

NATIONAL MPS SOCIETY, INC.

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
National MPS Society, Inc.

Report on the Financial Statements

We have audited the accompanying statements of financial position of National MPS Society, Inc. (the "Society") as of December 31, 2012 and 2011 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society'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 Society'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 National MPS Society, Inc. as of December 31, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rylander, Clay & Opitz, LLP

April 25, 2013

NATIONAL MPS SOCIETY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 343,885	\$ 247,077
Investments	1,192,354	1,474,455
Contributions receivable	24,800	-
Prepaid expenses	9,625	4,077
Property and equipment, net	3,070	6,854
Investments restricted for endowment	1,025,582	1,034,260
Total assets	<u>\$ 2,599,316</u>	<u>\$ 2,766,723</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 13,680	\$ 11,696
Total liabilities	<u>13,680</u>	<u>11,696</u>
Commitments (Note 10)		
Net Assets		
Unrestricted		
Undesignated	855,832	819,175
Designated	52,551	305,585
	<u>908,383</u>	<u>1,124,760</u>
Temporarily restricted	676,459	629,473
Permanently restricted	1,000,794	1,000,794
Total net assets	<u>2,585,636</u>	<u>2,755,027</u>
Total liabilities and net assets	<u>\$ 2,599,316</u>	<u>\$ 2,766,723</u>

See notes to financial statements.



NATIONAL MPS SOCIETY, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2012 and 2011

	2012			2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and other support:								
Contributions								
General	\$ 134,791	\$ -	\$ -	\$ 134,791	\$ 112,571	\$ -	\$ -	\$ 112,571
Research	-	86,216	-	86,216	-	61,622	-	61,622
Sponsored contributions	50,000	-	-	50,000	93,872	-	-	93,872
Other programs	-	208,442	-	208,442	-	104,553	-	104,553
Membership dues	30,717	-	-	30,717	34,065	-	-	34,065
Conference income	32,700	-	-	32,700	21,385	-	-	21,385
Special events	148,824	362,071	-	510,895	107,132	516,290	-	623,422
Other sales, net of costs of \$8,438 and \$6,039 in 2012 and 2011	-	5,915	-	5,915	-	1,573	-	1,573
Investment income, net of fees	17,124	15,698	-	32,822	21,240	19,865	-	41,105
Net unrealized and realized gain on investments	-	13,523	-	13,523	-	33,198	-	33,198
Net assets released from restrictions:								
Satisfaction of program restrictions	606,980	(606,980)	-	-	662,764	(662,764)	-	-
Satisfaction of time restrictions	37,899	(37,899)	-	-	32,085	(32,085)	-	-
Total revenue and support	1,059,035	46,986	-	1,106,021	1,085,114	42,252	-	1,127,366
Expenses:								
Program	952,186	-	-	952,186	907,607	-	-	907,607
General and administrative	187,432	-	-	187,432	167,710	-	-	167,710
Fundraising	135,794	-	-	135,794	130,118	-	-	130,118
Total expenses	1,275,412	-	-	1,275,412	1,205,435	-	-	1,205,435
Change in net assets	(216,377)	46,986	-	(169,391)	(120,321)	42,252	-	(78,069)
Net assets at beginning of year	1,124,760	629,473	1,000,794	2,755,027	1,245,081	587,221	1,000,794	2,833,096
Net assets at end of year	\$ 908,383	\$ 676,459	\$ 1,000,794	\$ 2,585,636	\$ 1,124,760	\$ 629,473	\$ 1,000,794	\$ 2,755,027

See notes to financial statements.



NATIONAL MPS SOCIETY, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (169,391)	\$ (78,069)
Adjustments to reconcile change in net assets to cash used by operating activities:		
Depreciation	3,784	3,100
Net unrealized and realized gain on investments	(13,523)	(33,198)
Changes in assets and liabilities:		
Prepaid expenses	(5,548)	990
Contributions receivable	(24,800)	-
Accounts payable and accrued expenses	1,984	(2,660)
	<u>(207,494)</u>	<u>(109,837)</u>
Net cash used by operating activities		
Cash Flows from Investing Activities		
Sales and maturities of investments	1,741,286	1,167,690
Purchases of investments	(1,436,984)	(1,599,555)
Purchase of equipment	-	(4,065)
	<u>304,302</u>	<u>(435,930)</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	96,808	(545,767)
Cash and cash equivalents at beginning of year	<u>247,077</u>	<u>792,844</u>
Cash and cash equivalents at end of year	<u><u>\$ 343,885</u></u>	<u><u>\$ 247,077</u></u>

See notes to financial statements.



NATIONAL MPS SOCIETY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2012 and 2011

	2012			2011		
	Program	General and Administrative	Total	Program	Administrative	Total
Salaries and fringe benefits	\$ 99,424	\$ 107,846	\$ 248,916	\$ 89,292	\$ 93,946	\$ 222,204
Payroll tax	7,283	7,900	18,234	6,498	6,925	16,314
Awards	-	-	4,172	-	-	3,176
Printing	21,174	10,946	42,045	12,617	8,232	32,842
Postage	7,112	5,570	16,865	7,480	6,388	16,427
Conferences, meetings, and travel	352,215	-	352,215	200,794	-	200,794
Family assistance	70,224	-	70,224	56,878	-	56,878
Research grants	291,064	-	291,064	419,200	-	419,200
Telephone	3,463	2,309	5,772	3,434	2,289	5,723
Office supplies	2,532	1,688	4,220	1,771	1,181	2,952
Insurance	5,272	3,515	8,787	6,762	4,507	11,269
Legal and audit	-	15,000	15,000	-	16,795	16,795
Subscriptions, dues, and fees	4,431	8,723	25,020	4,441	9,043	23,823
Fundraising expenses	-	-	55,320	-	-	54,019
Building rent and utilities	18,220	12,146	30,366	17,211	11,474	28,685
Equipment	2,242	1,494	3,736	1,976	1,318	3,294
Miscellaneous	3,679	3,660	7,339	5,582	735	6,317
Contract service	61,581	5,121	72,333	71,811	3,637	81,623
Total expenses before depreciation	949,916	185,918	1,271,628	905,747	166,470	1,202,335
Depreciation	2,270	1,514	3,784	1,860	1,240	3,100
Total expenses	\$ 952,186	\$ 187,432	\$ 1,275,412	\$ 907,607	\$ 167,710	\$ 1,205,435

See notes to financial statements.



NATIONAL MPS SOCIETY, INC.
DECEMBER 31, 2012 AND 2011
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Programs

The National MPS Society, Inc. (the “Society”) is a not-for-profit organization dedicated to finding a cure for mucopolysaccharidosis (“MPS”) and related diseases. To achieve this goal, the Society supports research, provides support to individuals and families affected by MPS or related diseases, and promotes public and professional awareness.

Basis of Accounting and Use of Estimates

The financial statements of the Society are prepared on the accrual basis of accounting and use estimates and assumptions in preparing those financials in accordance with U.S. Generally Accepted Accounting Principles. 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. Actual results could vary from the estimates that are used.

Cash Equivalents

Cash equivalents include all highly liquid investments with an original maturity of three months or less. Cash and cash equivalents includes \$206,487 and \$125,773 of money market mutual funds as of December 31, 2012 and 2011, respectively.

Investments

Investments consist of certificates of deposits and fixed income securities. The Society carries its investments in marketable securities with readily determinable fair values at their fair values on the statements of financial position. Unrealized and realized gains and losses are included in the statements of activities.

Fair Value of Assets and Liabilities

Fair value is defined as 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. Generally Accepted Accounting Principles establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets where that particular asset or liability is not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.



NATIONAL MPS SOCIETY, INC.
DECEMBER 31, 2012 AND 2011
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment that are purchased are recorded at cost and depreciated using the straight-line method, over approximately three to five years. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Society reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Permanently Restricted Net Assets

In 2006, the Society established an endowment fund to provide a permanent source of funding for its operations and overhead expenses. Contributions received for this fund are to be invested, used, and spent in accordance with the endowment fund's policy in perpetuity. As such these contributions are considered to be permanently restricted.

Revenue Recognition

Contributions are recognized when the donor makes an unconditional promise to give to the Society. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

Membership dues are recognized as revenue when earned.

Special event revenue is revenue recognized from events organized by volunteers or by the Society that generate income from fundraising functions designed to attract donors and raise awareness.

Recognition of Donor Restrictions

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Materials and Services

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would have otherwise been purchased by the Society. Volunteers provide valuable services throughout the year that are not recognized as contributions in the financial statements because the recognition criteria was not met.



NATIONAL MPS SOCIETY, INC.
DECEMBER 31, 2012 AND 2011
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Society is a non-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a “private foundation” for tax purposes.

The Society’s Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended 2009, 2010, and 2011 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Functional Allocation of Expenses

The cost of providing the programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services.

Subsequent Events

Subsequent events are events or transactions that occur after the balance sheets date but before the financial statements are issued. The Society recognizes, in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including estimates inherent in the process of preparing the financial statements. The Society’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after that date and before the financial statements are available to be issued. The Society has evaluated subsequent events through April 25, 2013, which is the date the financial statements were available to be issued.

NOTE 2. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent gifts for which the Society has received notice from the donors of an unconditional promise to give, but remain unpaid at the statement of financial position date. An allowance for doubtful accounts is established by management based on past experience and analysis of current receivable collectability. It is the Society’s policy to charge off uncollectible accounts when management determines the receivable will not be collected. Management has determined that no allowance is necessary at December 31, 2012.

Collections of receivables are expected through 2014 as follows:

Due in one year	\$	12,525
Due in two years		<u>12,275</u>
	\$	<u>24,800</u>



NATIONAL MPS SOCIETY, INC.
DECEMBER 31, 2012 AND 2011
NOTES TO FINANCIAL STATEMENTS

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2012</u>	<u>2011</u>
Furniture and equipment	\$ 26,013	\$ 27,656
Less: accumulated depreciation	<u>(22,943)</u>	<u>(20,802)</u>
	<u>\$ 3,070</u>	<u>\$ 6,854</u>

NOTE 4. FAIR VALUE OF ASSETS AND LIABILITIES

The Society accounts for its assets and liabilities under fair value accounting standards. These standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Money market portfolio: Valued at fair value at quoted net asset value of shares, which are \$1 per share, at year end.

Certificates of deposit: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

Corporate bonds and U.S. government securities: Valued at the closing price reported on the major market on which the individual securities are traded or have reported broker trades which may be considered indicative of an active market. Where quoted prices are available in an active market, the investments are classified within level 1 of the valuation hierarchy.

The valuation methods used by the Society may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Society 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.



NATIONAL MPS SOCIETY, INC.
DECEMBER 31, 2012 AND 2011
NOTES TO FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

The Society's investments at December 31, 2012 are categorized as follows:

	Level 1	Level 2	Level 3	Total
Investments				
Money market	\$ 46,424	\$ -	\$ -	\$ 46,424
Certificates of deposit	1,100,000	-	-	1,100,000
Government backed mortgages	16,376	-	-	16,376
U.S. Treasury notes	14,013	-	-	14,013
Corporate bonds	15,541	-	-	15,541
Total investments	\$ 1,192,354	\$ -	\$ -	\$ 1,192,354
Investments restricted for endowment				
Fixed income				
Government backed mortgages	\$ 365,677	\$ -	\$ -	\$ 365,677
U.S. Treasury notes	312,890	-	-	312,890
Corporate bonds	347,015	-	-	347,015
Total investments restricted for endowment	\$ 1,025,582	\$ -	\$ -	\$ 1,025,582

The Society's investments at December 31, 2011 are categorized as follows:

	Level 1	Level 2	Level 3	Total
Investments				
Money market portfolio	\$ 54,455	\$ -	\$ -	\$ 54,455
Certificates of deposit	1,420,000	-	-	1,420,000
Total investments	\$ 1,474,455	\$ -	\$ -	\$ 1,474,455
Investments restricted for endowment				
Fixed income				
Government backed mortgages	\$ 518,133	\$ -	\$ -	\$ 518,133
U.S. Treasury notes	252,134	-	-	252,134
Corporate bonds	263,993	-	-	263,993
Total investments restricted for endowment	\$ 1,034,260	\$ -	\$ -	\$ 1,034,260



NATIONAL MPS SOCIETY, INC.
DECEMBER 31, 2012 AND 2011
NOTES TO FINANCIAL STATEMENTS

NOTE 5. DESIGNATED NET ASSETS

The unrestricted designated net assets are amounts designated for future activities and programs of the Society. Activity in designated net assets for the years ended December 31, 2012 and 2011 follows:

	<u>2012</u>	<u>2011</u>
Balance at beginning of year	\$ 305,585	\$ 330,000
Additions to designated net assets	-	70,000
Reductions of designated net assets	<u>(253,034)</u>	<u>(94,415)</u>
Balance at end of year	<u>\$ 52,551</u>	<u>\$ 305,585</u>

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets relate to restricted contributions specified for the following purposes:

	<u>2012</u>	<u>2011</u>
Medical research	\$ 624,764	\$ 557,792
Family assistance programs	2,107	38,215
Future programs	24,800	-
Unappropriated endowment earnings	<u>24,788</u>	<u>33,466</u>
Balance at end of year	<u>\$ 676,459</u>	<u>\$ 629,473</u>

NOTE 7. ENDOWMENT FUND

The Society's endowment fund consists of fixed income securities. This fund consists of contributions made to establish a permanent endowment, the earnings from which are to be used to support the Society's operations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

Composition and Activity of Endowment Funds

Endowment net asset composition by type of funds for the years ended December 31, 2012 and 2011 follows:

	<u>2012</u>			<u>2011</u>		
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted	<u>\$ 24,788</u>	<u>\$ 1,000,794</u>	<u>\$1,025,582</u>	<u>\$ 33,466</u>	<u>\$ 1,000,794</u>	<u>\$1,034,260</u>



NATIONAL MPS SOCIETY, INC.
DECEMBER 31, 2012 AND 2011
NOTES TO FINANCIAL STATEMENTS

NOTE 7. ENDOWMENT FUND (Continued)

The changes in the endowment net assets for the years ended December 31, 2012 and 2011 follow:

	2012		
	Temporarily Restricted	Permanently Restricted	Total
Balance at beginning of year	\$ 33,466	\$ 1,000,794	\$ 1,034,260
Interest earned	21,959	-	21,959
Net appreciation (realized and unrealized)	13,523	-	13,523
Investment fees	(6,261)	-	(6,261)
Appropriation of endowment assets for expenditure	(37,899)	-	(37,899)
Balance at end of year	<u>\$ 24,788</u>	<u>\$ 1,000,794</u>	<u>\$ 1,025,582</u>
	2011		
	Temporarily Restricted	Permanently Restricted	Total
Balance at beginning of year	\$ 12,488	\$ 1,000,794	\$ 1,013,282
Interest earned	25,932	-	25,932
Net depreciation (realized and unrealized)	27,131	-	27,131
Appropriation of endowment assets for expenditure	(32,085)	-	(32,085)
Balance at end of year	<u>\$ 33,466</u>	<u>\$ 1,000,794</u>	<u>\$ 1,034,260</u>

Interpretation of Relevant Law

The Society holds all donor-restricted endowment contributions by requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies permanently restricted net assets as (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 the Society. In accordance with the law, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the funds; the purposes of the Society and the donor-restricted endowment fund; the general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the Society; and the investment policies established by the Society.



**NATIONAL MPS SOCIETY, INC.
 DECEMBER 31, 2012 AND 2011
 NOTES TO FINANCIAL STATEMENTS**

NOTE 7. ENDOWMENT FUND (Continued)

Return Objectives and Risk Parameters

The Society aims to invest its financial assets to maximize total return consistent with an acceptable level of risk. The Society expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. 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.

Strategies Employed for Achieving Objectives

Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return or to reduce bank service charges.

Endowment assets will be invested in a well diversified asset mix, which includes time deposits and equity and debt securities, that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing the fund if possible.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowment policy provides that a distribution of up to 7% of the average net fair market value of the Fund's assets may be made annually to cover operations and overhead expenses; however, the distribution rate for 2012 and 2011 is 4%. The policy has an additional provision for an emergency invasion of funds of up to 15% of the value of the fund during a calendar year, if required.

NOTE 8. CONCENTRATION

The Society received \$100,000 from one donor which represents 11% of all contributions received during 2011. In 2012, there were no donors whose contributions were greater than 10% of all contributions received for the year.

NOTE 9. RETIREMENT PLAN

The Society has adopted a Simple Retirement Account Program which provides a matching provision from the Society on employee contributions up to 3% of the employees' compensation. Matching contributions were approximately \$4,200 and \$3,900 in 2012 and 2011, respectively.

NOTE 10. LEASE COMMITMENT

The Society has entered into an operating lease agreement for the lease of office space having a remaining term in excess of one year. Rent expense was approximately \$29,000 and \$27,000 in 2012 and 2011, respectively. At December 31, 2012, the future minimum lease commitments are:

2013	\$ 24,000
2014	27,000
2015	28,000
2016	28,000
	<u>28,000</u>
	<u>\$ 107,000</u>

