



Interlochen Center for the Arts

Financial Statements

Years Ended May 31, 2013 and 2012

Interlochen Center for the Arts

Financial Statements
Years Ended May 31, 2013 and 2012

Interlochen Center for the Arts

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Independent Auditor's Report

Board of Trustees
Interlochen Center for the Arts
Interlochen, Michigan

We have audited the accompanying financial statements of Interlochen Center for the Arts, which comprise the statement of financial position as of May 31, 2013, and the related statements of activities and changes in net assets and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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 Interlochen Center for the Arts as of May 31, 2013, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2012 financial statements of Interlochen Center for the Arts were audited by other auditors, whose report dated July 9, 2012 expressed an unmodified opinion on those statements.

BDO USA, LLP

July 15, 2013

Financial Statements

Interlochen Center for the Arts

Statements of Financial Position

<i>May 31,</i>	2013	2012
Assets		
Cash and cash equivalents	\$ 13,560,437	\$ 9,215,265
Investments (Note 2)	88,650,640	73,741,773
Accounts receivable, net of allowance of \$1,204,000 in 2013 and \$917,000 in 2012	66,822	246,556
Gifts receivable (Note 3)	843,213	1,843,551
Prepaid expenses and other receivables	1,019,842	691,329
Inventories	982,480	994,130
Land, buildings and equipment, net (Note 4)	40,376,967	40,554,435
Other assets	1,466,074	1,418,625
Total Assets	\$ 146,966,475	\$ 128,705,664
Liabilities and Net Assets		
Liabilities		
Accounts payable - trade	\$ 427,259	\$ 389,603
Accrued liabilities	3,298,511	3,023,486
Tuition deposits and other	9,710,902	9,695,505
Annuities payable (Note 9)	721,105	754,195
Bonds payable (Note 5)	26,300,000	26,300,000
Total Liabilities	40,457,777	40,162,789
Net Assets		
Unrestricted	73,387,315	62,618,588
Temporarily restricted	7,993,697	3,270,153
Permanently restricted	25,127,686	22,654,134
Total Net Assets	106,508,698	88,542,875
Total Liabilities and Net Assets	\$ 146,966,475	\$ 128,705,664

See accompanying independent auditor's report and notes to financial statements.

Interlochen Center for the Arts

Statements of Activities and Changes in Net Assets

<i>Year ended May 31,</i>	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Additions								
Gross tuition and student fees	\$ 34,741,567	\$ -	\$ -	\$ 34,741,567	\$ 34,262,014	\$ -	\$ -	\$ 34,262,014
Assets released from restrictions:								
Operating item:								
Financial aid	2,927,978	(2,927,978)	-	-	2,766,362	(2,766,362)	-	-
Less financial aid grants	(10,483,721)	-	-	(10,483,721)	(10,909,095)	-	-	(10,909,095)
Net tuition and student fees	27,185,824	(2,927,978)	-	24,257,846	26,119,281	(2,766,362)	-	23,352,919
Ticket sales	2,197,068	-	-	2,197,068	2,031,834	-	-	2,031,834
Lodging	1,138,853	-	-	1,138,853	1,086,191	-	-	1,086,191
Retail sales	1,679,904	-	-	1,679,904	1,819,893	-	-	1,819,893
Contributions and grants	2,733,357	5,760,341	2,433,382	10,927,080	1,732,933	3,726,026	1,356,757	6,815,716
Net gain of investments, net of fees of \$289,000 in 2013 and \$269,000 in 2012	10,776,762	3,179,023	-	13,955,785	(2,964,810)	(730,326)	-	(3,695,136)
Assets released from (for) restrictions:								
Operating item:								
Cost of operations and general and administrative	672,830	(672,830)	-	-	926,098	(926,098)	-	-
Other revenues	731,919	37,727	-	769,646	617,719	44,817	-	662,536
Total revenues and other additions	47,116,517	5,376,283	2,433,382	54,926,182	31,369,139	(651,943)	1,356,757	32,073,953
Cost of Goods and Services								
Artist fees	1,266,967	-	-	1,266,967	1,095,645	-	-	1,095,645
Cost of goods sold	851,708	-	-	851,708	961,335	-	-	961,335
Total cost of goods and services	2,118,675	-	-	2,118,675	2,056,980	-	-	2,056,980
Cost of Operations								
Salaries, wages and benefits	23,310,622	-	-	23,310,622	21,659,991	-	-	21,659,991
Food costs	1,240,664	-	-	1,240,664	1,287,063	-	-	1,287,063
Contracted services	863,020	-	-	863,020	799,850	-	-	799,850
Supplies	1,964,444	-	-	1,964,444	2,038,501	-	-	2,038,501
Repairs and maintenance	867,390	-	-	867,390	805,762	-	-	805,762
Lease and rental	269,526	-	-	269,526	314,027	-	-	314,027
Utilities	777,215	-	-	777,215	740,767	-	-	740,767
Insurance	254,370	-	-	254,370	251,526	-	-	251,526
Telephone and postage	361,215	-	-	361,215	390,730	-	-	390,730
Other operational	243,689	-	-	243,689	318,815	-	-	318,815
Total cost of operations	30,152,155	-	-	30,152,155	28,607,032	-	-	28,607,032

Interlochen Center for the Arts
Statements of Activities and Changes in Net Assets

<i>Year ended May 31,</i>	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
General and Administrative								
Marketing	\$ 739,672	\$ -	\$ -	\$ 739,672	\$ 761,594	\$ -	\$ -	\$ 761,594
Travel and entertainment	874,614	-	-	874,614	1,233,031	-	-	1,233,031
Professional services	900,632	-	-	900,632	473,105	-	-	473,105
Interest	68,723	-	-	68,723	29,334	-	-	29,334
Other	322,065	-	-	322,065	254,977	-	-	254,977
Total general and administrative	2,905,706	-	-	2,905,706	2,752,041	-	-	2,752,041
Total expenses before depreciation (Note 7)	35,176,536	-	-	35,176,536	33,416,053	-	-	33,416,053
Increase (decrease) in net assets before depreciation and nonoperating items	11,939,981	5,376,283	2,433,382	19,749,646	(2,046,914)	(651,943)	1,356,757	(1,342,100)
Depreciation Expense (Note 7)	1,783,823	-	-	1,783,823	1,810,080	-	-	1,810,080
Assets Released From Restrictions/Transfers								
Nonoperating items:								
Capital and other	612,569	(652,739)	40,170	-	1,215,965	(1,349,638)	133,673	-
Net Increase (Decrease) in Net Assets	10,768,727	4,723,544	2,473,552	17,965,823	(2,641,029)	(2,001,581)	1,490,430	(3,152,180)
Net Assets, beginning of year	62,618,588	3,270,153	22,654,134	88,542,875	65,259,617	5,271,734	21,163,704	91,695,055
Net Assets, end of year	\$ 73,387,315	\$ 7,993,697	\$ 25,127,686	\$ 106,508,698	\$ 62,618,588	\$ 3,270,153	\$ 22,654,134	\$ 88,542,875

See accompanying independent auditor's report and notes to financial statements.

Interlochen Center for the Arts

Statements of Cash Flows

<i>Year ended May 31,</i>	2013	2012
Cash Flows From (for) Operating Activities		
Net increase (decrease) in net assets	\$ 17,965,823	\$ (3,152,180)
Adjustments to reconcile net increase (decrease) in net assets to net cash from (for) operating activities:		
Depreciation and amortization	1,794,538	1,820,795
Net change in realized and unrealized (gain) loss on investments	(11,932,353)	5,254,494
Bad debt expense	286,498	60,818
Decrease (increase) in gifts and accounts receivable	893,574	(98,814)
Decrease in inventories	11,650	117,749
Increase in prepaid expenses and other receivables	(328,513)	(35,427)
Increase in other assets	(58,164)	(20,006)
Increase (decrease) in accounts payable	37,656	(395,735)
Increase in accrued liabilities	275,025	428,890
Increase in tuition deposits and other	15,397	340,895
Restricted contributions	(8,193,723)	(4,944,811)
Net cash from (for) operating activities	767,408	(623,332)
Cash Flows for Investing Activities		
Property additions	(1,606,355)	(1,856,740)
Purchase of assets restricted to investment in property and equipment	-	(137,972)
Purchases of investments	(2,976,514)	(6,078,347)
Net cash for investing activities	(4,582,869)	(8,073,059)
Cash Flows From (for) Financing Activities		
Proceeds from restricted contributions	8,193,723	4,944,811
Contributions restricted for purchasing equipment	-	137,972
Proceeds from contributions of annuity agreements	87,185	161,777
Payments on annuity agreements	(120,275)	(116,085)
Net cash from financing activities	8,160,633	5,128,475
Net Increase (Decrease) in Cash and Cash Equivalents	4,345,172	(3,567,916)
Cash and Cash Equivalents, beginning of year	9,215,265	12,783,181
Cash and Cash Equivalents, end of year	\$ 13,560,437	\$ 9,215,265
Supplemental Disclosure of Cash Flow Information		
Interest paid during the year	\$ 68,723	\$ 29,334

See accompanying independent auditor's report and notes to financial statements.

Interlochen Center for the Arts

Notes to Financial Statements

1. Nature of Organization and Significant Accounting Policies

Organization and Purpose

Interlochen Center for the Arts (the Center) is a nonprofit organization which operates a summer arts education camp with enrollment of approximately 2,500 students, a co-educational boarding school with enrollment of approximately 475 students, and two 24-hour listener-supported public radio stations (classic music and news). Instruction is geared for the advancement of dance, music, visual arts, theatre, motion picture arts, comparative arts and creative writing.

On January 23, 2009, the Canada Revenue Agency approved the registration of Canadian Friends of Interlochen (CFI) as a tax-exempt, registered charity under paragraph 149(1)(f) of the Canadian Income Tax Act. The purpose of CFI is to advance education by enhancing the learning experience of the students attending the Center by providing scholarships and awards. CFI's fiscal year-end is May 31. During the fiscal years ended May 31, 2013 and 2012, CFI's activity was insignificant. CFI had total assets of C\$19,972 and C\$8,485 as of May 31, 2013 and 2012, respectively. CFI had total net assets of C\$19,972 and C\$8,060 as of May 31, 2013 and 2012, respectively. CFI has not been consolidated with the Center for the Center's financial statements as of and for the years ended May 31, 2013 and 2012.

Basis of Presentation

The Center prepares its financial statements on the accrual basis of accounting and in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP).

Fund Classifications

Unrestricted Net Assets: Unrestricted net assets are used to account for transactions related to the fine arts and academic programs as determined by the Board of Trustees and carried out by the administration.

Temporarily Restricted Net Assets: Temporarily restricted net assets are used to account for transactions related to scholarships, donor-restricted contributions related to fine arts and academic programs, income from endowment contributions which can only be expended as stipulated by the donor, and contributions and grants that are unexpended related to land, building and equipment.

Permanently Restricted Net Assets: Endowment funds result from contributed assets which have donor-imposed restrictions which do not expire. The principal of these funds is permanently maintained.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Interlochen Center for the Arts

Notes to Financial Statements

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, money market funds, and short-term investments with original maturities of three months or less.

Concentration of Credit Risk Arising From Deposit Accounts

The Center maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Additionally, the Center maintains a money market mutual fund account that is insured by the Securities Investors Protection Corporation (SIPC) up to \$500,000. In addition to the SIPC limit, the money market mutual fund account is insured by other insurers. The Center evaluates the financial institutions with which it deposits funds; however, it is not practical to insure all cash deposits.

Investments

The Center records all investments in equity securities with readily determinable fair values and all investments in debt securities at fair value. Gains or losses on investments are reported in the statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Alternative investments that do not have readily determinable market values as of May 31 are valued by the fund managers. Because of the inherent uncertainty of valuations in the absence of a highly liquid market, alternative investments' estimated values may differ materially from the values that would have been used if a ready market for the securities existed.

Accounts Receivable

The Center records accounts receivable at net collectible value. Management reviews all the individual student accounts receivable as of May 31, and establishes an allowance for doubtful accounts based on specific assessment of each account as necessary. All amounts deemed uncollectible are charged against income for that school year.

Inventories

Inventories of maintenance and operating supplies and merchandise are stated on the basis of the lower of cost (first-in, first-out method) or market.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost or, if donated, at market value at the date of donation and, excluding land, are depreciated over their estimated useful lives using the straight-line depreciation method. Estimated useful lives used for depreciation are 20 years for land improvements, 20-45 years for buildings, and 3-20 years for furniture and equipment. Costs of construction in progress are transferred to the applicable property and equipment category once the construction is complete.

Interlochen Center for the Arts

Notes to Financial Statements

Other Assets

Other assets include deferred financing costs of \$225,006 and \$235,721 as of May 31, 2013 and 2012, respectively, which are being straight-line amortized over the life of the Center's Variable Rate Demand Revenue and Revenue Refunding Bonds, Series 2004 (the Series 2004 Bonds). Amortization expense was \$10,715 as of May 31, 2013 and 2012. Other assets also include broadcasting licenses for three FM stations as follows:

<i>May 31,</i>	2013	2012
Broadcasting Licenses		
88.5 MHz - Mackinaw City, Michigan	\$ 496,600	\$ 496,600
89.7 MHz - Manistee, Michigan	215,065	215,065
90.1 MHz - Harbor Springs, Michigan	282,513	282,513
Total Broadcasting Licenses	\$ 994,178	\$ 994,178

In accordance with accounting standards for goodwill and other intangible assets, the broadcasting licenses have an indefinite useful life. The Center tests the broadcasting licenses for impairment annually, or more frequently if events or changes in circumstances indicate a possibility of impairment.

Tuition Deposits and Other

All tuition deposits relating to the summer arts and education camp were deferred at May 31, 2013 and 2012.

Contributions, and Grant and Gifts Receivable

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently 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 restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities and changes in the net assets as net assets released from restrictions. Unrestricted contributions and donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

Revenue Recognition

Tuition and student fees and other revenue are recognized ratably over the applicable enrollment period or as earned.

Income Tax Status

The Center is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Center is subject to unrelated business income tax (UBIT). Annually, the Center pays an insignificant amount of UBIT. The Center believes it is no longer subject to examinations prior to June 1, 2009.

Interlochen Center for the Arts

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions 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.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including July 15, 2013, the date the financial statements were available to be issued.

2. Investments

A summary of investments at market value, based on quoted market prices or current estimated fair value if considered a non-marketable security, held by the Center as of May 31, 2013 and 2012 is as follows:

	2013	2012
Mutual funds		
Fixed income	\$ 15,235,469	\$ 14,247,619
Equity securities	59,964,491	49,311,881
Real estate	-	1,521,320
Commodities	4,607,799	2,831,918
Money market	4,852,367	3,024,177
Private equity	3,990,514	2,804,858
Total Investments	\$ 88,650,640	\$ 73,741,773

Net gain of investments of \$13,955,785 in 2013 represents \$2,023,432 of interest and dividends, \$3,323,299 of net realized gains on investments, and \$8,609,054 of net unrealized gains on investments.

Net loss of investments of \$3,695,136 in 2012 represents \$1,559,088 of interest and dividends, \$1,587,218 of net realized gains on investments, and \$6,841,442 of net unrealized losses on investments.

No significant investments with unrealized losses have been in a continuous loss position for 12 months or longer.

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

Interlochen Center for the Arts

Notes to Financial Statements

3. Gifts Receivable

The Center has received unconditional promises from donors to make contributions to the Center. The contributions as of May 31, 2013 and 2012 are to be received as follows:

	2013	2012
Receivable in less than one year	\$ 163,068	\$ 1,030,333
Receivable in one to five years	224,675	239,013
Receivable in more than five years	483,550	609,591
Less present value discount	(28,080)	(35,386)
Net Contributions Receivable	\$ 843,213	\$ 1,843,551

The Center had no allowance for uncollectible promises receivable as of May 31, 2013 and 2012. The Center calculated the present value of future cash flows using the applicable U.S. Treasury Rate at the time the gift receivable was recorded.

4. Land, Buildings and Equipment

Land, buildings and equipment as of May 31, 2013 and 2012 are summarized by major classification as follows:

	2013	2012
Land	\$ 480,181	\$ 480,181
Land improvements	3,041,591	2,982,835
Buildings	55,841,024	54,621,837
Furniture and equipment	20,880,541	20,614,371
Construction in progress	99,248	37,006
	80,342,585	78,736,230
Less accumulated depreciation	(39,965,618)	(38,181,795)
Net Land, Buildings and Equipment	\$ 40,376,967	\$ 40,554,435

5. Bonds Payable

Bonds payable at May 31, 2013 and 2012 consist of the following:

	2013	2012
Tax-exempt, Economic Development Bonds issued through the Township of Green Lake, Michigan; interest at a variable rate (between 0.04% and 0.24% during fiscal 2013) with final maturity June 2034.	\$ 26,300,000	\$ 26,300,000

Interlochen Center for the Arts

Notes to Financial Statements

Under the terms of the Series 2004 Bonds agreement, the Center must maintain an irrevocable letter of credit to secure the payment of the principal amount of the bonds, plus 35 days' accrued interest thereon. The existing letter of credit, in the amount of \$26,552,192 (outstanding principal plus 35 days' interest at 10%), expires in September 2014. The agreement contains certain financial covenants, an asset maintenance ratio and debt service coverage ratio.

Under the terms of the indenture and related agreements, bondholders have the option to redeem or put the bonds when the interest rate is reset daily. If the remarketing agent cannot remarket the bonds, the trustee would draw on the letter of credit to pay those bondholders exercising their option. The Center is required to repay the interest on the amount drawn under the letter of credit monthly at the agent's prime rate, an effective rate of 3.25% at May 31, 2013. The principal amount drawn on the letter of credit is due within 180 days.

Due to the remarketing agreement, it is possible, but not expected, that all of the outstanding debt would be current if these bonds are not able to be remarketed.

The Center secured a \$3,000,000 line of credit in September 2011 that expires in September 2014. As of May 31, 2013, the Center had not drawn against the line of credit. The Center has two options for the interest rate on the line of credit. At the time the line is drawn upon, the Center's management may select the London Interbank Offered Rate (LIBOR) for a term of thirty, sixty, or ninety days plus one hundred basis points or the base rate plus one hundred basis points. The base rate is the greatest of the prime rate, federal funds rate plus fifty basis points and LIBOR plus one hundred basis points.

6. Retirement Plan

The Center has a defined contribution retirement plan for all eligible employees. Employer contributions are based upon a percentage of employee compensation for the year, and costs accrued under the plan are funded to a trust on a current basis. Expenses under the plan for the years ended May 31, 2013 and 2012 were \$1,353,275 and \$1,159,841, respectively, net of forfeitures.

7. Functional Expenses

The Center's department classification is the basis for allocating costs among the functional classifications. The method used is considered reasonable; however, other methods could produce different results.

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Interlochen Center for the Arts

Notes to Financial Statements

Expenses incurred in functional areas for the years ended May 31, 2013 and 2012 include allocations of certain common expenses and are as follows:

	2013	2012
Program Expenses		
Education programs and services	\$ 12,960,718	\$ 12,835,611
Media, presentation and regional program	3,741,158	3,514,857
Human and institutional resources	9,880,144	9,553,871
Finance and institutional effectiveness	2,782,379	2,647,461
Total program expenses	29,364,399	28,551,800
Support Services		
Fundraising	1,587,837	1,471,932
Administration	6,008,123	5,202,401
Total support services	7,595,960	6,674,333
Total Functional Expenses	\$ 36,960,359	\$ 35,226,133

8. Contingencies

From time to time, the Center is party to various lawsuits and claims arising out of the normal conduct of its business. In the opinion of management, the financial position of the Center will not be materially affected by the final outcome of these legal proceedings.

9. Annuities Payable

The Center sponsors a program in which donors may transfer assets to the Center for the right to receive a predetermined return during their lifetimes (an annuity). Based upon the terms of each annuity agreement, the Center determines its liability under the agreement using the estimated present value of future payments to the annuitant. Such future payments are determined utilizing the life expectancy of the annuitant (based on 90CM Table for Males & Females) and the interest rate (discount rate), the applicable federal mid-term rate for U.S. Treasury Bills, in effect (2.2% at May 31, 2013). The Center records the proceeds received in excess of the annuity payable as a charitable contribution, and such amounts totaled \$0 and \$32,348 for the years ended May 31, 2013 and 2012, respectively. At May 31, 2013 and 2012, the Center recorded \$721,105 and \$754,195, respectively, in annuities payable relating to such program.

10. Endowment

The Center's endowment includes both donor-restricted endowment funds and funds designated by the Center's management to function as endowments. Net assets associated with endowment funds, including funds designated by management to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interlochen Center for the Arts

Notes to Financial Statements

Interpretation of Relevant Law

The Board of Trustees of the Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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, the Center 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 the Center in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Center and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Center.
7. The investment policies of the Center.

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Interlochen Center for the Arts

Notes to Financial Statements

The composition of endowment net assets by type of fund as of May 31, 2013 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	\$ (353,670)	\$ 4,386,870	\$ 25,127,686	\$ 29,160,886
Board-designated quasi endowment	46,874,128	-	-	46,874,128
Total Funds	\$ 46,520,458	\$ 4,386,870	\$ 25,127,686	\$ 76,035,014

The changes in endowment net assets for the fiscal year ended May 31, 2013 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, beginning of year	\$ 39,076,217	\$ 1,179,967	\$ 22,654,134	\$ 62,910,318
Investment Return				
Interest and dividends	1,166,211	419,293	-	1,585,504
Net appreciation of investments	6,877,248	2,472,610	-	9,349,858
Net investment return	8,043,459	2,891,903	-	10,935,362
Other Changes				
Transfers	-	981,653	40,170	1,021,823
Annuity changes	70,123	-	-	70,123
Transfers to create Board- designated endowment funds	1,543,197	-	-	1,543,197
Total other changes	1,613,320	981,653	40,170	2,635,143
Contributions	431,591	-	2,433,382	2,864,973
Appropriation of Endowment Assets for Expenditures	(2,644,129)	(666,653)	-	(3,310,782)
Endowment Net Assets, end of year	\$ 46,520,458	\$ 4,386,870	\$ 25,127,686	\$ 76,035,014

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Interlochen Center for the Arts

Notes to Financial Statements

The composition of endowment net assets by type of fund as of May 31, 2012 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment	\$ (1,238,821)	\$ 1,179,967	\$ 22,654,134	\$ 22,595,280
Board-designated quasi endowment	40,315,038	-	-	40,315,038
Total Funds	\$ 39,076,217	\$ 1,179,967	\$ 22,654,134	\$ 62,910,318

The changes in endowment net assets for the fiscal year ended May 31, 2012 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, beginning of year	\$ 42,438,891	\$ 2,335,771	\$ 21,163,704	\$ 65,938,366
Investment Return				
Interest and dividends	957,756	273,294	-	1,231,050
Net depreciation of investments	(3,227,697)	(921,017)	-	(4,148,714)
Net investment return	(2,269,941)	(647,723)	-	(2,917,664)
Other Changes				
Transfers	-	-	133,673	133,673
Annuity changes	(78,383)	-	-	(78,383)
Transfers to create Board-designated endowment funds	676,851	-	-	676,851
Total other changes	598,468	-	133,673	732,141
Contributions	-	-	1,356,757	1,356,757
Appropriation of Endowment Assets for Expenditures	(1,691,201)	(508,081)	-	(2,199,282)
Endowment Net Assets, end of year	\$ 39,076,217	\$ 1,179,967	\$ 22,654,134	\$ 62,910,318

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Center to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$353,670 and \$1,238,821 as of May 31, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations.

Interlochen Center for the Arts

Notes to Financial Statements

Return Objectives and Risk Parameters

The Center 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 returns that are large enough to preserve and enhance its real, inflation-adjusted purchasing power. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under these policies, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to achieve total returns that, over time, are better than the relevant market benchmarks.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Center 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). The Center targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy, and How the Investment Objectives Relate to Spending Policy

The Center has a policy of appropriating for distribution each year 4.5% of its endowment fund's average fair value over the prior three years. The spending policy calculation is performed as of the end of February preceding the fiscal year in which the distribution is planned. In establishing this policy, the Center considered the long-term expected return on its endowment. Accordingly, over the long term, the Center expects the current spending policy to allow its endowment to grow at a rate equivalent to or greater than inflation. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

11. Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The tables below present information about the Center's assets measured at fair value on a recurring basis at May 31, 2013 and 2012, and the valuation techniques used by the Center to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Center has the ability to access. The Center has investments that are valued using Level 1 inputs, which are obtained directly from investment statements prepared by the institution holding the investments.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Interlochen Center for the Arts

Notes to Financial Statements

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

Alternative investments characterized as Level 3 investments consist of private equity investments that are not publicly traded and do not have a readily determined market. As a result, the Center values the alternative investments at net asset value which is based on the most recent valuation statement from the fund, annual audit reports from the fund, and subsequent purchases and liquidations of the fund.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Center's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

	Balance at May 31, 2013	Level 1	Level 2	Level 3
Investments				
Money Market Mutual Funds	\$ 4,852,368	\$ 4,852,368	\$ -	-
U.S. Fixed Income, Core	7,342,929	7,342,929	-	-
U.S. Fixed Income, High Yield	4,709,909	4,709,909	-	-
Treasury Inflation Protected Securities	3,182,630	3,182,630	-	-
U.S. Equity, Large Growth	13,490,562	13,490,562	-	-
U.S. Equity, Large Value	13,389,811	13,389,811	-	-
U.S. Equity, Small Capitalization	2,070	2,070	-	-
International Equity, Developed	25,335,558	25,335,558	-	-
International Equity, Emerging	7,746,490	7,746,490	-	-
Commodities Securities	4,607,799	4,607,799	-	-
Private Equity	3,990,514	-	-	3,990,514
Total Investments	\$ 88,650,640	\$ 84,660,126	\$ -	\$ 3,990,514

	Balance at May 31, 2012	Level 1	Level 2	Level 3
Investments				
Money Market Mutual Funds	\$ 3,024,177	\$ 3,024,177	\$ -	-
U.S. Fixed Income, Core	7,026,415	7,026,415	-	-
U.S. Fixed Income, High Yield	3,982,746	3,982,746	-	-
Treasury Inflation Protected Securities	3,238,458	3,238,458	-	-
U.S. Equity, Large Growth	12,402,821	12,402,821	-	-
U.S. Equity, Large Value	10,461,580	10,461,580	-	-
U.S. Equity, Small Capitalization	1,881,875	1,881,875	-	-
International Equity, Developed	19,055,817	19,055,817	-	-
International Equity, Emerging	5,509,788	5,509,788	-	-
Real Estate Securities	1,521,320	1,521,320	-	-
Commodities Securities	2,831,918	2,831,918	-	-
Private Equity	2,804,858	-	-	2,804,858
Total Investments	\$ 73,741,773	\$ 70,936,915	\$ -	\$ 2,804,858

Interlochen Center for the Arts

Notes to Financial Statements

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets and liabilities. As a result, the unrealized gains and losses for these assets presented in the tables below may include changes in fair value that were attributable to both observable and unobservable inputs.

Changes in Level 3 assets measured at fair value on a recurring basis are as follows:

Balance, June 1, 2011	\$	2,044,146
Realized and unrealized losses, interest and dividends		125,920
Purchases		742,424
Sales		(107,632)
<hr/>		
Balance, May 31, 2012		2,804,858
Realized and unrealized losses, interest and dividends		151,671
Purchases		1,183,731
Sales		(149,746)
<hr/>		
Balance, May 31, 2013	\$	3,990,514

Investments in Entities That Calculate Net Asset Value Per Share

The Center holds shares or interests in an investment company at fiscal year-end where the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

At fiscal year-end, the fair value and unfunded commitments of this investment are as follows:

<i>May 31, 2013</i>	Fair Value	Unfunded Commitments
Buyout (a)	\$ 640,623	\$ 83,873
Venture (b)	473,692	73,303
Real estate (c)	291,654	43,859
Debt (d)	385,120	53,665
<hr/>		
Total	\$ 1,791,089	\$ 254,700
<hr/>		
<i>May 31, 2012</i>	Fair Value	Unfunded Commitments
Buyout (a)	\$ 499,594	\$ 163,226
Venture (b)	375,502	142,656
Real estate (c)	292,013	85,356
Debt (d)	382,722	104,439
<hr/>		
Total	\$ 1,549,831	\$ 495,677

Interlochen Center for the Arts

Notes to Financial Statements

According to the agreements for the private equity fund above, the Center is invested in a closed-end, illiquid private equity vehicle, and as such there is no redemption frequency. The duration of the private equity investments, including those that are measured at net asset value and those that are not, is expected to be approximately 8 to 12 years.

The private equity investments measured at net asset value above consists of a fund of funds that have a variety of underlying investments and investment strategies.

- (a) Buyout: Invest in more established companies that are in need of some repair or growth in order to boost returns. Generally, interests are purchased through some combination of preferred shares and debt. There are various investment opportunities in buyout, such as: "buy and build" (purchasing a foundation platform company and building a larger company through acquisitions), "spin-offs" (non-core divisions that split from a parent company), "ownership transitions" (families or sole proprietors selling businesses), and "recapitalizations" (public companies being taken private through the repurchase of all outstanding common shares of stock). In addition to needing an equity infusion, some companies need to change their capital structure to facilitate growth.
- (b) Venture: Invest in young companies with varying degrees of infrastructure, revenues and profits. Investments are typically made in cash through the purchase of preferred shares in the company. If the investment is in a concept alone, it is called "seed stage." Depending on the degree to which the product line is complete, management positions are fully staffed, revenues are being generated and/or profits are being made, the investments are referred to as "early stage" (very new companies, largely underdeveloped), "mid stage" (more infrastructure, but no profits), and "late stage" (sufficiently developed to possibly issue public stock or attract interest from a strategic buyer soon).
- (c) Real Estate: Provide capital to meet a number of different needs including new construction, renovation, or a change in property ownership or management. These investments may involve equity or debt. The major sub-sectors that comprise equity investments include the purchase of land (including timberland and farmland), the purchase of fully or partially leased commercial properties and the purchase of renovation properties (buying existing properties and upgrading them), as well as investments in new construction (called "development"). There are also investments that can be made on the debt side, including first mortgage lending, mezzanine lending, distressed lending (senior lending to troubled assets), and the purchase of real estate bank loans (pools of loans sold off by banks that want to lower the level of reserve capital that must be held against such loans).
- (d) Debt: Provide lending to companies that are being restructured or re-capitalized. Among debt funds, there are two major sub-sectors: mezzanine debt and distressed debt. Mezzanine funds initiate lending to companies of all sizes, both private and public. Mezzanine lenders have a subordinated claim on the underlying assets relative to senior lenders (banks, bondholders, etc.) and, in return, can charge a higher interest rate on the debt. Distressed debt funds can buy existing public and/or private debt of distressed companies. Distressed debt funds can be further broken down into two groups: (1) those where general partners take control of the distressed companies and work through the bankruptcy process to pick new managers and strategies for restructuring, and (2) those where general partners do not take control of these companies and instead focus on trading the distressed securities.

Supplementary Information



Independent Auditor's Report on Supplementary Information

Our audit of the financial statements included in the preceding section of this report was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA, LLP

July 15, 2013

Interlochen Center for the Arts

Statement of Financial Position Allocated by Fund

May 31, 2013	Unrestricted				Total Unrestricted	Temporarily Restricted					Total Temporarily Restricted	Permanently Restricted		Total	
	Operating Funds	Designated Restricted Funds	Designated Endowment Funds			Scholarship Funds	General Funds	Endowment Funds	Plant Funds	Agency Funds			Endowment Funds		
Assets															
Cash and cash equivalents	\$ 89,169	\$ 2,780,930	\$ 6,117,326	\$ 8,987,425	\$ 477,828	\$ 196,392	\$ 130,439	\$ 58,247	\$ 13,096	\$ 876,002	\$ 3,697,010	\$ 13,560,437			
Investments	3,473,269	16,955,776	39,919,581	60,348,626	3,109,761	1,170,201	851,214	1,662,130	78,032	6,871,338	21,430,676	88,650,640			
Accounts receivable, net of allowance of \$1,204,000	66,822	-	-	66,822	-	-	-	-	-	-	-	66,822			
Gifts receivable	22,177	-	483,551	505,728	-	-	-	337,485	-	337,485	-	843,213			
Prepaid expenses and other receivables	1,019,842	-	-	1,019,842	-	-	-	-	-	-	-	1,019,842			
Inventories	982,480	-	-	982,480	-	-	-	-	-	-	-	982,480			
Land, buildings and equipment, net	40,376,967	-	-	40,376,967	-	-	-	-	-	-	-	40,376,967			
Other assets	1,466,074	-	-	1,466,074	-	-	-	-	-	-	-	1,466,074			
Total Assets	\$ 47,496,800	\$ 19,736,706	\$ 46,520,458	\$ 113,753,964	\$ 3,587,589	\$ 1,366,593	\$ 981,653	\$ 2,057,862	\$ 91,128	\$ 8,084,825	\$ 25,127,686	\$ 146,966,475			
Liabilities and Net Assets															
Liabilities															
Accounts payable - trade	\$ 427,259	\$ -	\$ -	\$ 427,259	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 427,259			
Accrued liabilities	3,207,383	-	-	3,207,383	-	-	-	-	91,128	91,128	-	3,298,511			
Tuition deposits and other	9,710,902	-	-	9,710,902	-	-	-	-	-	-	-	9,710,902			
Annuities payable	721,105	-	-	721,105	-	-	-	-	-	-	-	721,105			
Bonds payable	26,300,000	-	-	26,300,000	-	-	-	-	-	-	-	26,300,000			
Total Liabilities	40,366,649	-	-	40,366,649	-	-	-	-	91,128	91,128	-	40,457,777			
Net Assets															
Unrestricted	7,130,151	19,736,706	46,520,458	73,387,315	-	-	-	-	-	-	-	73,387,315			
Temporarily restricted	-	-	-	-	3,587,589	1,366,593	981,653	2,057,862	-	7,993,697	-	7,993,697			
Permanently restricted	-	-	-	-	-	-	-	-	-	-	25,127,686	25,127,686			
Total Net Assets	7,130,151	19,736,706	46,520,458	73,387,315	3,587,589	1,366,593	981,653	2,057,862	-	7,993,697	25,127,686	106,508,698			
Total Liabilities and Net Assets	\$ 47,496,800	\$ 19,736,706	\$ 46,520,458	\$ 113,753,964	\$ 3,587,589	\$ 1,366,593	\$ 981,653	\$ 2,057,862	\$ 91,128	\$ 8,084,825	\$ 25,127,686	\$ 146,966,475			

See accompanying independent auditor's report on supplementary information.

Interlochen Center for the Arts

Schedule of Activities - Cost of Operations and General and Administrative Expenses Allocated by Fund

May 31, 2013	Unrestricted				Temporarily Restricted				Total		Permanently Restricted	Total
	Operating Funds	Designated Restricted Funds	Designated Endowment Funds	Total Unrestricted	Scholarship Funds	General Funds	Endowment Funds	Plant Funds	Temporarily Restricted	Endowment Funds		
Revenues and Other Additions												
Gross tuition and student fees	\$ 34,741,567	\$ -	\$ -	\$ 34,741,567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,741,567
Assets released from restrictions:												
Operating item:												
Financial aid	3,165,094	-	(237,116)	2,927,978	(2,918,026)	(9,952)	-	-	(2,927,978)	-	-	-
Less financial aid grants	(10,483,721)	-	-	(10,483,721)	-	-	-	-	-	-	-	(10,483,721)
Net tuition and student fees	27,422,940	-	(237,116)	27,185,824	(2,918,026)	(9,952)	-	-	(2,927,978)	-	-	24,257,846
Ticket sales	2,197,068	-	-	2,197,068	-	-	-	-	-	-	-	2,197,068
Lodging	1,138,853	-	-	1,138,853	-	-	-	-	-	-	-	1,138,853
Retail sales	1,679,904	-	-	1,679,904	-	-	-	-	-	-	-	1,679,904
Contributions and grants	1,359,928	941,838	431,591	2,733,357	2,420,532	439,638	-	2,900,171	5,760,341	2,433,382	-	10,927,080
Net gain of investments	-	2,733,303	8,043,459	10,776,762	2,891,903	210,213	-	76,907	3,179,023	-	-	13,955,785
Endowment allocation	1,108,048	-	-	1,108,048	(1,108,048)	-	-	-	(1,108,048)	-	-	-
Other revenues	637,764	24,031	70,123	731,918	-	22,449	-	15,279	37,728	-	-	769,646
Total revenues and other additions	35,544,505	3,699,172	8,308,057	47,551,734	1,286,361	662,348	-	2,992,357	4,941,066	2,433,382	-	54,926,182
Cost of Goods and Services												
Artist fees	1,187,529	25,841	-	1,213,370	-	53,597	-	-	53,597	-	-	1,266,967
Cost of goods sold	851,708	-	-	851,708	-	-	-	-	-	-	-	851,708
Total cost of goods and services	2,039,237	25,841	-	2,065,078	-	53,597	-	-	53,597	-	-	2,118,675
Cost of Operations												
Salaries, wages and benefits	22,353,797	37,199	698,103	23,089,099	-	221,523	-	-	221,523	-	-	23,310,622
Food costs	1,240,664	-	-	1,240,664	-	-	-	-	-	-	-	1,240,664
Contracted services	766,651	94,334	-	860,985	-	2,035	-	-	2,035	-	-	863,020
Supplies	1,241,915	570,908	-	1,812,823	-	47,046	-	104,575	151,621	-	-	1,964,444
Repairs and maintenance	811,781	51,908	-	863,689	-	3,701	-	-	3,701	-	-	867,390
Leases and rentals	201,710	5,727	-	207,437	-	61,595	-	494	62,089	-	-	269,526
Utilities	777,215	-	-	777,215	-	-	-	-	-	-	-	777,215
Insurance	252,770	1,600	-	254,370	-	-	-	-	-	-	-	254,370
Telephone and postage	360,916	299	-	361,215	-	-	-	-	-	-	-	361,215
Other operational	32,769	211,001	-	243,770	-	(812)	-	731	(81)	-	-	243,689
Total cost of operations	28,040,188	972,976	698,103	29,711,267	-	335,088	-	105,800	440,888	-	-	30,152,155

Interlochen Center for the Arts

Schedule of Activities - Cost of Operations and General and Administrative Expenses Allocated by Fund

May 31, 2013	Unrestricted				Temporarily Restricted					Permanently Restricted		Total
	Operating Funds	Designated Restricted Funds	Designated Endowment Funds	Total Unrestricted	Scholarship Funds	General Funds	Endowment Funds	Plant Funds	Total Temporarily Restricted	Endowment Funds		
General and Administrative												
Marketing	\$ 729,970	\$ (6,471)	\$ -	\$ 723,499	\$ -	\$ 16,173	\$ -	\$ -	\$ 16,173	\$ -	\$ -	\$ 739,672
Travel and entertainment	698,936	66,677	-	765,613	-	108,148	-	853	109,001	-	-	874,614
Professional services	373,505	497,932	-	871,437	-	4,940	-	24,255	29,195	-	-	900,632
Interest	-	68,723	-	68,723	-	-	-	-	-	-	-	68,723
Other	259,458	38,630	-	298,088	-	23,977	-	-	23,977	-	-	322,065
Total general and administrative	2,061,869	665,491	-	2,727,360	-	153,238	-	25,108	178,346	-	-	2,905,706
Total expenses before Board-designated expenditures and depreciation	32,141,294	1,664,308	698,103	34,503,705	-	541,923	-	130,908	672,831	-	-	35,176,536
Increase in net assets before Board-designated expenditures, depreciation and nonoperating items	3,403,211	2,034,864	7,609,954	13,048,029	1,286,361	120,425	-	2,861,449	4,268,235	2,433,382	-	19,749,646
Board-Designated Expenditures	220,172	(220,172)	-	-	-	-	-	-	-	-	-	-
Increase in net assets before depreciation and nonoperating items	3,183,039	2,255,036	7,609,954	13,048,029	1,286,361	120,425	-	2,861,449	4,268,235	2,433,382	-	19,749,646
Depreciation Expense	1,783,823	-	-	1,783,823	-	-	-	-	-	-	-	1,783,823
Assets Released From Restrictions/Transfers												
Nonoperating items - Capital and other	(2,088,401)	1,758,635	(165,713)	(495,479)	(53,156)	57,492	981,653	(530,680)	455,309	40,170	-	-
Net Increase (Decrease) in Net Assets	(689,185)	4,013,671	7,444,241	10,768,727	1,233,205	177,917	981,653	2,330,769	4,723,544	2,473,552	-	17,965,823
Net Assets, beginning of year	7,819,336	15,723,035	39,076,217	62,618,588	2,354,384	1,188,676	-	(272,907)	3,270,153	22,654,134	-	88,542,875
Net Assets, end of year	\$ 7,130,151	\$ 19,736,706	\$ 46,520,458	\$ 73,387,315	\$ 3,587,589	\$ 1,366,593	\$ 981,653	\$ 2,057,862	\$ 7,993,697	\$ 25,127,686	\$ -	\$ 106,508,698

See accompanying independent auditor's report on supplementary information.