Jewish Family Service

Financial Report
May 31, 2012

Contents

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Independent Auditor's Report

To the Board of Directors
Jewish Family Service

We have audited the accompanying balance sheet of Jewish Family Service (the "Organization") as of May 31, 2012 and 2011 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Service at May 31, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

November 14, 2012

Balance Sheet

	May 31, 2012	May 31, 2011
Assets		
Current Assets		
Cash and cash equivalents	$ 2,626,668	$ 2,043,955
Accounts receivable:		
Program service fees - Net	198,493	208,886
Grants and allocations	1,057,175	1,220,125
Prepaid expenses and other current assets	113,498	75,862
Total current assets	3,995,834	3,548,828
Beneficial Interest in Endowment Funds (Note 8)	1,303,511	1,403,827
Property and Equipment - Net (Note 2)	517,699	526,199
Collections	129,880	129,880
Total assets	**$ 5,946,924**	**$ 5,608,734**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 262,876	$ 182,875
Deferred revenue	-	24,711
Current portion of postretirement benefits (Note 10)	34,605	48,648
Accrued liabilities	442,343	484,299
Total current liabilities	739,824	740,533
Long-term Liabilities - Long-term portion of postretirement benefits (Note 10)	109,008	191,874
Total liabilities	848,832	932,407
Net Assets		
Unrestricted	2,234,449	2,188,342
Temporarily restricted (Note 9)	1,838,757	1,476,862
Permanently restricted	1,024,886	1,011,123
Total net assets	5,098,092	4,676,327
Total liabilities and net assets	**$ 5,946,924**	**$ 5,608,734**

Jewish Family Service

Statement of Activities and Changes in Net Assets

	Year Ended							
	May 31, 2012				May 31, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support								
Contributions	$ 294,082	$ 391,460	$ 20,217	$ 705,759	$ 387,411	$ 86,525	$ 25,000	$ 498,936
In-kind donations	590,650	-	-	590,650	594,440	-	-	594,440
Grants	3,750,494	137,444	-	3,887,938	3,845,796	76,000	-	3,921,796
Allocations	3,654,981	201,773	-	3,856,754	3,454,236	-	-	3,454,236
Program service fees	1,187,787	-	-	1,187,787	1,044,219	-	-	1,044,219
Net realized and unrealized gains (losses) on investments	43,571	(32,315)	-	11,256	99,573	80,304	-	179,877
Interest income	6,057	-	-	6,057	10,622	-	-	10,622
(Decrease) increase in value of beneficial interest in endowments	-	(93,862)	(6,454)	(100,316)	-	164,423	-	164,423
Gain (loss) on sale of fixed assets	11,500	-	-	11,500	(32,016)	-	-	(32,016)
Miscellaneous income	70,415	-	-	70,415	71,089	-	-	71,089
Total revenue and support	9,609,537	604,500	13,763	10,227,800	9,475,370	407,252	25,000	9,907,622
Net Assets Released from Restrictions	242,605	(242,605)	-	-	263,203	(263,203)	-	-
Total revenue, support, and net assets released from restrictions	9,852,142	361,895	13,763	10,227,800	9,738,573	144,049	25,000	9,907,622
Expenses								
Program services:								
Older adult services	4,216,947	-	-	4,216,947	3,574,565	-	-	3,574,565
Family life center services	2,220,819	-	-	2,220,819	2,098,717	-	-	2,098,717
Safety net services	2,614,591	-	-	2,614,591	2,930,134	-	-	2,930,134
Total program services	9,052,357	-	-	9,052,357	8,603,416	-	-	8,603,416
Support services:								
Management and general	634,058	-	-	634,058	698,956	-	-	698,956
Fundraising	119,620	-	-	119,620	172,660	-	-	172,660
Total support services	753,678	-	-	753,678	871,616	-	-	871,616
Total expenses	9,806,035	-	-	9,806,035	9,475,032	-	-	9,475,032
Increase in Net Assets	46,107	361,895	13,763	421,765	263,541	144,049	25,000	432,590
Net Assets - Beginning of year	2,188,342	1,476,862	1,011,123	4,676,327	1,924,801	1,332,813	986,123	4,243,737
Net Assets - End of year	**$ 2,234,449**	**$ 1,838,757**	**$ 1,024,886**	**$ 5,098,092**	**$ 2,188,342**	**$ 1,476,862**	**$ 1,011,123**	**$ 4,676,327**

See Notes to Financial Statements.

Jewish Family Service

Statement of Functional Expenses

	Year Ended May 31, 2012							
	Program Services				Support Services			
	Older Adult Services	Family Life Center Services	Safety Net Services	Total	Management and General	Fundraising	Total	2012 Total
Salaries and wages	$ 1,774,243	$ 1,269,448	$ 1,075,037	$ 4,118,728	$ 317,558	$ 85,966	$ 403,524	$ 4,522,252
Employee benefits	559,697	401,176	332,444	1,293,317	77,699	-	77,699	1,371,016
Total salaries and related expenses	2,333,940	1,670,624	1,407,481	5,412,045	395,257	85,966	481,223	5,893,268
Financial assistance	951,156	-	799,003	1,750,159	2,233	-	2,233	1,752,392
Occupancy	327,016	213,985	225,183	766,184	158,806	-	158,806	924,990
Professional fees	154,046	169,834	62,364	386,244	30,664	100	30,764	417,008
Advertising and printing	20,512	10,226	10,687	41,425	4,773	22,493	27,266	68,691
Local travel/vehicle	196,492	18,710	8,238	223,440	1,865	24	1,889	225,329
Telephone	24,152	10,135	6,987	41,274	7,952	60	8,012	49,286
Depreciation	110,780	27,596	24,373	162,749	9,224	-	9,224	171,973
Conferences and conventions	28,290	20,812	15,517	64,619	3,019	1,445	4,464	69,083
Supplies	35,450	22,033	22,744	80,227	6,068	9	6,077	86,304
Other office expense	17,523	46,429	22,218	86,170	8,677	7,086	15,763	101,933
Postage and shipping	10,034	6,287	6,573	22,894	1,874	2,167	4,041	26,935
Licenses and professional membership	6,280	3,391	3,223	12,894	1,926	270	2,196	15,090
Subscriptions and reference materials	1,276	757	-	2,033	1,720	-	1,720	3,753
Total functional expenses	**$ 4,216,947**	**$ 2,220,819**	**$ 2,614,591**	**$ 9,052,357**	**$ 634,058**	**$ 119,620**	**$ 753,678**	**$ 9,806,035**

	Year Ended May 31, 2011							
	Program Services				Support Services			
	Older Adult Services	Family Life Center Services	Safety Net Services	Total	Management and General	Fundraising	Total	2011 Total
Salaries and wages	$ 1,658,179	$ 1,224,968	$ 1,186,597	$ 4,069,744	$ 357,892	$ 80,716	$ 438,608	$ 4,508,352
Employee benefits	471,223	349,772	338,813	1,159,808	94,012	23,047	117,059	1,276,867
Total salaries and related expenses	2,129,402	1,574,740	1,525,410	5,229,552	451,904	103,763	555,667	5,785,219
Financial assistance	517,690	134	997,797	1,515,621	7,683	305	7,988	1,523,609
Occupancy	315,046	203,943	215,063	734,052	167,568	-	167,568	901,620
Professional fees	158,158	155,740	54,144	368,042	30,652	-	30,652	398,694
Advertising and printing	27,899	10,584	12,541	51,024	3,446	3,785	7,231	58,255
Local travel/vehicle	188,127	25,528	6,081	219,736	1,256	-	1,256	220,992
Telephone	27,521	13,500	9,238	50,259	11,133	277	11,410	61,669
Depreciation	92,603	25,853	24,049	142,505	7,077	-	7,077	149,582
Conferences and conventions	26,045	14,994	12,555	53,594	4,116	3,170	7,286	60,880
Supplies	30,548	17,824	16,707	65,079	4,528	135	4,663	69,742
Other office expense	39,805	39,477	42,878	122,160	3,366	60,179	63,545	185,705
Postage and shipping	12,495	8,581	8,168	29,244	2,349	816	3,165	32,409
Licenses and professional membership	8,046	5,018	4,816	17,880	1,300	50	1,350	19,230
Subscriptions and reference materials	1,180	2,801	687	4,668	2,578	180	2,758	7,426
Total functional expenses	**$ 3,574,565**	**$ 2,098,717**	**$ 2,930,134**	**$ 8,603,416**	**$ 698,956**	**$ 172,660**	**$ 871,616**	**$ 9,475,032**

Statement of Cash Flows

	Year Ended May 31, 2012	Year Ended May 31, 2011
Cash Flows from Operating Activities		
Increase in net assets	$ 421,765	$ 432,590
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	171,973	149,582
Bad debt expense	36,132	52,146
Change in beneficial interest	100,316	(164,423)
(Gain) loss on sale of assets	(11,500)	32,016
Contributed asset	(27,870)	-
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	137,211	(756,936)
Prepaid expenses and other current assets	(37,636)	(5,210)
Accounts payable	80,001	23,289
Accrued liabilities	(41,956)	(118,743)
Postretirement benefits	(96,909)	(68,774)
Deferred revenue	(24,711)	2,211
Net cash provided by (used in) operating activities	706,816	(422,252)
Cash Flows from Investing Activities		
Acquisition of property and equipment	(135,603)	(257,304)
Proceeds from disposition of property and equipment	11,500	30,920
Net cash used in investing activities	(124,103)	(226,384)
Net Increase (Decrease) in Cash and Cash Equivalents	582,713	(648,636)
Cash and Cash Equivalents - Beginning of year	2,043,955	2,692,591
Cash and Cash Equivalents - End of year	**$ 2,626,668**	**$ 2,043,955**

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Organization - Jewish Family Service (the "Organization"), a not-for-profit corporation located in West Bloomfield, Michigan, is dedicated to helping individuals and families cope, survive, and thrive in an ever-changing world. The Organization is focused on the needs of the Jewish community while providing services to all.

The Organization is made up of the following programs:

Older Adult Services - The Organization provides case management services, home care services, Meals on Wheels, transportation, translation, and volunteer services for seniors in the community who are in need. The Organization provides resettlement, acculturation, citizenship preparation classes, and Holocaust survivor restitution services to refugees who have settled in the community.

Family Life Center Services - The Organization provides counseling, domestic violence intervention, substance abuse counseling, assistance in divorce situations, mentoring services and outreach to schools for families in the community who are in need.

Safety Net Services - The Organization connects low-income uninsured members of the Jewish community to needed health care through a network of institutional and individual volunteer partner providers, monitors compliance to prescribed treatment regimens, and provides guidance and coordination to affect improved health outcomes for program clients. The Organization also provides family life education, financial assistance for those in need, and provides housing assistance and home renovation support.

Significant accounting policies are as follows:

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an original maturity of three months or less. Cash equivalents also include $891,478 and $937,950 at May 31, 2012 and 2011, respectively, in funds invested in a pooled investment fund through the United Jewish Foundation of Metro Detroit (UJF). The agreement allows the Organization the right to withdraw all or any part of the funds upon written notice to UJF.

Accounts Receivable - The Organization's accounts receivable are comprised primarily of program service fees and grants and allocations committed from various funding agencies for use in the Organization's activities. Accounts receivable at May 31, 2012 are expected to be collected within one year. The Organization has recorded an allowance for doubtful accounts for amounts that may become uncollectible. This estimate is based on a review of the existing accounts receivable as well as historical write-off experience. The allowance for doubtful accounts was $100,000 at May 31, 2012 and 2011.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Beneficial Interest in Endowment Funds - The Organization is a designated beneficiary of trust funds held by Jewish Federation of Metropolitan Detroit and United Jewish Foundation of Metro Detroit (JFMD/UJF). A portion of these funds is restricted as to use by donors and all funds are restricted through consent of JFMD/UJF. At May 31, 2012 and 2011, permanently and temporarily restricted net assets associated with the beneficial interest in endowment funds totaled $1,303,511 and $1,403,827, respectively.

Property and Equipment - Property and equipment are recorded at cost and depreciated over estimated useful lives, ranging from 3 to 20 years, using the straight-line method. Costs of repairs and maintenance are charged to expense as incurred.

Donated furniture, fixtures, and equipment are recorded at fair value as temporarily restricted assets and are depreciated over the estimated useful lives of the assets using the straight-line method.

Collections of Artwork - The Organization has capitalized its collections since its inception. If purchased, items are capitalized at cost, and if donated, they are capitalized at their fair value as of the date of donation. Gains or losses on the deaccession of collection items are classified on the statement of activities as unrestricted or temporarily restricted support depending on donor restrictions, if any, placed on the item at the time of accession. There have been no deaccessions as of May 31, 2012 and 2011.

Classification of Net Assets - Net assets of the Organization are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Unrestricted net assets are not subject to donor-imposed restrictions. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Contributions - Contributions of cash and other assets are reported as revenue when received, measured at fair value.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

Grant Revenue - Grant revenue received for grants determined to be exchange transactions is recognized as services are provided. Grant money received in excess of that earned is recorded as deferred revenue.

Program Service Fee Revenue - The Organization receives revenue for the various programs the Organization administers. Revenue is recognized at net realizable value when services are provided.

Donated Services - Donated goods and services for individuals in need are not reported in the Organization's financial statements because the Organization acts only as an intermediary agent between the donor and the beneficiary.

Functional Allocation of Expenses - The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Tax Status - The Organization is a not-for-profit corporation and has been granted tax-exempt status by the Internal Revenue Service under the provisions of Code Section 501(c)(3). Net income from activities unrelated to the Organization's tax-exempt purpose is subject to taxation. Taxes on unrelated business income are not material to the financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of May 31, 2012 and 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to May 31, 2009.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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 revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk - Balances maintained at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times, the Organization may have bank balances in excess of the FDIC insurance limits. As a result, the Organization evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Reclassification - Certain reclassifications were made to amounts in the 2011 financial statements to conform to the classifications used in 2012. As a result of these reclassifications, there were no changes in reported net assets, changes in net assets, or cash flow.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including November 14, 2012, which is the date the financial statements were available to be issued.

Note 2 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2012	2011
Equipment	$ 186,012	$ 186,012
Vehicles	283,017	270,743
Furniture and fixtures	396,047	381,353
Computers	536,806	510,448
Leasehold improvements	38,534	19,559
Total cost	1,440,416	1,368,115
Accumulated depreciation	(922,717)	(841,916)
Net carrying amount	$ 517,699	$ 526,199

Depreciation expense was $171,973 and $149,582 for 2012 and 2011, respectively.

Note 3 - Community Foundation

Certain funds donated by outside donors for the benefit of the Organization are held and managed by the Community Foundation for Southeastern Michigan (the "Foundation"). The Foundation maintains variance power, which, as a result, requires that the assets it holds not be recorded as assets of the Organization. The fair market value of these funds is approximately $3,737,000 and $3,977,000 at May 31, 2012 and 2011, respectively. These funds are not reflected in the financial statements. Earnings are available for distribution to the Organization at the discretion of the Foundation and therefore are not reflected as revenue in the financial statements until received by the Organization. During the years ended May 31, 2012 and 2011, the Organization received approximately $180,000 and $151,000, respectively, from these endowments.

Note 4 - Employee Benefit Plans

The Organization has a defined contribution retirement plan (the "Plan"). Under the Plan, eligible employees can elect to defer a portion of their compensation, as defined by the Plan, up to maximum amounts as described in the Plan and allowed by the Internal Revenue Service. The Organization did not make any contributions to the Plan for the years ended May 31, 2012 and 2011.

The Organization participates in a multiple employer defined benefit retirement plan for the benefit of substantially all full-time professional and support staff of JFMD and participating agencies. During 2012 and 2011, the Organization expensed approximately $195,000 and $205,000, respectively, to support the plan. The position of the Organization relative to other contributors to the plan has not been determined with respect to plan assets and accumulated benefits; however, the plan, as a whole, is underfunded as of January 1, 2011. In the event of a withdrawal from the plan and certain other conditions, a contributor to a plan may be liable for the plan for a portion of the underfunded status.

Note 5 - Operating Leases

The Organization leases offices space for its branch office in Oak Park, Michigan, expiring on June 30, 2015. Monthly rental payments range from $7,285 to $8,095 during the course of the lease term.

The following is a schedule of future minimum lease payments under this operating lease:

2013	$	90,863
2014		93,291
2015		95,719
2016		8,095
Total	$	287,968

Note 5 - Operating Leases (Continued)

Total rent expense on this lease and other short-term operating leases for 2012 and 2011 was approximately $115,000 and $113,000, respectively.

Note 6 - Related Party Transactions

Use of Facilities - The Organization conducts its primary operations in a building owned by UJF. UJF does not charge the Organization rent. The Organization recorded a contribution and the related rent expense based on the fair value of the building of $576,000 for the years ended May 31, 2012 and 2011.

Appropriation Allocation and Other Funding - The Organization is a constituent agency of the Jewish Federation of Metropolitan Detroit (JFMD, a not-for-profit organization). The Organization received approximately $4,462,000 and $4,283,000 in contribution allocations and other funding from JFMD during the years ended May 31, 2012 and 2011, respectively, to help the Organization supplement operations.

Insurance - The Organization also participates in a group insurance policy with JFMD/UJF and other agencies which covers workers' compensation and general liability. The Organization incurred insurance expenses of approximately $40,000 and $39,000 during the years ended May 31, 2012 and 2011, respectively.

Note 7 - Line of Credit

The Organization has a line of credit with a bank in the amount of $100,000. There was no outstanding balance on the line of credit as of May 31, 2012 and 2011.

Note 8 - Fair Value Measurements

Accounting standards require certain assets 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 following tables present information about the Organization's assets measured at fair value on a recurring basis at May 31, 2012 and 2011 and the valuation techniques used by the Organization to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

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 in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Note 8 - Fair Value Measurements (Continued)

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. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby 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 Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Organization's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the actual date of the event of change in circumstances that caused the transfer. There were no significant transfers between levels of the fair value hierarchy during the years ended May 31, 2012 and 2011.

Assets Measured at Fair Value on a Recurring Basis at May 31, 2012

	Level 1	Level 2	Level 3	Balance at May 31, 2012
Beneficial interest in endowment funds	$ -	$ -	$ 1,303,511	$ 1,303,511

Assets Measured at Fair Value on a Recurring Basis at May 31, 2011

	Level 1	Level 2	Level 3	Balance at May 31, 2011
Beneficial interest in endowment funds	$ -	$ -	$ 1,403,827	$ 1,403,827

Changes in the Level 3 asset measured at fair value on a recurring basis for the years ended May 31, 2012 and 2011 are as follows:

	Beneficial Interest in Endowment Funds
Balance at May 31, 2011	$ 1,403,827
Contributions	20,500
Change in value of funds	(63,292)
Income distributed	(57,524)
Balance at May 31, 2012	$ 1,303,511

Note 8 - Fair Value Measurements (Continued)

	Beneficial Interest in Endowment Funds
Balance at May 31, 2010	$ 1,239,404
Contributions	30,000
Change in value of funds	183,231
Income distributed	(48,808)
Balance at May 31, 2011	$ 1,403,827

Realized and unrealized gains for the years ended May 31, 2012 and 2011 are reported in the statement of activities and changes in net assets and are related to the beneficial interest in endowment funds investments held at year end.

The fair value of the beneficial interest in endowment funds at May 31, 2012 and 2011 was determined primarily based on Level 3 inputs. The beneficial interest in endowment funds consists of a pooled investment portfolio, which consists of commonly traded mutual funds, stocks, and bonds for which an active and liquid market exists and investments in partnerships, hedge funds, and private equity funds which are not publicly traded. The Organization estimates the fair value of the underlying assets of the funds which are valued based on reports received from JFMD/UJF based upon the fair value of the assets in the pooled investment portfolio unless the facts and circumstances indicate the fair value would be different from the present value of the estimated future distributions. For the years ended May 31, 2012 and 2011, respectively, JFMD/UJF has classified the investment portfolio it holds as 67 percent and 66 percent Level 1, 12 percent and 19 percent Level 2, and 21 percent and 15 percent Level 3 assets in their financial statements.

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

Note 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets at May 31, 2012 and 2011 are restricted for the following purposes:

	2012	2011
Donated equipment and works of art	$ 268,647	$ 265,262
Beneficial interest in endowment funds	411,257	505,119
Contributions restricted for specific program use	759,682	652,372
Other	399,171	54,109
Total temporarily restricted net assets	$ 1,838,757	$ 1,476,862

Permanently restricted net assets at May 31, 2012 and 2011 consist of endowment funds held in a beneficial interest and a pooled investment fund.

Note 10 - Postretirement Benefit Plan

The Organization has a postretirement benefit plan which provides all or a portion of medical insurance premiums for retired employees who meet certain age and service requirements. The plan is contributory with participants' contributions adjusted annually. The Organization's participation ranges from 0 percent to 100 percent of the medical insurance premiums, depending on the date of retirement.

Effective December 1, 2004, the plan was amended to limit the Organization's participation for eligible employees retiring after December 31, 1981 to 50 percent of the cost of coverage as of December 1, 2004. Increases in cost of coverage after December 1, 2004 will be the responsibility of the participant.

For the years ended May 31, 2012 and 2011, there were no plan assets. Obligations recognized in the balance sheet consist of the following:

	2012	2011
Current liabilities	$ 34,605	$ 48,648
Noncurrent liabilities	109,008	191,874
Total	$ 143,613	$ 240,522

The net periodic benefit cost of the defined benefit pension plan, which is included in the functional expense of the Organization, includes the following components for the years ended May 31:

	2012	2011
Interest cost	$ 9,377	$ 19,331

Note 10 - Postretirement Benefit Plan (Continued)

Change in Benefit Obligation

	2012	2011
Projected benefit obligation	$ 143,613	$ 240,522
Benefit obligation - June 1	$ 240,522	$ 309,296
Interest cost	9,377	19,331
Actuarial loss	(73,705)	(36,627)
Benefits paid	(97,810)	(139,736)
Participant contributions	61,649	88,258
Actuarial assumption change	3,580	-
Projected benefit obligation - May 31	$ 143,613	$ 240,522

Assumptions

Assumptions used to determine benefit obligations at May 31, 2012 and 2011 are as follows:

	2012	2011
Discount rate	5.00 %	6.25 %
Health cost trend rate	7.00 %	7.50 %

Assumed healthcare cost trend rates at May 31, 2012 and 2011 are as follows:

	2012	2011
Healthcare cost trend rate assumed for next year	7 %	8 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	0.5 %	0.5 %
Year that the rate reaches the ultimate trend rate	2017	2016

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the Organization:

Years Ending May 31	Postretirement Benefits
2013	$ 31,883
2014	26,714
2015	22,133
2016	18,180
2017	14,833
2018-2022	40,969