

TEXAS SILVER-HAIRED LEGISLATURE  
FOUNDATION  
(A Nonprofit Corporation)

INDEPENDENT ACCOUNTANTS'  
REVIEW REPORT  
AND  
FINANCIAL STATEMENTS

December 31, 2012

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(A Nonprofit Corporation)

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Texas Silver-Haired Legislature Foundation  
Austin, Texas

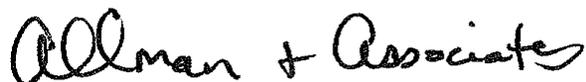
We have reviewed the accompanying statement of financial position of the Texas Silver-Haired Legislative Foundation (a nonprofit corporation) as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended.

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.



Austin, Texas  
May 20, 2013

TEXAS SILVER-HAIRED LEGISLATURE FOUNDATION  
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

As of December 31, 2012

<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 37,756
Investments	332,344
Prepaid Expenses	<u>2,800</u>
Total Current Assets	<u>372,900</u>
Property and Equipment, net of accumulated depreciation	<u>-</u>
Total Assets	<u><u>\$ 372,900</u></u>
<b>Liabilities and Net Assets</b>	
Total Liabilities	<u>\$ -</u>
Net Assets:	
Unrestricted Net Assets	\$ 372,900
Temporarily Restricted Net Assets	-
Permanently Restricted Net Assets	<u>-</u>
Total Net Assets	<u>372,900</u>
Total Liabilities and Net Assets	<u><u>\$ 372,900</u></u>

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

TEXAS SILVER-HAIRED LEGISLATURE FOUNDATION  
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

Unrestricted Net Assets -

Revenues:

TSHL Meeting income	\$	23,442
Directory Ad income		51,925
Investment income		37,553
Sub-total		<u>112,920</u>

Released from restrictions		<u>-</u>
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Total Revenues		<u>112,920</u>
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Expenses

Program Services		
TSHL Meetings		39,695
Publications		24,807
Total Program Services		<u>64,502</u>

Management and general		<u>3,088</u>
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Total expenses		<u>67,590</u>
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Change in unrestricted net assets		45,330
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Net assets, beginning of the year		<u>327,570</u>
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Net assets, end of year	\$	<u><u>372,900</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, 2012

Expense Category	Program Services		General & Administrative	Totals
	Meetings	Publications		
Conferences & meetings	\$ 36,072	\$ -	\$ -	\$ 36,072
Directory	-	21,184	-	21,184
Professional fees	1,208	1,207	1,208	3,623
Investment management	1,527	1,527	1,527	4,581
Insurance	353	353	353	1,059
Office expenses	535	536	-	1,071
Totals	\$ 39,695	\$ 24,807	\$ 3,088	\$ 67,590

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, 2012

Cash Flows From Operating Activities	
Increase (decrease) in net assets	\$ 45,330
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	-
Unrealized (gains) loss on investments	(18,272)
Decrease (increase) in:	
Prepaid Expenses	(2,800)
Increase (decrease) in:	
Deferred publication income	<u>(8,865)</u>
Net Cash Provided by Operating Activities	<u>15,393</u>
Cash Flows From Investing Activities:	
Proceeds from sale of investments	40,518
Purchases of investments	(50,738)
Investment management fees	<u>(4,581)</u>
Net Cash Provided by Investing Activities	<u>(14,801)</u>
Net Cash Provided (Used) by Financing Activities	<u>-</u>
Net Increase (Decrease) in Cash	592
Cash, beginning of the year	<u>37,164</u>
Cash, end of the year	<u><u>\$ 37,756</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, 2012

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 69<sup>th</sup> 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 bi-monthly newsletter, a bi-annual directory, and internet training projects, and (2) TSHL Meetings including the 12<sup>th</sup> 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, 2012

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.

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, 2012.

**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.

**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, 2012

**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, 2012. 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 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. The standard establishes a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

TEXAS SILVER-HAIRED LEGISLATURE FOUNDATION  
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NOTES TO FINANCIAL STATEMENTS

December 31, 2012

At December 31, 2012, the Foundation's investments were valued as follows:

Description	2012	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Mutual funds:				
Alger Instl Fd Small Cap	\$ 9,982	\$9,982	-	-
American Century Diversified Bond	\$ 16,144	\$16,144	-	-
American Century Diversified Bond	\$ 35,830	\$35,830	-	-
Cohen & Steers Rlty Shares	\$ 6,512	\$6,512	-	-
Eaton Vance Income Fund	\$ 20,266	\$20,266	-	-
Fidelity Emerging Markets	\$ 6,830	\$6,830	-	-
Goldman Sachs Treasury Fund	\$ 2,063	\$2,063	-	-
Harbor Fund Cap Appreciation	\$ 22,945	\$22,945	-	-
Janus Small Cap Value Fund	\$ 10,124	\$10,124	-	-
MFS Value Fund	\$ 30,071	\$30,071	-	-
Metropolitaton West Bond Fund	\$ 40,060	\$40,060	-	-
Munder Midcap Core Growth	\$ 10,048	\$10,048	-	-
Davis New York Venture Fund	\$ 16,672	\$16,672	-	-
Oppenheimer Int'l Bond Fund	\$ 16,868	\$16,868	-	-
Virtus Emerging Markets	\$ 20,941	\$20,941	-	-
Pimco Funds Total Return Fund	\$ 33,063	\$33,063	-	-
Pimco Funds Commodity Return	\$ 6,327	\$6,327	-	-
T Rowe Price Mid Cap Value Fund	\$ 10,214	\$10,214	-	-
Thornburg Int'l Value Fund	\$ 17,385	\$17,385	-	-
Total mutual fund investments	332,344	\$332,344	-	-
Cost basis of investments	\$ 304,557			
Unrealized gain on investments (cumulative)	\$ 27,787			

The fair value of the Foundation's cash and cash equivalents, accounts receivable, and accounts payable approximate the carrying amounts of such instruments due to their short maturity.

TEXAS SILVER-HAIRED LEGISLATURE FOUNDATION  
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NOTES TO FINANCIAL STATEMENTS

December 31, 2012

4. Investments

The following is a summary of investment activity for the year ended December 31, 2012.

Investments at beginning of year	\$ 299,271
Deposits	106
Investment fees	(4,581)
Dividends and interest reinvested	16,547
Realized gains (losses)	2,729
Unrealized gains (losses)	<u>18,272</u>
Investments at end of year	<u>\$ 332,344</u>

5. Property and Equipment

Major classes of property and equipment at December 31, 2012 consisted of the following:

Computer equipment	\$ 4,721
Less accumulated depreciation	<u>(4,721)</u>
Property and equipment, net	<u>\$ -</u>

6. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. We have evaluated subsequent events through the issuance date of the accountants' report, May 20, 2013, and there were no subsequent events to be disclosed.