

TEXAS SILVER-HAIRED LEGISLATURE
FOUNDATION
(A Nonprofit Corporation)

INDEPENDENT ACCOUNTANTS'
REVIEW REPORT
AND
FINANCIAL STATEMENTS

December 31, 2013

TEXAS SILVER-HAIRED LEGISLATURE FOUNDATION
(A Nonprofit Corporation)

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FINANCIAL STATEMENTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Texas Silver-Haired Legislature Foundation

We have reviewed the accompanying statement of financial position of the Texas Silver-Haired Legislative Foundation (a nonprofit corporation) as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Foundation's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Allman & Associates, Inc.

Austin, Texas
April 21, 2014

TEXAS SILVER-HAIRED LEGISLATURE FOUNDATION
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

As of December 31, 2013

Assets	
Current Assets:	
Cash and cash equivalents	\$ 53,355
Investments	369,280
Prepaid Expenses	<u>6,568</u>
Total Current Assets	<u>429,203</u>
Property and Equipment, net of accumulated depreciation	<u>-</u>
Total Assets	<u><u>\$ 429,203</u></u>
Liabilities and Net Assets	
Current Liabilities	
Deferred publication income	<u>\$ 32,171</u>
Total Current Liabilities	<u>32,171</u>
Total Liabilities	<u>\$ 32,171</u>
Net Assets:	
Unrestricted Net Assets	\$ 397,032
Temporarily Restricted Net Assets	-
Permanently Restricted Net Assets	<u>-</u>
Total Net Assets	<u>397,032</u>
Total Liabilities and Net Assets	<u><u>\$ 429,203</u></u>

See accompanying independent accountants' report and notes to financial statements.

TEXAS SILVER-HAIRED LEGISLATURE FOUNDATION
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STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

Unrestricted Net Assets -

Revenues:

TSHL Meeting income	\$	64,615
Investment income		42,360
Other income		<u>650</u>

Total Revenues		<u>107,625</u>
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Expenses

Program Services		
TSHL Meetings		<u>77,497</u>
Total Program Services		<u>77,497</u>

Management and general		<u>5,996</u>
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Total expenses		<u>83,493</u>
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Change in unrestricted net assets		24,132
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Net assets, beginning of the year		<u>372,900</u>
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Net assets, end of year	\$	<u><u>397,032</u></u>
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See accompanying independent accountants' report and notes to financial statements.

TEXAS SILVER-HAIRED LEGISLATURE FOUNDATION
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STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2013

Expense Category	Program Services		General & Administrative	Totals
	Meetings			
Conferences & meetings	\$	67,303	\$ -	\$ 67,303
Printing		1,913	-	\$ 1,913
Professional fees		2,499	2,500	4,999
Investment management		2,460	2,460	4,920
Insurance		1,035	1,036	2,071
Office expenses		2,287	-	2,287
Totals	\$	77,497	\$ 5,996	\$ 83,493

See accompanying independent accountants' report and notes to financial statements.

TEXAS SILVER-HAIRED LEGISLATURE FOUNDATION
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STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2013

Cash Flows From Operating Activities	
Increase (decrease) in net assets	\$ 24,132
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized (gains) loss on investments	(23,381)
Decrease (increase) in:	
Prepaid Expenses	(3,768)
Increase (decrease) in:	
Deferred publication income	<u>32,171</u>
Net Cash Provided by Operating Activities	<u>29,154</u>
Cash Flows From Investing Activities:	
Proceeds from sale of investments	56,393
Purchases of investments	(74,868)
Investment management fees	<u>4,920</u>
Net Cash Provided (Used) by Investing Activities	<u>(13,555)</u>
Net Cash Provided (Used) by Financing Activities	<u>-</u>
Net Increase (Decrease) in Cash	15,599
Cash, beginning of the year	<u>37,756</u>
Cash, end of the year	<u><u>\$ 53,355</u></u>
Supplemental Information:	
Interest paid this year	\$ -
Income taxes paid this year	\$ -

See accompanying independent accountants' report and notes to financial statements.

TEXAS SILVER-HAIRED LEGISLATURE FOUNDATION
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

1. General Information

The Texas Silver-Haired Legislature Foundation (the “Foundation” or “TSHL Foundation”) incorporated in Texas in 1986. The Foundation’s mission is to provide the Texas Silver-Haired Legislature (“TSHL”) with the resources to improve the knowledge, skills, and abilities of its membership in formulating their public policy recommendations.

To accomplish its mission, the Foundation seeks to increase legislators' access to higher education faculty advisors on specialized policy matters; to provide leadership and advocacy training opportunities for the members of the TSHL to participate effectively in the unique democratic processes of the Silver-Haired Legislature and in communicating directly with the Governor and Texas Legislature; to expand and improve communications, materials and document preparations, and web-based technologies; and to expand new recruitment methods for encouraging senior citizens to learn about and participate in the TSHL and its election processes.

Purposes and goals of the TSHL Foundation:

1. To hold and manage all funds and property received by the TSHL Foundation for the sole benefit of the Texas Silver-Haired Legislature, including the investing, reinvesting, exchanging, purchasing, and selling of such funds and property;
2. To use the income from such funds and property held by the TSHL Foundation to meet the annual operational expenses of the Texas Silver-Haired Legislature;
3. To increase the value of the funds and property in order to improve, expand, and provide for greater training opportunities for members of the Texas Silver-Haired Legislature, so that they may better understand and execute their legislative and policy-development duties and responsibilities.

Related Party of the Foundation

The Texas Silver-Haired Legislature (“TSHL”) was established in 1985 by the 69th Texas Legislature. The elected members of the TSHL met for the first time for a training session in July 1986. This nonpartisan and non-profit organization is composed of 116 representatives elected to two-year terms by Texans over 60 years of age. The Texas Silver-Haired Legislature strives to promote good government for all Texans by directly involving Senior citizens in the legislative process. TSHL provides a nonpartisan forum for discussion and debate of Senior citizen issues, advocacy training and an avenue through which older citizens may serve as a resource to both public and private sectors. TSHL is a volunteer, unpaid, member driven organization that is supported by the TSHL Foundation.

The programs of TSHL supported by the Foundation included: (1) Publications such as a quarterly newsletter, a bi-annual directory, and internet training projects, and (2) TSHL Meetings including the 15th Texas Silver-Haired Legislature General Session and other membership meetings.

TEXAS SILVER-HAIRED LEGISLATURE FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Contributions received are recorded as unrestricted, temporarily restricted and permanently restricted support depending on the existence or nature of donor stipulations. Contributions whose restrictions are met in the same period they are received are classified as unrestricted contributions.

Directory revenue is recognized as deferred revenue until the directory is published in order to match the revenue with the expenses. Accounts receivable are determined to be collectible and accordingly, no allowance for doubtful accounts has been accrued.

Classification of Net Assets

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

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations which expire when the stipulated purpose for which the resource was restricted has been fulfilled.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. The Foundation had no permanently restricted net assets as of December 31, 2013.

Cash and Equivalents

For the purpose of the statements of cash flows, the Foundation considers cash and highly liquid investments with maturities of three months or less when purchased to be cash equivalents, unless designated for investment purposes.

Property and Equipment

Property and equipment are recorded at cost or at estimated fair value at the date of the donation. The Foundation capitalizes all asset purchases of \$500 or more with an estimated useful life of one year or longer. Depreciation is calculated using the straight-line method over estimated useful lives of the assets, generally five years.

Federal Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3).

TEXAS SILVER-HAIRED LEGISLATURE FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2013

Functional Accounting

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or that relate to a specific source of revenue are allocated directly to that program. The Foundation is run by volunteers so that virtually all costs are related to program services.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions 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.

Credit Risk

Financial instruments which potentially subject the Foundation to credit risk consist of cash and cash equivalents, accounts receivable, and investments. The Foundation's deposits did not exceed the federal depository insurance limits as of December 31, 2013. The Foundation does not require collateral prior to issuing credit for receivables. 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 near-term could materially affect the amounts reported in the statement of financial position.

3. Fair Value Measurements and Disclosures

The requirements of *Fair Value Measurements and Disclosures* of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement is the same in both cases – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (an exit price). *Fair Value Measurements and Disclosures* also establish a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

TEXAS SILVER-HAIRED LEGISLATURE FOUNDATION
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December 31, 2013

- Level 2 Inputs – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 Inputs – Unobservable inputs for the asset or liability.

At December 31, 2013, the Foundation’s investments were valued as follows:

Description	2013	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Mutual funds:				
Alger Instl Fd Small Cap	\$ 11,189	\$11,189	-	-
American Century Mut Fds - Growth	\$ 19,435	\$19,435	-	-
Cohen & Steers Rlty Shares	\$ 6,713	\$6,713	-	-
Eaton Vance Ser II Income Fund	\$ 21,761	\$21,761	-	-
Fidelity Emerging Markets	\$ 6,882	\$6,882	-	-
Goldman Sachs Treasury SI Fund	\$ 14,377	\$14,377	-	-
Goldman Sachs Treasury Sq Fund	\$ 2,264	\$2,264	-	-
Harbor Cap Appreciation Fund	\$ 31,586	\$31,586	-	-
Janus Small Cap Value Fund	\$ 11,636	\$11,636	-	-
Artio Global Aberdeen Bond Fund	\$ 10,670	\$10,670	-	-
MFS Value Fund	\$ 39,046	\$39,046	-	-
Metropolitaton West Bond Fund	\$ 43,065	\$43,065	-	-
Munder Midcap Core Growth	\$ 11,561	\$11,561	-	-
Davis New York Venture Fund	\$ 19,501	\$19,501	-	-
Wells Fargo Emerging Mkt Eq Fund	\$ 14,032	\$14,032	-	-
Oppenheimer Sr Floating Rate Fund	\$ 7,134	\$7,134	-	-
Oppenheimer Int'l Bond Fund	\$ 18,036	\$18,036	-	-
Virtus Emerging Markets Fund	\$ 7,434	\$7,434	-	-
Pimco Funds Total Return Fund	\$ 35,792	\$35,792	-	-
Pimco Funds Commodity Return	\$ 6,909	\$6,909	-	-
T Rowe Price Mid Cap Value Fund	\$ 11,533	\$11,533	-	-
Thornburg Int'l Value Fund	\$ 18,724	\$18,724	-	-
Total mutual fund investments	369,280	\$369,280	-	-
Cost basis of investments	\$ 318,994			
Unrealized gain on investments (cumulative)	\$ 50,286			

The fair value of the Foundation’s cash and cash equivalents, prepaid expenses, and deferred income approximate the carrying amounts of such instruments due to their short maturity.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2013

4. Investments

The following is a summary of investment activity for the year ended December 31, 2013.

Investments at beginning of year	\$ 332,344
Deposits	-
Investment fees	(4,920)
Dividends and interest reinvested	14,895
Realized gains (losses)	3,580
Unrealized gains (losses)	<u>23,381</u>
Investments at end of year	<u>\$ 369,280</u>

5. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. Management evaluated subsequent events through the issuance date of the accountants' report, April 21, 2014, and there were no subsequent events to be disclosed.