



FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2014 and 2013

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	5
STATEMENTS OF ACTIVITIES	6
STATEMENTS OF CASH FLOWS	8
STATEMENTS OF FUNCTIONAL EXPENSES	9
NOTES TO FINANCIAL STATEMENTS	11

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INCORPORATING THE PRACTICE OF

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Independent Auditors' Report

The Board of Directors
Miriam
St. Louis, Missouri

We have audited the accompanying financial statements of Miriam, a nonprofit organization, which are comprised of the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miriam as of June 30, 2014 and 2013, and the changes in its net assets, its cash flows and its functional expenses for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Eck, Schafer & Purke, LLP

Springfield, Illinois
September 2, 2014

Miriam

STATEMENTS OF FINANCIAL POSITION

June 30

	<u>2014</u>	<u>2013</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 707,823	\$ 458,461
Education accounts receivable, net of allowance for doubtful accounts of \$ 4,560 for 2014 and 2013	63,914	35,256
Other accounts receivable	37,838	74,175
Pledges receivable	185,314	201,864
Bequest receivable	-	27,726
Prepaid expenses	62,576	51,529
Deposits	-	5,000
Investments	5,857,305	5,116,364
Property and equipment, net of accumulated depreciation	<u>3,069,810</u>	<u>3,066,059</u>
Total assets	<u>\$ 9,984,580</u>	<u>\$ 9,036,434</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 46,971	\$ 26,344
Accrued salaries	231,718	175,992
Deferred summer program revenue	42,433	38,434
Deferred tuition revenue	195,600	174,955
Other deferred revenue	18,950	12,606
Notes payable	486,254	603,806
Annuity payable	<u>92,409</u>	<u>97,766</u>
Total liabilities	1,114,335	1,129,903
NET ASSETS		
Unrestricted	1,614,861	1,452,684
Board designated	3,229,597	3,225,842
Temporarily restricted	1,520,884	1,292,020
Permanently restricted	<u>2,504,903</u>	<u>1,935,985</u>
Total net assets	<u>8,870,245</u>	<u>7,906,531</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,984,580</u>	<u>\$ 9,036,434</u>

The accompanying notes are an integral part of these financial statements.

Miriam

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT RECEIVED AND NET ASSETS RELEASED FROM RESTRICTIONS				
Miriam School tuition	\$ 2,333,130	\$ -	\$ -	\$ 2,333,130
Miriam School - other revenues	91,251	-	-	91,251
Miriam Learning Center	441,255	-	-	441,255
Miriam Switching Post sales	515,847	-	-	515,847
Donations and annual giving	351,752	206,053	283,637	841,442
Dues	3,870	-	-	3,870
Grants	6,000	35,000	-	41,000
Interest and dividends	48,090	23,293	41,068	112,451
Net gain (loss) on investments	285,977	138,038	244,213	668,228
Miscellaneous	3,133	-	-	3,133
Net assets released from restrictions	<u>173,520</u>	<u>(173,520)</u>	<u>-</u>	<u>-</u>
 Total revenues and support received and net assets released from restrictions	 4,253,825	 228,864	 568,918	 5,051,607
EXPENSES				
Programs				
Miriam School	2,030,802	-	-	2,030,802
Miriam Learning Center	482,446	-	-	482,446
Financial assistance	733,320	-	-	733,320
Memorial scholarships	17,500	-	-	17,500
Management and general	681,041	-	-	681,041
Fundraising				
General, Switching Post, and Estate Sales	<u>142,784</u>	<u>-</u>	<u>-</u>	<u>142,784</u>
 Total expenses	 <u>4,087,893</u>	 <u>-</u>	 <u>-</u>	 <u>4,087,893</u>
 Increase (decrease) in net assets	 165,932	 228,864	 568,918	 963,714
 NET ASSETS AT BEGINNING OF YEAR	 <u>4,678,526</u>	 <u>1,292,020</u>	 <u>1,935,985</u>	 <u>7,906,531</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 4,844,458</u>	 <u>\$ 1,520,884</u>	 <u>\$ 2,504,903</u>	 <u>\$ 8,870,245</u>

Miriam

STATEMENT OF ACTIVITIES - CONTINUED

For the Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT RECEIVED AND NET ASSETS RELEASED FROM RESTRICTIONS				
Miriam School tuition	\$ 2,230,255	\$ -	\$ -	\$ 2,230,255
Miriam School - other revenues	110,093	-	-	110,093
Miriam Learning Center	312,942	-	-	312,942
Miriam Switching Post sales	506,206	-	-	506,206
Donations and annual giving	250,170	91,392	94,896	436,458
Dues	4,385	-	-	4,385
Grants	1,700	65,000	-	66,700
Interest and dividends	55,964	50,644	-	106,608
Net gain (loss) on investments	258,068	246,552	-	504,620
Miscellaneous	2,686	-	-	2,686
Net assets released from restrictions	<u>240,164</u>	<u>(240,164)</u>	<u>-</u>	<u>-</u>
 Total revenues and support received and net assets released from restrictions	 3,972,633	 213,424	 94,896	 4,280,953
EXPENSES				
Programs				
Miriam School	1,915,841	-	-	1,915,841
Miriam Learning Center	323,912	-	-	323,912
Financial assistance	712,918	-	-	712,918
Memorial scholarships	17,388	-	-	17,388
Management and general	604,466	-	-	604,466
Fundraising				
General, Switching Post, and Estate Sales	<u>139,670</u>	<u>-</u>	<u>-</u>	<u>139,670</u>
 Total expenses	 <u>3,714,195</u>	 <u>-</u>	 <u>-</u>	 <u>3,714,195</u>
 Increase (decrease) in net assets	 258,438	 213,424	 94,896	 566,758
 NET ASSETS AT BEGINNING OF YEAR	 <u>4,420,088</u>	 <u>1,078,596</u>	 <u>1,841,089</u>	 <u>7,339,773</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 4,678,526</u>	 <u>\$ 1,292,020</u>	 <u>\$ 1,935,985</u>	 <u>\$ 7,906,531</u>

The accompanying notes are an integral part of these financial statements.

Miriam

STATEMENTS OF CASH FLOWS

For the Years Ended June 30

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 963,714	\$ 566,758
Adjustments to reconcile change in net assets to net cash flows used in operating activities		
Depreciation and amortization	175,304	160,927
Discounts and allowance for bad debt	-	(16,323)
Net (gains) loss on investments	(668,228)	(504,619)
Changes in assets and liabilities		
Accounts receivable	7,679	29,204
Pledges receivable	16,550	99,429
Bequest receivable	27,726	318,182
Interest receivable	-	842
Other current assets	(6,047)	16,798
Accounts payable and accrued liabilities	76,353	(9,645)
Annuity payable	(5,357)	(5,549)
Deferred revenue	<u>30,988</u>	<u>25,005</u>
Net cash provided by (used in) operating activities	618,682	681,009
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales (purchases) of investments, net	(72,713)	(346,538)
Capital expenditures	<u>(179,055)</u>	<u>(53,107)</u>
Net cash provided by (used in) investing activities	(251,768)	(399,645)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on long-term debt	<u>(117,552)</u>	<u>(114,088)</u>
Net increase in cash and cash equivalents	249,362	167,276
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
	<u>458,461</u>	<u>291,185</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		
	<u>\$ 707,823</u>	<u>\$ 458,461</u>

The accompanying notes are an integral part of these financial statements.

Miriam

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30, 2014

	Program Services				Management and General	Fundraising	Total
	Financial Aid	School	Learning Center	Total Program Services			
EXPENSES							
Salaries	\$ -	\$ 1,359,702	\$ 340,948	\$ 1,700,650	\$ 277,589	\$ 137,796	\$ 2,116,035
Payroll taxes	-	101,873	26,224	128,097	31,881	-	159,978
Fringe benefits	-	144,196	11,328	155,524	46,281	-	201,805
Outside services	-	10,413	45,047	55,460	13,076	-	68,536
Insurance	-	18,359	1,224	19,583	4,896	-	24,479
Audit and legal	-	-	-	-	25,375	-	25,375
Technology	-	21,669	1,075	22,744	4,560	-	27,304
Conferences and travel	-	5,761	1,090	6,851	340	-	7,191
Supplies	-	43,980	52	44,032	2,254	-	46,286
Occupancy	-	113,789	9,131	122,920	108,692	-	231,612
Office	-	1,422	737	2,159	9,484	-	11,643
Memberships	-	-	-	-	12,902	-	12,902
Postage and printing	-	3,259	8,604	11,863	5,551	828	18,242
Interest	-	-	-	-	16,464	-	16,464
Depreciation	-	153,128	5,547	158,675	16,629	-	175,304
Advertising	-	14,838	941	15,779	14,127	3,665	33,571
Investment fees	-	-	-	-	9,854	-	9,854
Grants	750,820	3,809	9,864	764,493	-	-	764,493
Miscellaneous	-	34,604	20,634	55,238	81,086	495	136,819
	<u>\$ 750,820</u>	<u>\$ 2,030,802</u>	<u>\$ 482,446</u>	<u>\$ 3,264,068</u>	<u>\$ 681,041</u>	<u>\$ 142,784</u>	<u>\$ 4,087,893</u>

Miriam

STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED

Year ended June 30, 2013

	Program Services				Management and General	Fundraising	Total
	Financial Aid	School	Learning Center	Total Program Services			
EXPENSES							
Salaries	\$ -	\$ 1,288,742	\$ 249,845	\$ 1,538,587	\$ 228,792	\$ 124,743	\$ 1,892,122
Payroll taxes	-	98,945	17,108	116,053	26,834	-	142,887
Fringe benefits	-	128,813	10,340	139,153	43,435	-	182,588
Outside services	-	12,513	15,250	27,763	43,322	-	71,085
Insurance	-	20,347	1,175	21,522	4,702	-	26,224
Audit and legal	-	-	-	-	12,285	-	12,285
Technology	-	20,003	1,119	21,122	1,826	-	22,948
Conferences and travel	-	3,444	188	3,632	29	-	3,661
Supplies	-	40,017	55	40,072	2,627	-	42,699
Occupancy	-	105,268	6,958	112,226	102,942	-	215,168
Office	-	14,119	1,614	15,733	18,663	4,022	38,418
Memberships	-	-	-	-	24,604	-	24,604
Postage and printing	-	3,233	5,523	8,756	7,561	643	16,960
Interest	-	-	-	-	19,929	-	19,929
Depreciation	-	141,918	4,764	146,682	14,245	-	160,927
Investment fees	-	-	-	-	6,930	-	6,930
Grants	730,306	-	-	730,306	-	-	730,306
Miscellaneous	-	38,479	9,973	48,452	45,740	10,262	104,454
	<u>\$ 730,306</u>	<u>\$ 1,915,841</u>	<u>\$ 323,912</u>	<u>\$ 2,970,059</u>	<u>\$ 604,466</u>	<u>\$ 139,670</u>	<u>\$ 3,714,195</u>

The accompanying notes are an integral part of these financial statements.

Miriam

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Nature of Activities

The mission of Miriam is to improve the quality of life for children with learning disabilities and their families through innovative and comprehensive programs. Miriam supports two programs, the Miriam School and the Miriam Learning Center:

Miriam School

The mission of Miriam School is to encourage children with multiple learning disabilities to recognize and successfully meet their potential.

Miriam School serves 96 children, pre-kindergarten through eighth grade, in small, ungraded classrooms with a ratio of ten students per teacher. Children come to Miriam School with unique academic, social and personal challenges and the professional faculty provides an individualized education plan and curriculum designed to meet each child's needs.

Miriam Learning Center

The mission of Miriam Learning Center (MLC) is to improve the lives of children with learning challenges and their families through specialized therapeutic and educational services.

MLC offers convenient after school, evening and weekend programs for children who need academic and therapeutic support to succeed in their current schools. MLC has a variety of resources that will help children discover their learning potential.

Miriam also supports other activities that develop and sustain the School and Learning Center programs:

Membership Services

Includes activities which promote membership committed to improving the quality of life for children with learning disabilities and their families.

Miriam

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

1. Nature of Activities - Continued

Fundraising

Includes the functions necessary to provide structure to encourage and secure financial support from individuals, organizations, corporations, and public agencies.

Management and General

Includes the functions necessary to maintain programs, ensure an adequate working environment, provide coordination and articulation of Miriam's program strategy, secure proper administrative functioning of the Board of Directors, maintain competent legal services for the program administration of Miriam, and manage the financial and budgetary responsibilities of Miriam.

2. Basis of Presentation

Under accounting principles generally accepted in the United States of America, Miriam is required to report information regarding financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

3. Net Assets

Under accounting principles generally accepted in the United States of America net assets and support are classified based on the existence or absence of restrictions on use that are placed by its donors. Accordingly, net assets are classified and reported as follows:

Unrestricted net assets - include those resources which may be used for any purpose.

Temporarily restricted net assets - may be used only after the passage of a donor-stipulated period of time or for a donor-specified purpose. Miriam reports scholarship, capital expenditures and technology funds as temporarily restricted net assets.

Miriam

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Net Assets - Continued

Permanently restricted net assets - must be maintained intact; however, the income derived from these net assets may be expended according to donor-specified terms. Miriam has permanently restricted endowment funds. The earnings are distributed annually.

4. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Miriam's management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

5. Cash and Cash Equivalents

Cash and cash equivalents include checking accounts and highly-liquid investments with original maturities of three months or less.

6. Investments

Miriam's investments consist primarily of money market funds, certificates of deposit, mutual funds, corporate equities, and other investments functionally equivalent to cash. Investments are reported at fair value.

7. Fair Value Measurements

Miriam assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical instruments and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, currency exchange rates, commodity rates, and yield curves. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

Miriam

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Fair Value Measurements - Continued

When available, Miriam measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The primary uses of fair value measures in Miriam's financial statements are initial measurement of gifts, including gifts of investment assets and unconditional promises to give, recurring measurement of investments, recurring measurement of endowment investments, and recurring measurement of bequests from wills and trusts.

8. Accounts Receivable and Allowance for Doubtful Accounts

Management evaluates accounts receivable and estimates the amounts considered to be uncollectible. When accounts are considered uncollectible, the amounts are charged to bad debt expense.

9. Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization computed using the straight-line method over periods ranging from three to seven years for equipment, furniture and fixtures, and ten to forty years for building, improvements to school property, and leasehold improvements. Equipment is capitalized if it has a cost of \$ 1,500 or more and a useful life of more than 1 year. When depreciable assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recorded.

10. Restricted and Unrestricted Support and Revenue

Miriam reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restrictions ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statements of revenue and support received, net assets released from restrictions, expenses paid and changes in net assets as net assets released from restrictions.

Miriam

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Expense Allocation

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Miriam. Fundraising activities are performed by personnel in general administration. This cost is estimated and the amount allocated to fundraising for June 30, 2014 and 2013 was \$ 84,026 and \$ 80,660, respectively.

12. Donated Services

A number of volunteers have contributed time to Miriam. During 2014 and 2013 volunteers contributed approximately 12,100 and 11,500 hours, respectively. The value of these donated services has not been recorded in the financial statements because they do not meet the criteria for recognition under Statement of Financial Accounting Standards.

13. Income Taxes

Miriam is a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes. It would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the Code). The preceding tax years are still open for audit for both federal and state purposes. Miriam is not classified as a private foundation.

Miriam follows requirements related to accounting for uncertainty in income taxes as required by Accounting Standards Codification 740. Tax positions for the open tax years as of June 30, 2013 were reviewed, and it was determined that no provision for uncertain tax positions is required.

14. Reclassifications

Certain 2013 reclassifications have been made to conform to the 2014 presentation.

Miriam

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE B - INVESTMENTS

Investments were as follows at June 30:

	Market Value		Cost	
	2014	2013	2014	2013
Certificates of deposit	\$ 1,445,236	\$ 1,417,018	\$ 1,457,641	\$ 1,436,462
Money market accounts	81,081	125,794	81,081	125,794
Mutual funds	167,986	140,772	84,569	84,150
Equities	4,058,127	3,288,451	2,806,203	2,618,753
Fixed income securities	104,875	144,327	98,611	137,422
	<u>\$ 5,857,305</u>	<u>\$ 5,116,362</u>	<u>\$ 4,528,105</u>	<u>\$ 4,402,581</u>

During the year ended June 30, 2013, Miriam received a donation of 5,000 shares of stock from a local closely-held bank. During the year ended June 30, 2013, the bank went into bankruptcy. The value of the shares is valued at \$ -0-.

Net gains (losses) on investments included \$ 52,809 realized and \$ 615,419 unrealized gains for June 30, 2014 and \$ 77,093 realized and \$ 427,527 unrealized gains for June 30, 2013.

Miriam assessed the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical instruments and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, currency exchange rates, commodity rates, and yield curves. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

The fair values of Miriam's investments were determined using inputs, as described above, at June 30, 2014 and 2013, as follows:

	Fair Value	Level 1	Level 2	Level 3
<u>2014</u>				
Certificates of deposit	\$ 1,445,236	\$ 1,445,236	\$ -	\$ -
Money market funds	81,081	81,081	-	-
Mutual funds	167,986	167,986	-	-
Equities	4,058,127	4,058,127	-	-
Fixed income securities	104,875	104,875	-	-
	<u>\$ 5,857,305</u>	<u>\$ 5,857,305</u>	<u>\$ -</u>	<u>\$ -</u>

Miriam

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE B - INVESTMENTS - Continued

<u>2013</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 1,417,018	\$ 1,417,018	\$ -	\$ -
Money market funds	125,794	125,794	-	-
Mutual funds	140,772	140,772	-	-
Equities	3,288,451	3,288,451	-	-
Fixed income securities	<u>144,327</u>	<u>144,327</u>	-	-
	<u>\$ 5,116,362</u>	<u>\$ 5,116,362</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Building - School	\$ 1,972,848	\$ 1,960,289
Improvements to school property	309,325	197,420
Land improvements	56,603	56,603
Leasehold improvements	5,122	5,121
Equipment, furniture and fixtures	479,205	476,768
Gymnasium	<u>2,131,837</u>	<u>2,131,837</u>
	4,954,940	4,828,038
Less: Accumulated depreciation	1,938,017	1,762,717
Construction in process	<u>52,887</u>	<u>738</u>
	<u>\$ 3,069,810</u>	<u>\$ 3,066,059</u>

Depreciation and amortization charged against revenues amounted to \$ 175,305 and \$ 160,927 in 2014 and 2013, respectively.

Miriam

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE D - NET ASSETS

The Board of Directors has designated certain funds for specific purposes. These designations may be changed at any time by Board decision. The designated funds consist of the following:

	<u>2014</u>	<u>2013</u>
Gala Scholarship	\$ 132,117	\$ 132,117
Eleanore T. Kenney Memorial Scholarship	27,670	27,670
Property, plant and equipment	<u>3,069,810</u>	<u>3,066,055</u>
	<u>\$ 3,229,597</u>	<u>\$ 3,225,842</u>

Temporarily restricted net assets consist of the following:

	<u>2014</u>	<u>2013</u>
The Miriam School Building Fund	\$ 728,333	\$ 634,192
Jeffrey Scott Gall Memorial Scholarship Tribute Fund	167,985	140,772
Charitable gift annuity	223,289	209,461
MoHEFA control account	142,515	141,845
Library renovation fund	21,092	116,215
Miriam Learning Center Grants	75,784	49,535
Phase One Renovations	<u>161,886</u>	<u>-</u>
	<u>\$ 1,520,884</u>	<u>\$ 1,292,020</u>

Miriam

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE D - NET ASSETS - Continued

Permanently restricted net assets consist of the following:

	<u>2014</u>	<u>2013</u>
Fred and Elsie Block Endowment Fund	\$ 137,289	\$ 120,057
Katherine S. Cook Memorial Scholarship Fund	59,488	52,021
Hannah and Larry Langsam Scholarship Fund	28,588	25,000
Clarence Mange Endowment fund	8,319	7,275
Diane Goldsmith-Simon Cohen Scholarship Fund	11,550	10,100
Stanley & Lucy Lopata Scholarship Fund	353,346	308,996
Michael & Noémi Neidorff Scholarship Fund	55,272	50,000
Hazel Loewenwarter Scholarship Fund	57,176	50,000
Alan A. and Edith L. Wolff Endowment Fund	1,548,970	1,255,000
Centennial Endowment Fund	8,617	7,536
Arthur & Helen Baer Foundation Scholarship Fund	28,588	25,000
Lois E Kendis Scholarship Fund	26,961	25,000
Margie & David Frank Family Scholarship Fund	25,844	-
Dancy Family Scholarship Fund	25,169	-
Caro-Ritter Scholarship Fund	25,431	-
Chester M. Flegel Trust in Memory of his Mother, Esther Flegel, Scholarship Fund	26,684	-
Susie & Bill Florent Scholarship Fund	25,525	-
Barbara & Art Silver Scholarship Fund	25,718	-
Timothy & Michele Liebman Scholarship Fund	26,368	-
	<u>\$ 2,504,903</u>	<u>\$ 1,935,985</u>

Miriam

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE E - OTHER REVENUES RECEIVED - THE MIRIAM SCHOOL

Other revenues received by The Miriam School consist of:

	2014			2013
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Application fees	\$ 2,665	\$ -	\$ 2,665	\$ 3,410
Book fees	19,000	-	19,000	19,200
Extended day income	40,728	-	40,728	48,309
Fundraising and special gifts	1,329	-	1,329	4,600
Summer camp	38,772	-	38,772	43,925
Miscellaneous	(11,243)	-	(11,243)	(9,351)
	<u>\$ 91,251</u>	<u>\$ -</u>	<u>\$ 91,251</u>	<u>\$ 110,093</u>

NOTE F - LEASE COMMITMENTS

Miriam is obligated on behalf of The Miriam Switching Post, under a noncancellable lease which expires November 30, 2015.

Total rent paid on this lease amounted to \$ 52,200 in 2014 and 2013.

The future minimum lease obligation on this lease is \$ 73,950.

NOTE G - CONCENTRATION OF CREDIT RISK

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation limits; however, management believes Miriam is not exposed to significant risk at their banking institutions.

Miriam

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE H - NOTES PAYABLE

Miriam secured loans to complete the construction of the gymnasium. A summary of the notes payable as of June 30, 2014 follows:

Missouri Health and Education Facilities Authority, 2.99%, maturing September 1, 2020, with monthly payments of \$ 5,791	\$ 390,895
Donor loan, 3.00%, maturing January 31, 2016, with monthly payments of \$ 5,377	<u>95,359</u>
	<u>\$ 486,254</u>

Scheduled principal repayments on notes payable for the year ending June 30, are:

2015	\$ 121,120
2016	93,217
2017	67,477
2018	58,826
2019	66,037
Thereafter	<u>79,577</u>
	<u>\$ 486,254</u>

Miriam

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE I - ENDOWMENT FUNDS

1. Interpretation of Relevant Law

The Board of Directors of Miriam has interpreted the Missouri Prudent Investor Act (IMPIA) 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, Miriam 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 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 Miriam in a manner consistent with the standard of prudence prescribed by MPIA. In accordance with MPIA, Miriam considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of Miriam and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Miriam
- The investment policies of Miriam

2. Return Objectives and Risk Parameters

Miriam has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Miriam must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results and exceed price and yield results of a market average rate of return while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Miriam

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE I - ENDOWMENT FUNDS - Continued

3. Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, Miriam 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). Miriam targets a diversified asset allocation in an effort to achieve the yield objectives within strategies not to expose the funds to unacceptable levels of risk.

4. Spending Policy and How Investment Objectives Relate to Spending Policy

Miriam's endowment fund is made up of 12 individual funds, all established for the purpose of providing cash for financial aid to students. Each year the investment returns are released for use in providing financial aid. The policy results in the endowment maintaining a value equal to the original contributions of the donors.

The donor-restricted endowment is composed of the following:

	<u>2014</u>	<u>2013</u>
Endowment net assets at beginning of year	\$ 1,935,985	\$ 1,841,089
Contributions	283,637	94,896
Investment earnings	285,281	226,753
Appropriation of endowment assets for financial aid	-	(226,753)
Endowment net assets at end of year	<u>\$ 2,504,903</u>	<u>\$ 1,935,985</u>

NOTE J - SUBSEQUENT EVENT

Subsequent events have been evaluated through September 2, 2014, which is the date the financial statements were issued. Events occurring after that date have not been evaluated to determine whether a change in financial statements would be required.