LightHawk

Financial Statements

For the year ended December 31, 2014
With summarized financial information for the year ended December 31, 2013

Anton Collins Mitchell LLP
Accountants & Consultants

LIGHTHAWK

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Anton Collins Mitchell LLP
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Independent Auditor's Report

Lighthawk
Fort Collins, Colorado

We have audited the accompanying financial statements of Lighthawk (the "Organization"), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's 2013 financial statements, and, in our report dated July 21, 2014, we expressed an unqualified opinion on those 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 Lighthawk as of December 31, 2014, 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.

Anton Collins Mitchell LLP

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April 27, 2015

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LIGHTHAWK
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2013

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 914,185	$ 956,715
Current portion of unconditional promises to give	483,084	458,550
Prepaid expenses	72,289	73,056
Travel advances	7,229	1,008
Total current assets	1,476,787	1,489,329
PROPERTY AND EQUIPMENT:		
Aircraft	359,851	355,937
Less accumulated depreciation	(177,476)	(140,698)
Property and equipment, net	182,375	215,239
OTHER ASSETS:		
Investments	842,647	832,320
Unconditional promises to give, net of current portion	75,000	374,936
Total other assets	917,647	1,207,256
TOTAL ASSETS	$ 2,576,809	$ 2,911,824
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 16,775	$ 27,307
Accrued payroll	32,018	33,757
Accrued interest	94	219
Deferred revenue	-	26,667
Current portion long-term debt	25,000	25,000
Total current liabilities	73,887	112,950
LONG-TERM DEBT, NET OF CURRENT PORTION	-	25,000
TOTAL LIABILITIES	73,887	137,950
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted	1,039,707	1,111,929
Temporarily restricted	929,095	1,127,825
Permanently restricted	534,120	534,120
Total net assets	2,502,922	2,773,874
TOTAL LIABILITIES AND NET ASSETS	$ 2,576,809	$ 2,911,824

See accompanying notes to the financial statements.

LIGHTHAWK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014	Total 2013
SUPPORT AND REVENUE:					
Contributions	$ 585,300	$ 434,619	$ -	$ 1,019,919	$ 1,325,171
Donated services and materials	656,188	-	-	656,188	770,851
Investment income, net	-	31,288	-	31,288	115,554
Other revenue	121,779	-	-	121,779	14,723
Interest and dividends	559	-	-	559	1,746
Net assets released from restrictions	664,637	(664,637)	-	-	-
Total support and revenue	2,028,463	(198,730)	-	1,829,733	2,228,045
EXPENSES:					
Program services	1,686,989	-	-	1,686,989	1,705,290
General and administrative	157,877	-	-	157,877	144,765
Fundraising	255,819	-	-	255,819	167,341
Total expenses	2,100,685	-	-	2,100,685	2,017,396
CHANGE IN NET ASSETS	(72,222)	(198,730)	-	(270,952)	210,649
NET ASSETS, beginning of year	1,111,929	1,127,825	534,120	2,773,874	2,563,225
NET ASSETS, end of year	$ 1,039,707	$ 929,095	$ 534,120	$ 2,502,922	$ 2,773,874

See accompanying notes to the financial statements.

LIGHTHAWK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (270,952)	$ 210,649
Adjustments to reconcile change in net assets		
to net cash (used in) provided by operating activities:		
Depreciation	36,778	33,576
Net gain on investments	(16,417)	(106,805)
(Increase) decrease in assets:		
Unconditional promises to give	275,402	(380,317)
Prepaid expenses	767	7,755
Travel advances	(6,221)	3,885
Increase (decrease) in liabilities:		
Accounts payable	(10,532)	18,262
Accrued payroll	(1,739)	671
Accrued interest	(125)	(172)
Deferred revenue	(26,667)	26,667
Net cash used in operating activities	(19,706)	(185,829)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	649,486	319,000
Reinvested interest and dividends	(21,727)	(14,976)
Purchase of investments	(621,669)	(293,166)
Purchase of equipment	(3,914)	(2,850)
Net cash provided by investing activities	2,176	8,008
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Principal payments on debt	(25,000)	(25,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(42,530)	(202,821)
CASH AND CASH EQUIVALENTS, beginning of year	956,715	1,159,536
CASH AND CASH EQUIVALENTS, end of year	$ 914,185	$ 956,715
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ 875	$ 1,563

See accompanying notes to the financial statements.

LIGHTHAWK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services	General & Admin.	Fund-Raising	Total 2014	Total 2013
Salaries	$ 437,642	$ 57,484	$ 114,228	$ 609,354	$ 538,722
Employee benefits	89,044	23,556	22,902	135,502	107,830
Payroll tax expenses	37,645	5,782	10,416	53,843	42,905
Subtotal	564,331	86,822	147,546	798,699	689,457
Advertising	53,570	-	50	53,620	75,178
Aircraft operating cost:					
LightHawk owned aircraft	179,843	-	-	179,843	186,966
Volunteer plane fuel	114,768	-	-	114,768	134,688
Volunteer pilot	467,763	-	-	467,763	555,279
Bank service fees	-	3,936	-	3,936	3,011
Event expense	43,281	4,003	168	47,452	28,238
Depreciation	36,778	-	-	36,778	33,576
Equipment	8,877	1,391	1,070	11,338	13,224
Insurance	8,806	-	191	8,997	14,275
Interest	750	-	-	750	1,391
Miscellaneous	1,986	2,427	67	4,480	1,631
Postage	4,388	848	708	5,944	7,827
Printing and publications	9,502	576	2,423	12,501	11,064
Professional fees	58,991	32,379	77,009	168,379	94,488
Recognition/Awards	1,453	-	-	1,453	1,810
Rent	8,170	687	-	8,857	3,054
Supplies	9,166	5,042	2,653	16,861	12,898
Telephone	12,283	6,121	2,519	20,923	21,830
Travel	102,283	13,645	21,415	137,343	127,511
Total expenses	$ 1,686,989	$ 157,877	$ 255,819	$ 2,100,685	$ 2,017,396

See accompanying notes to the financial statements.

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of Lighthawk (the “Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (“GAAP”) and have been consistently applied in the preparation of financial statements.

Nature of Operations—The Organization is a Colorado not-for-profit corporation incorporated in 1981 under the laws of the State of Colorado, and is organized exclusively for charitable, educational, and scientific purposes.

Lighthawk’s Mission: “To accelerate conservation success through the powerful perspective of flight.

Lighthawk believes in the power of flight to accelerate conservation. Lighthawk is a non-profit environmental aviation organization that leverages the skill and generosity of over 200 volunteer pilots to benefit conservation projects. Lighthawk believes that seeing the world from above causes people to care about what they witness from the air and stirs them into action when they return to the ground.

Lighthawk partners with conservation groups in the US, Canada, Central America and Mexico to employ flight to protect land and water for people and nature.

Lighthawk donates annually to Carbonfund.org to help offset potential climate impacts of the donated flights.

Basis of Presentation—The Organization follows accounting standards set by the Financial Accounting Standards Board, commonly referred to as the “FASB.” The FASB sets GAAP which the Organization follows to ensure the financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification, sometimes referred to as the "Codification" or "ASC".

Continued.

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)—The financial statements are prepared on the accrual basis under ASC 958-205 *Not-for-Profit Entities, Presentation of Financial Statements.* The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Comparative Financial Information—The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute presentation in conformity with GAAP and consequently has not been reported upon in the current auditor's report. Accordingly such information should be read in conjunction with the Organization's audited financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Cash and Cash Equivalents—The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are not held for long-term purposes, to be cash and cash equivalents.

Property and Equipment—Property and equipment expenditures over $1,000 are capitalized and recorded at cost, or if donated, at the estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of assets ranging from five to ten years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Repairs and maintenance costs are charged to expense when incurred.

Management assesses the carrying value of long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Generally, assets to be held and used in operations are considered impaired if the sum of the expected non-discounted future cash flows is less than the carrying amount of the asset. If impairment is indicated, the loss is measured based on the amount by which the carrying value exceeds its fair value. Management does not believe that any indicators of impairment occurred during the years ended December 31, 2014 and 2013.

Investments—Investment purchases and contributions to the Organization are recorded at their fair values on the date of contribution. Investments are reported at their fair values in the statement of financial position, and change in value is included in the statement of activities. Net investment return consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management fees.

Continued.

Note 1 - Summary of Significant Accounting Policies (continued)

Contributions—Contributions are recognized when cash, other assets, a decrease in liabilities or expense, or an unconditional promise to give is received. In accordance with ASC 958-605 *Not-for-Profit Entities, Revenue Recognition,* contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of donor restrictions.

Recognition of Donor Restrictions—Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services, Equipment and Materials—Donated services are reported as contributions when services create or enhance nonfinancial assets or would be purchased if they require specialized skills and are provided by individuals possessing those skills. Donated equipment and materials are recorded at estimated fair values as revenue and expense, or capitalized assets, depending on the nature of the donation.

Advertising—ASC 720-35 *Other Expenses, Advertising Costs* requires direct response advertising to be capitalized when it can be shown that customers responded to a specific advertisement and there is probable future economic benefit. The Organization does not currently use direct response advertising; hence, advertising costs are expensed when incurred.

Concentration of Risk—The Organization manages deposit concentration risk by placing their temporary cash and cash equivalents with reputable financial institutions. Amounts on deposit at any single financial institution are limited so as not to exceed Federal Deposit Insurance Corporation ("FDIC") or other insurance limits. The Organization had approximately $0 and $27,000 deposits in excess of insured limits at December 31, 2014 and 2013, respectively. The Organization has never experienced a loss related to these excess balances.

Functional Allocation of Expenses—The costs of conducting the various program and supporting service activities have been summarized on a functional basis in the statement of activities and presented in detail in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Continued.

Note 1 - Summary of Significant Accounting Policies (continued)

Income Taxes—The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1). However, income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization had no unrelated business income during the years ended December 31, 2014 and 2013.

The Organization believes that is has conducted its operations in accordance with, and has properly maintained, its tax-exempt status, and that it has taken no material uncertain tax positions that qualify for recognition or disclosure in the financial statements. The Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2011.

Use of Estimates—In preparing financial statements in accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Fair Value Measurements—ASC 820, *Fair Value Measurements and Disclosures* requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels, as described below:

- *Level 1*-Quoted market prices in active markets for identical assets and liabilities.
- *Level 2*-Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- *Level 3*-Unobservable inputs are used when little or no market data is available.

Note 2 - Unconditional Promises to Give

Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are initially recorded at their estimated fair values. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. A discount was not recorded as management believes the amount is immaterial.

Continued.

Note 2 - Unconditional Promises to Give (continued)

In years subsequent to initial recording, an allowance for uncollectible amounts is determined based on the relationship with the donor, historical experience, an assessment of the current economic environment, and analysis of subsequent events. As of December 31, 2014 and 2013, no allowance was considered necessary.

Promises to give are summarized as follows as of December 31, 2014 and 2013:

	2014	2013
Amounts Due:		
Within one year	$ 483,084	$ 458,550
One to five years	75,000	374,936
Total	$ 558,084	$ 833,486

Note 3 - Investments

Investments stated at fair value on a recurring basis consist of the following at December 31, 2014 and 2013:

2014	Level 1	Level 2	Level 3
Domestic equities [2]	$ 515,894	$ -	$ -
Government bonds [3]	-	178,473	-
Corporate bonds [3]	-	25,233	-
Mutual funds [2]	89,007	-	-
Cash and money market funds [1]	34,040	-	-
	$ 638,941	$ 203,706	$ -

2013	Level 1	Level 2	Level 3
Domestic equities [2]	$ 367,941	$ -	$ -
Government bonds [3]	-	216,877	-
Corporate bonds [3]	-	25,457	-
Mutual funds [2]	181,932	-	-
Cash and money market funds [1]	40,113	-	-
	$ 589,986	$ 242,334	$ -

(1) Fair values are equal to the sums of the account balances.

(2) Fair values are based upon quoted market prices for identical securities in active markets or published redemption values at the close of business on the reporting date.

Continued.

Note 3 - Investments (continued)

(3) Fair values are based upon quoted prices for similar assets in active markets or published redemption values at the close of business on the reporting date.

The following schedule summarizes the components of investment return as reported in the statement of activities for the years ended December 31, 2014 and 2013:

	2014	2013
Interest and dividend income	$ 21,727	$ 14,976
Unrealized (loss) gain on investments	(40,981)	76,828
Realized gain on sale of investments	57,398	29,977
Investment fees	(6,856)	(6,227)
Net investment activity	$ 31,288	$ 115,554

The majority of investments consist of the Azeez endowment. The Azeez endowment (See Note 12) fund investments are managed and controlled by the Azeez endowment committee. The Azeez endowment committee consists of two members of the Lighthawk board and one member of the Michael and Kathleen Azeez Foundation board.

Note 4 - Line of Credit

The Organization had a $125,200 line of credit arrangement with a bank. The line matures in May 2015, accrued interest at 6.6%, and was secured by aircraft. At December 31, 2014 and 2013, no borrowings were outstanding under this agreement. The line of credit has been subsequently renewed.

Continued.

Note 5 - Long-Term Debt

Long-term debt consists of the following at December 31:

	2014	2013
Note payable to a Trust. Note calls for quarterly payments of interest only. The original interest rate of 5.75% was renegotiated to 2.0% during 2005. The original maturity date of September 2005 was extended to September 2012, and then subsequently to September 2014. Note was unsecured and paid in full at maturity.	$ -	$ 25,000
Note payable to a Trust. Note calls for quarterly payments of interest only. The original interest rate of 5.0% was renegotiated to 1.5% during 2005. The original maturity date of March 2005 has been extended to March 2015. Note is unsecured.	25,000	25,000
	25,000	50,000
Less current portion	(25,000)	(25,000)
Long-term debt, net of current portion	$ -	$ 25,000

Note 6 - Temporarily Restricted Net Assets

For financial reporting purposes, Lighthawk uses five geographic categories – Pacific, Rocky Mountain, Atlantic, Mesoamerica, and Other – to segregate its temporarily restricted net assets.

Although financial reporting is presented using five broad categories, there are more specific donor stipulations within these categories used for internal purposes.

Continued.

Note 6 - Temporarily Restricted Net Assets (continued)

At December 31, 2014 and 2013, temporarily restricted net assets are restricted for the following purposes:

	2014	2013
Time restriction	$ 558,147	$ 833,486
Endowment asset appreciation	285,363	277,238
Rocky Mountain	43,083	-
Pacific	42,502	-
Atlantic	-	9,600
Other	-	7,501
Total	$ 929,095	$ 1,127,825

Note 7 - Retirement Plan

The Organization has a 401(k) profit sharing plan that is available to all employees over the age of twenty-one who have completed one year of at least 1,000 hours of service. Employees may elect to defer up to the Internal Revenue Service (IRS) maximum contribution limit. For each plan year, the Organization may make discretionary contributions. Employer contributions amounted to $20,995 and $19,459 for the years ended December 31, 2014 and 2013, respectively.

Note 8 - Operating Lease Commitments

The Organization leases office space in Fort Collins on a month-to-month basis and various short-term leases for equipment. These leases vary in duration and are generally for terms of less than one month. The Organization also leases a storage unit in Fort Collins, Colorado that required a one time payment of $671 and expires on November 5, 2015.

Note 9 - Related Party Transactions

During 2014 and 2013, Lighthawk received approximately $435,567 and $159,000, respectively, of contributions from members of the Board and their related foundations.

Continued.

Note 10 - Donated Services, Equipment and Materials

Support from donated services, equipment, and materials for the years ended December 31, 2014 and 2013, is as follows:

	2014	2013
Pilot and aircraft support (calculated at $645 and $596 average per hour, respectively)	$ 522,349	$ 629,718
Pilot support in Lighthawk aircraft (calculated at $154 and $154 average per hour, respectively)	68,342	60,249
Other	65,497	80,884
	$ 656,188	$ 770,851

The use or distribution of donated services, equipment and materials during the years ended December 31, 2014 and 2013 is as follows:

	2014	2013
Program services	$ 652,948	$ 753,551
General and administrative	3,240	17,300
	$ 656,188	$ 770,851

Note 11 - Concentrations

During the years ended December 31, 2014 and 2013, approximately 29% and 53% of contributions were received from two and one donors, respectively. At December 31, 2014 and 2013, approximately 77% and 84% of unconditional promises to give were comprised of pledges from two and one contributors, respectively. A significant multi-year pledge received in 2013 resulted in the concentrations from a single donor in 2013.

Note 12 - Permanently Restricted Net Assets

Permanently restricted net assets are those subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. Permanently restricted net assets consist of two donor-restricted endowment funds.

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Continued.

Note 12 - Permanently Restricted Net Assets (continued)

Interpretation of Relevant Law

The Board of Directors has interpreted the Colorado 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 Organization 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 Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Income and Spending

Almost all of the Organization’s permanently restricted net assets result from one contribution. In May 1999, the Michael and Kathleen Azeez Foundation donated various stocks to the Organization with a value of $520,120 establishing an endowment fund (the “Fund”) to be held and administered solely for the long term benefit of the Organization. The investment policy states that 3% of the trailing 12-quarter average value of the Fund is to be distributed to the Organization and may be expended to promote its charitable purpose. Annual changes in the fair value of the Fund are reported in temporarily restricted net assets. The investment policy of the Fund is controlled by committee whose policy is directed by market conditions.

During late 2006, a donor contributed $10,000 to the Organization to establish a second endowment fund. Income from this endowment will be released for spending at a rate of 3% based on a rolling average of the twelve quarters investment value. Nothing will be released until the amount available for release exceeds $1,000.

Continued.

Note 12 - Permanently Restricted Net Assets (continued)

Changes in endowment net assets for the years ended December 31, 2014 and 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2013	$ -	$ 182,646	$ 534,120	$ 716,766
Investment income	-	115,554	-	115,554
Released from restriction	20,962	(20,962)	-	-
Endowment net assets, December 31, 2013	20,962	277,238	534,120	832,320
Investment income	-	31,288	-	31,288
Released from restriction	23,163	(23,163)	-	-
Endowment net assets, December 31, 2014	$ 44,125	$ 285,363	$ 534,120	$ 863,608

Endowment net assets are comprised of the following at December 31, 2014 and 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2013				
Azeez Endowment	$ 20,962	$ 270,869	$ 520,120	$ 811,951
General Endowment	-	6,369	14,000	20,369
	20,962	277,238	534,120	832,320
2014				
Azeez Endowment	44,125	277,558	520,120	841,803
General Endowment	-	7,805	14,000	21,805
	$ 44,125	$ 285,363	$ 534,120	$ 863,608

Note 13 - Subsequent Events

In accordance with ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through April 27, 2015 which is the date these financial statements were available to be issued. There are no subsequent events that require recognition or additional disclosure in these financial statements.