721,260	10,745,094	23,834
Short-term	759,753	767,585	7,832
Long-term	$ 9,961,507	$ 9,977,509	$ 16,002

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended:

	June 30, 2011				
	Unrestricted				
	Unrestricted	Exec. Comm. Designated	EF Trustee Designated	Permanently Restricted	Total
Interest and dividends	$ 44,808	$ -	$ 335,367	$ -	$ 380,175
Unrealized appreciation (depreciation)	322,276	375	96,070	636,812	1,055,533
Realized gains/(losses)	(24,302)		9,944	77,623	63,265
Total	$ 342,782	$ 375	$ 441,381	$ 714,435	$ 1,498,973

	June 30, 2010				
	Unrestricted				
	Unrestricted	Exec. Comm. Designated	EF Trustee Designated	Permanently Restricted	Total
Interest and dividends	48,708	$ -	$ 313,247	$ -	$ 361,955
Unrealized appreciation (depreciation)	20,459	(974)	81,128	788,825	889,438
Realized gains/(losses)	72,237		(1,136)	(308,095)	(236,994)
Total	$ 141,404	$ (974)	$ 393,239	$ 480,730	$ 1,014,399

3. Fair Value Measurements

ASC 820, *Fair Value Measurement and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Society uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available. There were no assets measured utilizing level 3 inputs as of June 30, 2011 and 2010.

Fair values of assets measured on a recurring basis are as follows:

		Fair Value Measurements at Reporting Date Using:	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
June 30, 2011			
Certificates of deposit	$ 1,720,562	$ -	$ 1,720,562
U.S. Gov. & Agency securities	354,896		
Municipal securities	822,982	822,982	
Mortgage backed securities	106,822	106,822	
Corporate stocks	3,371,418	3,371,418	
Domestic corporate bonds	2,278,365	2,278,365	
Foreign corporate bonds	330,350	330,350	
Mutual funds:			
Money funds	9,836	9,836	
Gov't bond funds	201,960	201,960	
Mortgage backed bonds	74,697	74,697	
Corporate bonds	842,469	842,469	
Domestic equities	1,006,012	1,006,012	
Global equities	626,401	626,401	
	$ 11,746,770	$ 9,671,312	$ 1,720,562
June 30, 2010			
Certificates of deposit	$ 2,085,617	$ -	$ 2,085,617
U.S. Gov. & Agency securities	659,728	659,728	
Municipal securities	571,849	571,849	
Mortgage backed securities	107,627	107,627	
Corporate stocks	2,689,129	2,689,129	
Domestic corporate bonds	2,336,778	2,336,778	
Foreign corporate bonds	262,517	262,517	
Mutual funds			
Money funds	89,753	89,753	
Gov't bond funds	196,494	196,494	
Corporate bonds	262,744	262,744	
Domestic equities	1,183,610	1,183,610	
Global equities	299,248	299,248	
Total	$ 10,745,094	$ 8,659,477	$ 2,085,617

3. Fair Value Measurements (continued)

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Year ended June 30,	
	2011	2010
Beginning of year	$ -	$ 19,787
Amortization of annuity contract		(19,787)
End of year	$ -	$ -

4. Property and Equipment

Major classes of property and equipment and accumulated depreciation are as follows:

	June 30	
	2011	2010
Furniture and equipment	$ 42,036	38,433
Less accumulated depreciation	14,714	29,428
	$ 27,322	$ 9,005
Depreciation expense	$ 3,470	2,878

Property and equipment does not include equipment purchased and maintained by Chapters and Divisions, as such equipment is not under the control of Society Headquarters.

5. Print Collection

The Society owns a collection of approximately 4,120 prints. The prints that have an identifiable market at acquisition are carried at the estimated fair value as of date of acquisition. For prints acquired prior to June 30, 1991, carrying value is fair value measured as of June 30, 1991. For prints acquired subsequent to June 30, 1991, carrying value is fair value measured as of the date of acquisition. The following summarizes prints that had an identifiable fair value at date of acquisition:

2011		2010	
Number of Prints	Carrying Value	Number of Prints	Carrying Value
358	$ 263,300	358	$ 263,300

6. Leases

The Society leases office space for its headquarters in Oklahoma City. The lease was amended on June 25, 2009, to extend the lease for 60 months, expiring on June 30, 2014. Remaining lease payments are $2,695 for the next 12 months, and $2,817 for the final 24 months; however, the lease states that payments may be increased for related increases in taxes and insurance on the

6. Leases (continued)

property. The Society also leases mail equipment under a lease expiring in December, 2014. Lease expense for the years ended June 30, 2011 and 2010 was $37,188 and $30,860, respectively. Future minimum lease payments are as follows:

Year ending June 30,	
2012	$ 37,188
2013	38,652
2014	38,652
2015	2,424
Total	$ 116,916

7. Due from (to) Other Funds

The following is a breakdown by funds of the various due to and due from accounts:

	June 30, 2011	June 30, 2010
Unrestricted - operating		
Due to EF trustee designated	$ (500)	$ (500)
Due to permanently restricted	(510)	(300)
Total	$ (1,010)	$ (800)
Unrestricted - EF trustee designated		
Due from unrestricted - operating	$ 500	$ 500
Due from permanently restricted	53,069	77,125
Due to permanently restricted	-	(12,616)
Total	$ 53,569	$ 65,009
Permanently restricted		
Due from unrestricted - operating	$ 510	$ 300
Due from EF trustee designated	$ -	$ 12,616
Due to EF trustee designated	(53,069)	(77,125)
Total	$ (52,559)	$ (64,209)
Grand Total	$ -	$ -

8. Deferred Revenue

Deferred revenue consists of the following:

	June 30, 2011	June 30, 2010
Current membership dues	$ 204,163	$ 205,099
Deferred credits	80,326	54,488
Life membership dues	1,526	2,525
	286,015	262,112
Less current portion	(285,235)	(260,586)
Deferred revenue-long term	$ 781	$ 1,526

8. Deferred Revenue (continued)

Deferred revenues for dues represent monies received during the current and prior years for memberships that will expire in the future. As stated in Note 1, revenues from life membership dues will be recognized over twenty years, which is the estimated life of the memberships.

9. Chapter Transfers

Photographic Society of America is a single organization with various state chapters that are intended to be integral parts of the Society. To support this relationship between the Society and its chapters, chapter financial data is included in the Society's financial statements. Individual chapters maintain separate bank accounts for operating purposes and, at their discretion, may make transfers to the Society to aid in Society operations. Also, chapter funds revert to the Society in the event a chapter terminates its Society charter. There were no transfers of funds from chapters to the Society for the year ended June 30, 2011 and 2010, respectively.

10. Risks and Uncertainties

The Society maintains bank accounts at multiple financial institutions and also has cash accounts with investment companies. Cash accounts held at investment companies are not insured by the FDIC. Cash equivalent accounts at investment companies amounted to $913,267 and $732,581 at June 30, 2011 and 2010, respectively.

The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible, that changes in the values of investment securities will occur in the near term and that such changes could materially affect the fair value of investments.

11. Endowment

Endowment funds consist of donor restricted contributions made to support the Society. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In accordance with the EF II trust agreement, EF II can only make its income available for the exclusive benefit of the Society. Contributions to EF II, in accordance with the trust agreement, create permanent restricted net assets. Additionally, the trust agreement provides that realized and unrealized capital gains and capital losses increase or decrease permanently restricted net assets.

	Unrestricted	Temporarily Restricted	Permanently Restricted
June 30, 2011			
Donor restricted endowment funds	$ -	$ -	$ 7,715,081
June 30, 2010			
Donor restricted endowment funds	$ -	$ -	$ 7,000,436

11. Endowment (continued)

Changes in endowment net assets for the fiscal years ended June 30, 2011 and 2010:

	Year Ended June 30, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$ -	$ -	$ 7,000,436	$7,000,436
Contributions			210	210
Investment income	272,976			272,976
Realized and unrealized gains and (losses)			714,435	714,435
Appropriation for expenditure	(271,953)			(271,953)
Brokerage fees and foreign taxes	(1,023)			(1,023)
End of year	$ -	$ -	$ 7,715,081	$7,715,081

	Year Ended June 30, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$ -	$ -	$ 6,519,406	$6,519,406
Contributions			300	300
Investment income	266,859			266,859
Realized and unrealized gains and (losses)			480,730	480,730
Appropriation for expenditure	(265,917)			(265,917)
Brokerage fees and foreign taxes	(942)			(942)
End of year	$ -	$ -	$ 7,000,436	$7,000,436

Spending policy:
For fiscal years ending June 30, 2011 and 2010, annual distributions equal to investment earnings, excluding realized and unrealized gains and losses, were made from endowment funds for the benefit of the Society.

12. Subsequent Events

Management of the Society has evaluated events subsequent from the balance sheet date (June 30, 2011) through February 2, 2012, the date the financial statements were available and issued.