

HAWAIIAN SHORES COMMUNITY ASSOCIATION
(A Hawai'i Non-Profit Corporation)

AUDITED FINANCIAL STATEMENTS
(With Independent Auditor's Report)

FOR THE YEAR ENDED OCTOBER 31, 2013
(With Comparative Totals for the Year Ended October 31, 2012)

HAWAIIAN SHORES COMMUNITY ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hawaiian Shores Community Association
Pahoa, Hawai'i 96778

We have audited the accompanying statement of financial position of Hawaiian Shores Community Association (a Hawai'i nonprofit corporation) as of October 31, 2013, and the related statement of revenue, expenses and change in fund balances, and cash flows for the year then ended.

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 Hawaiian Shores Community Association as of October 31, 2013 and the revenue, expenses, change in fund balances, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Hawaiian Shores Community Association's financial statements for the year ended October 31, 2012, and our report dated December 26, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carbonaro CPA & Associates

Hilo, Hawai'i
January 10, 2014

Hawaiian Shores Community Association
Statement of Financial Position
As of October 31, 2013
(With Comparative Totals for the Year Ended October 31, 2012)

ASSETS	Operating Fund	Water Fund	Roads Fund	Park and Facilities Fund	Emergency Fund	2013 Total	2012 Totals
CURRENT ASSETS							
Operating Checking/Savings	\$ 167,422	\$ -	\$ -	\$ -	\$ -	\$ 167,422	\$ 387,423
Infrastructure Savings	-	-	143,776	-	-	143,776	338,394
Reserve Checking/Savings	-	-	-	127,475	-	127,475	37,185
Total Cash and Cash Equivalents	<u>167,422</u>	<u>-</u>	<u>143,776</u>	<u>127,475</u>	<u>-</u>	<u>438,673</u>	<u>763,002</u>
Accounts Receivable (Note 4)							
Fee Assessments	163,953	-	-	-	-	163,953	144,528
Attorney Fees	1,964	-	-	-	-	1,964	1,800
Water Use	26,756	-	-	-	-	26,756	17,341
Other	6,036	-	-	-	-	6,036	16,662
Allowance for Doubtful Accounts	(75,000)	-	-	-	-	(75,000)	(75,000)
Total Accounts Receivable	<u>123,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,709</u>	<u>105,331</u>
Prepaid Expenses	1,975	-	-	-	-	1,975	12,581
Total Current Assets	<u>293,106</u>	<u>-</u>	<u>143,776</u>	<u>127,475</u>	<u>-</u>	<u>564,357</u>	<u>880,914</u>
PROPERTY AND EQUIPMENT (Note 2)							
Buildings, Furniture and Equipment	3,016,535	-	-	-	-	3,016,535	2,984,905
Land	2,645,628	-	-	-	-	2,645,628	2,645,628
Vehicles	38,955	-	-	-	-	38,955	38,955
Work in Progress	250,857	-	-	-	-	250,857	135,880
	<u>5,951,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,951,975</u>	<u>5,805,368</u>
Less Accumulated Depreciation	(2,512,742)	-	-	-	-	(2,512,742)	(2,480,992)
Net Property and Equipment	<u>3,439,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,439,233</u>	<u>3,324,376</u>
Investments (see Note 5)							
Ameriprise Cash Reserve Certificate of Deposit	-	-	-	-	124,294	124,294	-
Ameriprise Cash Reserve Certificate of Deposit	-	63,569	-	-	-	63,569	-
HNB Collateral Account (Note 12)	-	-	-	60,504	-	60,504	60,550
Ameriprise Strategic Portfolio Service Advantage	-	-	-	-	86,933	86,933	-
Ameriprise SPS Advantage	-	81,872	-	-	-	81,872	-
Total Investments	<u>-</u>	<u>145,441</u>	<u>-</u>	<u>60,504</u>	<u>211,227</u>	<u>417,172</u>	<u>60,550</u>
TOTAL ASSETS	<u>\$ 3,732,339</u>	<u>\$ 145,441</u>	<u>\$ 143,776</u>	<u>\$ 187,979</u>	<u>\$ 211,227</u>	<u>\$ 4,420,762</u>	<u>\$ 4,265,840</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts Payable	\$ 2,826	\$ -	\$ -	\$ -	\$ -	\$ 2,826	\$ 11,470
Prepaid Assessments	-	-	-	-	-	-	2,448
Prepaid Water	7,203	-	-	-	-	7,203	8,365
Payroll Liabilities	7,128	-	-	-	-	7,128	11,699
Tenant Water Deposits (Note 6)	4,893	-	-	-	-	4,893	4,811
Vacation Payable	1,910	-	-	-	-	1,910	4,486
Current Maturity of HNB Promissory Note (Note 12)	11,362	-	-	-	-	11,362	11,170
Total Current Liabilities	<u>35,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,322</u>	<u>54,449</u>
LONG TERM LIABILITIES							
HNB Promissory Note (Note 12)	31,263	-	-	-	-	31,263	42,632
Total Long Term Liabilities	<u>31,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,263</u>	<u>42,632</u>
FUND BALANCE (Note 2)							
Unrestricted Net Assets (Note 3)	3,665,754	145,441	143,776	187,979	211,227	4,354,177	4,168,759
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,732,339</u>	<u>\$ 145,441</u>	<u>\$ 143,776</u>	<u>\$ 187,979</u>	<u>\$ 211,227</u>	<u>\$ 4,420,762</u>	<u>\$ 4,265,840</u>

The accompanying notes are an integral part of these financial statements.

Hawaiian Shores Community Association
Statement of Revenue, Expenses and Change in Fund Balances
For the Year Ended October 31, 2013
(With Comparative Totals for the Year Ended October 31, 2012)

	Operating Fund	Water Fund	Roads Fund	Park and Facilities Fund	Emergency Fund	2013 Total	2012 Totals
REVENUE							
Annual Assessments	\$ 301,612	\$ 26,035	\$ 26,035	45,290	12,940	\$ 411,912	\$ 399,965
Monthly Water Fees (Note 6)	213,252	6,610	6,610	-	-	226,472	231,273
Grants	16,207	-	-	-	-	16,207	-
Water Hookup Fees	8,000	-	-	-	-	8,000	4,000
Transfer Fees	7,400	-	-	-	-	7,400	6,300
Interest and Investment Income	258	1,668	194	164	1,881	4,165	670
Reimbursable Legal Fees	4,214	-	-	-	-	4,214	2,740
Guest Fees	4,191	-	-	-	-	4,191	2,023
Reimbursable Water System Damage	626	-	-	-	-	626	478
Miscellaneous Income	611	-	-	-	-	611	3,975
Total Revenue	556,371	34,313	32,839	45,454	14,821	683,798	651,424
EXPENSES							
Salaries and Wages	166,276	-	-	-	-	166,276	189,265
Utilities	64,784	-	-	-	-	64,784	80,409
Depreciation	54,492	-	-	-	-	54,492	49,743
Maintenance & Repairs	45,691	-	-	-	-	45,691	55,026
Employee Benefits	36,178	-	-	-	-	36,178	26,999
Insurance	35,449	-	-	-	-	35,449	32,622
Payroll Expenses	33,982	-	-	-	-	33,982	14,788
Loss on Investments	-	7,379	-	46	8,197	15,622	-
Office Expense	9,749	-	-	-	-	9,749	7,642
Professional Services	9,063	-	-	-	-	9,063	9,855
Postage	6,155	-	-	-	-	6,155	6,879
Loss on Disposal	6,086	-	-	-	-	6,086	-
Printing	3,045	-	-	-	-	3,045	3,265
Board of Directors Expense	2,928	-	-	-	-	2,928	4,038
Miscellaneous Expense	2,380	-	-	-	-	2,380	1,788
Subscriptions and Trainings	2,051	-	-	-	-	2,051	2,052
Special Events	2,019	-	-	-	-	2,019	-
Legal Fees	969	-	-	-	-	969	21,826
Interest Expense	777	-	-	-	-	777	303
Property Taxes	684	-	-	-	-	684	1,442
Bad Debt Expense	-	-	-	-	-	-	18,072
Total Expenses	482,758	7,379	-	46	8,197	498,380	526,014
Change in Fund Balance	73,613	26,934	32,839	45,408	6,624	185,418	125,410
Beginning Fund Balance	3,732,630	169,197	169,197	97,735	-	4,168,759	4,043,349
Transfers	(140,489)	(50,690)	(58,260)	44,836	204,603	-	-
Ending Fund Balance	\$3,665,754	\$ 145,441	\$ 143,776	\$187,979	\$211,227	\$4,354,177	\$4,168,759

The accompanying notes are an integral part of these financial statements.

Hawaiian Shores Community Association
Statement of Cash Flows
For the Year Ended October 31, 2013
(With Comparative Totals for the Year Ended October 31, 2012)

	Operating Fund	Water Fund	Roads Fund	Park and Facilities Fund	Emergency Fund	2013 Total	2012 Total
CASH FLOWS FROM OPERATING ACTIVITY							
Change in Fund Balance	\$ 73,613	\$ 26,934	\$ 32,839	\$ 45,408	\$ 6,624	\$ 185,418	\$ 125,410
Adjustments to reconcile changes in net assets with net cash provided by operating activities:							
Add Depreciation and Disposals	54,492	-	-	-	-	54,492	49,743
Add Bad Debt	-	-	-	-	-	-	18,072
Add Unrealized Loss on Investments	-	7,379	-	46	8,197	15,622	-
Loss on Sale of Fixed Asset	6,086	-	-	-	-	6,086	-
Change in Net Accounts Receivable	(18,378)	-	-	-	-	(18,378)	(14,620)
Change in Prepaid Expenses	10,606	-	-	-	-	10,606	29,404
Change in Accounts Payable	(8,644)	-	-	-	-	(8,644)	11,470
Change in Payroll Liabilities	(4,571)	-	-	-	-	(4,571)	11,699
Change in Prepaid Water and Assessments	(3,528)	-	-	-	-	(3,528)	(5,207)
Change in Vacation Payable	(2,576)	-	-	-	-	(2,576)	(904)
Net Cash Provided by Operating Activity	107,100	34,313	32,839	45,454	14,821	234,527	225,067
CASH FLOWS FROM INVESTING ACTIVITY							
Purchase of Investments	-	(152,820)	-	-	(219,424)	(372,244)	(60,550)
Proceeds from Sale of Fixed Assset	10,000	-	-	-	-	10,000	-
Equipment Purchase	(185,435)	-	-	-	-	(185,435)	(196,363)
Net Cash Used by Investing Activity	(175,435)	(152,820)	-	-	(219,424)	(547,679)	(256,913)
CASH FLOWS FROM FINANCING ACTIVITY							
Borrowings from HNB Promissory Note	-	-	-	-	-	-	57,500
Payments of HNB Promissory Note	(11,177)	-	-	-	-	(11,177)	(3,698)
Transfers	(140,489)	(50,690)	(58,260)	44,836	204,603	-	-
Net Cash Provided (Used) by Financing Activity	(151,666)	(50,690)	(58,260)	44,836	204,603	(11,177)	53,802
Net Increase (Decrease) in Cash for the Year	(220,001)	(169,197)	(25,421)	90,290	-	(324,329)	21,956
CASH AT BEGINNING OF YEAR	387,423	169,197	169,197	37,185	-	763,002	741,046
CASH AT END OF YEAR	\$ 167,422	\$ -	\$ 143,776	\$ 127,475	\$ -	\$ 438,673	\$ 763,002
Supplemental Cash Flow Information							
Cash Paid for Interest	\$ 777	\$ -	\$ -	\$ -	\$ -	\$ 777	\$ 303

HAWAIIAN SHORES COMMUNITY ASSOCIATION

Notes to the Financial Statements October 31, 2013 and 2012

Note 1. ORGANIZATION

Hawaiian Shores Community Association (the Association) was incorporated as a nonprofit corporation in the State of Hawai'i on July 16, 1971. The Association is located in the Hawaiian Shores Subdivision, District of Puna, County of Hawai'i, comprising 1,294 lots. Each lot owner is subject to covenants, conditions, and restrictions as set forth in the *Declaration of Covenants, Conditions, and Restrictions-Hawaiian Shores Recreational Estates*.

The purpose and activities of the Association are to promote the best interests of the property owners in the subdivision and to promote, strive to improve, maintain, and manage all common and community facilities within the subdivision.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting: The Association uses the accrual method of accounting for both financial statement reporting and tax return preparation. Under this method of accounting revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

Property and Equipment: Real property acquired is reflected on the Association's financial statements. The Association's policy is to capitalize fixed assets with a useful life greater than one year and for which the Association holds title in its name. Capitalized assets are stated at cost, less depreciation, calculated using the straight-line method over the assets' estimated useful lives.

Member Assessments: Owners are subject to a yearly assessment of \$310 to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Any assessments not paid within two months of its effective date will bear interest, retroactive from the effective date, at the rate of 1% per month, or at such other rate as the Board of Directors establish. The Association's by-laws allow the Association to also establish special assessments. Accounts Receivable – Fee Assessments on the balance sheet represent fees due from lot owners. Prepaid Assessments on the balance sheet represent advance payments by owners for future assessments.

Fund Balances: To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund-This fund is to account for financial resources available for the general operations of the Association.

Water Fund-This fund is to be used exclusively to fund the water system.

Roads Fund-This fund is to be used exclusively to fund road related expenses.

Park and Facilities Fund-This fund is to be used exclusively to fund park related expenses.

Emergency Fund-This fund is to account for financial resources related to any emergencies or extraordinary situations and major projects that may not have been budgeted or planned.

HAWAIIAN SHORES COMMUNITY ASSOCIATION

Notes to the Financial Statements
October 31, 2013 and 2012

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents: For the purpose of the Statement of Cash Flows, cash is defined as demand deposits, savings accounts, and certificates of deposit with maturities of three months or less.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes: The Association is exempt from Federal income taxes pursuant to *Section 501(c)(4)* of the Internal Revenue Code and applicable State law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Association may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Association and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2013, and 2012.

The Association files its *Forms 990* in the U.S. Federal jurisdiction and the office of the State's Attorney General for the State of Hawai'i. The Association is generally no longer subject to examination by the Internal Revenue Service for years before 2009.

Note 3. NET ASSETS

Hawaiian Shores Community Association has conformed to *FASB ASC 958-210-45-9*, "Not-for-Profit Entities, Classifications of Net Assets," and the *Statement of Financial Accounting Standards formerly (SFAS) No 117*, "Financial Statement of Not-for-Profit Organization." Accordingly, Hawaiian Shores Community Association is required to report information regarding its financial position and activities according to the following three classes: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent those assets whose usage is neither temporarily nor permanently restricted by donors. These revenues are used for the general operating expenditures of the Association or for such purposes as determined by the Board of Directors.

Temporarily restricted net assets represent restricted grants and funds received from foundations and donors for which the restrictions had not yet been fulfilled as of year end. There were no temporarily restricted net assets at October 31, 2013 and 2012.

There were no permanently restricted funds as of October 31, 2013 and 2012.

HAWAIIAN SHORES COMMUNITY ASSOCIATION

Notes to the Financial Statements
October 31, 2013 and 2012

Note 4. ASSESSMENTS RECEIVABLE

The Association's policy is to place liens on the properties of owners whose annual assessments are in arrears. Assessments receivable of \$198,709 at October 31, 2013, and \$180,331 at October 31, 2012, in the Operating Fund were in arrears and subject to lien. Because of foreclosures against certain property owners which cast doubt on the collectability of certain assessments, management has established an allowance for doubtful accounts of \$75,000 for this uncertainty based on past collection history and the composite of the current balance. Hence, net accounts receivable at October 31, 2013, and 2012, amounted to \$123,709, and \$105,331, respectively. Total Assessments Receivable past due over one year totaled approximately \$133,590 at October 31, 2013, and \$103,000 at October 31, 2012.

Note 5. INVESTMENTS

Hawaiian Shores Community Association has conformed to *FASB's ASC 820-10-50-1* which establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. This fair value hierarchy consists of three broad levels:

- Level 1 inputs consist of unadjusted quoted prices in active markets such as stock exchanges for identical assets and have the highest priority.
- Level 2 inputs consist of significant other observable inputs such as quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs consist of significant unobservable inputs and include situations where there is little, if any, market activity for the investment. The inputs require significant judgment or estimates, such as those associated with discounted cash flow methodologies and appraisals.

There are no liabilities or other assets measured at fair value on a recurring or non-recurring basis. Fair values of assets measured on a recurring basis are as follows:

Assets	Total 10/31/2013	Quoted Prices: Level 1	Significant Other Inputs: Level 2	Significant Non- Observable Inputs: Level 3
Certificate of Deposit and Cash funds	<u>\$ 417,172</u>	<u>\$ 417,172</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 417,172</u>	<u>\$ 417,172</u>	<u>\$ -</u>	<u>\$ -</u>

Note 6. WATER SYSTEM

The Association owns and operates a water system for the subdivision. According to the Association's by-laws, each lot owner must pay a water hookup fee before starting construction or landscaping. The monthly water service fee is payable on the first day of each month, in advance. In the years ending October 31, 2013 and 2012, the fee of \$50 per month was allocated as \$47 for the water service charge, and \$3 for the Associations' Infrastructure Fund for future repairs. The monthly fee charged allows for unlimited use of water.

HAWAIIAN SHORES COMMUNITY ASSOCIATION

Notes to the Financial Statements October 31, 2013 and 2012

Note 6. WATER SYSTEM (Continued)

The Association also requires a security deposit of \$150 from tenants (renters/lessees). This deposit is refundable to tenants when they move out of the subdivision. Total water deposits held by the Association amounted to \$4,893 at October 31, 2013, and \$4,811 at October 31, 2012.

Note 7. SIMPLIFIED EMPLOYEE PENSION PLAN (SEP)

The Association established a Simplified Employee Pension Plan for all eligible employees. As of November 15, 1999, employees are eligible to participate in the Plan upon attaining the age of 21 years and having performed services for the Association for at least three years. All amounts contributed to the employee's SEP Plan will be immediately 100% vested. Contributions by the Association were \$1,608 in fiscal year 2013, and \$2,450 in fiscal year 2012, respectively for eligible employees.

Note 8. POOL UPGRADE

During the fiscal year ended October 31, 2012, Hawaiian Shores Community Association placed into service pool upgrades, including the completed solar system project totaling \$99,941.

Note 9. RADIO-READ WATERING SYSTEM

The Association purchased a radio-read water metering system to monitor and assess the water usage of homeowners in the Association. The costs associated with the meters were \$36,217 in the fiscal year ending October 31, 2013 and \$3,017 in the fiscal year ending October 31, 2012 and which have been capitalized.

Note 10. FUTURE LEASE PAYMENTS

Hawaiian Shores Community Association entered into an operating non-cancelable lease agreement with Xerox Corporation in September 2009, for a Xerox copy machine. The term of the lease is 60-months. The future non-cancelable portion of this lease for the year ending October 31, 2014 is \$2,163.

The Association also renewed a non-cancelable operating lease with Pitney Bowes Global Financial Services LLC in August 2013. The extended lease agreement is for 51 monthly payments of \$197. The following is the non-cancelable portion of this lease for the year ending October 31:

2014	\$ 2,360
2015	2,360
2016	2,360
2017	2,360
2018	590
	<u>\$ 10,030</u>

HAWAIIAN SHORES COMMUNITY ASSOCIATION

Notes to the Financial Statements
October 31, 2013 and 2012

Note 11. RELATED PARTY TRANSACTIONS

K.W. Construction was contracted to renovate and remodel the Community Center (Stables) for the Hawaiian Shores Community Association during the fiscal years ending October 31, 2013 and 2012. K.W. Construction is owned and operated by the current Treasurer of the Hawaiian Shores Community Association. During fiscal year ended October 31, 2013, amounts paid to K.W. Construction totaled \$16,197 for services and \$266 for reimbursements. During the fiscal year ended October 31, 2012, the amounts paid totaled \$44,734 for services and \$846 for reimbursements.

NOTE 12. HAWAII NATIONAL BANK PROMISSORY NOTE

In May 2012 the Association took out a loan with Hawaii National Bank (HNB) to fund the purchase and installation of a solar system to offset the average monthly electric bill for operating the pool pump. The 5 year loan bears interest at a rate of 1.65 percent over the index (1.7 percent at October 31, 2013 and 2012). Monthly payments of \$1,000 are required based on a five year amortization period, with the final payment due in May 2017. The loan is secured by a 5 year certificate of deposit at .03 percent interest held with the financial institution. The principal maturities of the debt are as follows:

2014	\$ 11,362
2015	11,557
2016	11,755
2017	7,951
	<u>\$ 42,625</u>

Note 13. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through January 10, 2014 the date the financial statements were available for use.