

Book Industry Charitable Foundation

**Financial Report
December 31, 2014**

Book Industry Charitable Foundation

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Independent Accountant's Review Report

To the Board of Directors
Book Industry Charitable Foundation

We have reviewed the accompanying balance sheet of Book Industry Charitable Foundation (the "Foundation") as of December 31, 2014 and 2013 and the related statements of activities and changes in net assets and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of foundation management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

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

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

Plante & Moran, PLLC

February 25, 2015

Book Industry Charitable Foundation

Balance Sheet

	December 31, 2014	December 31, 2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 826,693	\$ 131,636
Investments (Notes 2 and 6)	2,042,447	2,659,326
Prepaid expenses	5,416	1,791
Total current assets	2,874,556	2,792,753
Noncurrent Assets		
Investments - Net of current portion (Notes 2 and 6)	135,000	686,000
Security deposits	1,200	1,200
Total assets	\$ 3,010,756	\$ 3,479,953
Liabilities and Net Assets		
Current Liabilities - Accounts payable	\$ 9,827	\$ 8,936
Net Assets		
Unrestricted	2,292,422	2,683,613
Temporarily restricted	708,507	787,404
Total net assets	3,000,929	3,471,017
Total liabilities and net assets	\$ 3,010,756	\$ 3,479,953

Book Industry Charitable Foundation

Statement of Activities and Changes in Net Assets

	Year Ended					
	December 31, 2014			December 31, 2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue, Gains, and Other Support						
Contributions - Employees	\$ -	\$ 3,000	\$ 3,000	\$ -	\$ -	\$ -
Contributions - Corporate	9,500	-	9,500	1,500	-	1,500
Contributions - Other	13,082	-	13,082	4,858	-	4,858
In-kind contributions	4,580	-	4,580	6,692	-	6,692
Investment income	29,277	-	29,277	39,337	-	39,337
Unrealized gain on investments	15,702	-	15,702	49,866	-	49,866
Special events - Net (Note 5)	15,317	-	15,317	27,436	-	27,436
Net assets released from restrictions	81,897	(81,897)	-	40,114	(40,114)	-
Total revenue, gains, and other support	169,355	(78,897)	90,458	169,803	(40,114)	129,689
Expenses						
Program services:						
Financial assistance	82,897	-	82,897	45,000	-	45,000
Scholarship program	211,746	-	211,746	111,600	-	111,600
Program staffing	79,902	-	79,902	106,091	-	106,091
Other program expenses	36,150	-	36,150	39,457	-	39,457
Management and general (Note 4)	106,719	-	106,719	96,057	-	96,057
Fundraising	43,132	-	43,132	42,722	-	42,722
Total expenses	560,546	-	560,546	440,927	-	440,927
Decrease in Net Assets	(391,191)	(78,897)	(470,088)	(271,124)	(40,114)	(311,238)
Net Assets - Beginning of year	2,683,613	787,404	3,471,017	2,954,737	827,518	3,782,255
Net Assets - End of year	<u>\$ 2,292,422</u>	<u>\$ 708,507</u>	<u>\$ 3,000,929</u>	<u>\$ 2,683,613</u>	<u>\$ 787,404</u>	<u>\$ 3,471,017</u>

See Notes to Financial Statements and
Independent Accountant's Review Report.

Book Industry Charitable Foundation

Statement of Cash Flows

	Year Ended	
	December 31, 2014	December 31, 2013
Cash Flows from Operating Activities		
Decrease in net assets	\$ (470,088)	\$ (311,238)
Adjustments to reconcile decrease in net assets to net cash from operating activities:		
Unrealized gain on investments	(15,702)	(49,866)
Changes in operating assets and liabilities which (used) provided cash:		
Prepaid expenses	(3,625)	865
Accounts payable	891	1,223
Net cash used in operating activities	(488,524)	(359,016)
Cash Flows from Investing Activities		
Purchases of investments	(1,610,537)	(1,544,592)
Proceeds from sales and maturities of investments	2,794,118	1,949,179
Net cash provided by investing activities	1,183,581	404,587
Net Increase in Cash and Cash Equivalents	695,057	45,571
Cash and Cash Equivalents - Beginning of year	131,636	86,065
Cash and Cash Equivalents - End of year	\$ 826,693	\$ 131,636

Book Industry Charitable Foundation

Notes to Financial Statements December 31, 2014 and 2013

Note 1 - Nature of Business and Significant Accounting Policies

Nature of the Organization - Book Industry Charitable Foundation (the "Foundation") is a nonprofit organization created for the purpose of coordinating programs and services to assist with the charitable needs of the employees of the book industry. The Foundation achieves its objectives through three basic programs: (1) the Employee Assistance Program, (2) the Scholarship Program, and (3) Community Support.

The Employee Assistance Program was established in February 1996 to provide short-term financial assistance to individuals who have demonstrated financial need due to severe hardship and/or emergency circumstances. In addition to immediate financial assistance, the Foundation also makes available other tools to help affected employees deal with ongoing financial challenges.

The Scholarship Program was established in January 2002 to assist employees with the costs of higher education. The Scholarship Program is managed by an independent panel of judges who select recipients based on academic performance, leadership and participation in community and/or school activities, work experience, statement of career goals, and unusual personal circumstance.

The Foundation also provides general support to charitable organizations that are meeting the immediate needs of communities affected by widespread disasters, such as hurricanes or floods.

Cash Equivalents - The Foundation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents, except for 90-day certificates of deposit and certain cash equivalents, which are considered part of the investment portfolio.

Investments - Investments include mutual funds which are measured at fair market value based on quoted market prices as described in Note 6. In addition, investments include cash equivalents and certificates of deposit that are managed as part of the investment portfolio.

Contributions - Contributions of cash and other assets are measured at fair value and reported as revenue when received. Contributions with donor-imposed time or purpose restrictions are reported as temporarily restricted support. All other contributions are reported as unrestricted or permanently restricted support.

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

Book Industry Charitable Foundation

Notes to Financial Statements December 31, 2014 and 2013

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

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.

Temporarily restricted net assets at December 31, 2014 and 2013 are purpose-restricted for employee financial assistance. The Foundation had no permanently restricted net assets as of December 31, 2014 and 2013.

Federal Tax Status - The Foundation has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Management believes that the Foundation has adequate funding from nonprivate sources to be exempt from private foundation excise taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation 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 Foundation and has concluded that as of December 31, 2014 and 2013, 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 Foundation 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 2011.

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.

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.

Book Industry Charitable Foundation

Notes to Financial Statements December 31, 2014 and 2013

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

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including February 25, 2015, which is the date the financial statements were available to be issued.

Note 2 - Investments

Investments consisted of the following as of December 31:

	2014	2013
Cash equivalents	\$ 27,732	\$ 18,791
Mutual funds	497,715	486,535
Certificates of deposit	1,652,000	2,840,000
Total	<u>\$ 2,177,447</u>	<u>\$ 3,345,326</u>

Note 3 - Leases

Beginning in November 2011, the Foundation leases office space under an operating lease agreement that expired on October 31, 2014, at which time the Foundation renewed the lease through October 31, 2017. The renewed lease requires the Foundation to pay a base rent of \$1,114 per month plus an allocable share of common area maintenance and utilities of \$224 per month. These base rents are subject to a 3 percent increase each contract year. Total expense under this agreement for the years ended December 31, 2014 and 2013 was \$15,862 and \$13,830, respectively.

Total payments due in 2015, 2016, and 2017 under this operating lease are \$16,136, \$16,618, and \$14,190, respectively.

Note 4 - Management and General

Management and general expenses during 2014 and 2013 consist of the following:

	2014	2013
Accounting fees	\$ 14,931	\$ 16,735
Administrative staffing	63,858	51,755
Rent and utilities	8,234	6,780
Equipment	636	520
Brokerage fees	5,104	4,607
Other expenses	13,956	15,660
Total	<u>\$ 106,719</u>	<u>\$ 96,057</u>

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Notes to Financial Statements December 31, 2014 and 2013

Note 5 - Special Events

Revenue and expenses from special event activities are summarized below for the years ended December 31, 2014 and 2013:

	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
2014			
Miscellaneous events	\$ 8,639	\$ (114)	\$ 8,525
Major event	<u>6,945</u>	<u>(153)</u>	<u>6,792</u>
Total	<u>\$ 15,584</u>	<u>\$ (267)</u>	<u>\$ 15,317</u>
2013			
Miscellaneous events	\$ 17,477	\$ (829)	\$ 16,648
Major event	<u>11,251</u>	<u>(463)</u>	<u>10,788</u>
Total	<u>\$ 28,728</u>	<u>\$ (1,292)</u>	<u>\$ 27,436</u>

Note 6 - Fair Value

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 valuation techniques and inputs used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation 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 and liabilities in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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. 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 or liability.

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

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Notes to Financial Statements December 31, 2014 and 2013

Note 6 - Fair Value (Continued)

The Foundation measures its investments in mutual funds at fair value on a recurring basis. The fair value of mutual funds is based primarily on Level I inputs as described above. At December 31, 2014 and 2013, the mutual funds held by the Foundation were all index-based mutual funds.