



**MUSEUM ALLIANCE OF RAPID CITY, INC.**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
DECEMBER 31, 2013 AND 2012



**Ketel Thorstenson, LLP**  
Certified Public Accountants/Business & Personal Consultants

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**MUSEUM ALLIANCE OF RAPID CITY, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Museum Alliance of Rapid City, Inc.  
Rapid City, South Dakota

We have audited the accompanying financial statements of **MUSEUM ALLIANCE OF RAPID CITY, INC.** (the Organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our 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 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 **MUSEUM ALLIANCE OF RAPID CITY, INC.** as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Ketel Thorstenson, LLP".

KETEL THORSTENSON, LLP  
Certified Public Accountants

May 14, 2014

## MUSEUM ALLIANCE OF RAPID CITY, INC.

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2013 AND 2012

ASSETS (Note 2)	2013	2012
<b>Current Assets</b>		
Cash	\$ 105,714	\$ 69,360
Accounts Receivable	6,132	2,310
Grant Receivable	3,121	6,649
Inventories	11,997	152,478
Prepays	7,367	5,651
<b>Total Current Assets</b>	<b>134,331</b>	<b>236,448</b>
<b>Property and Equipment</b>		
Leasehold Improvements	551,663	551,663
Furniture, Fixtures and Equipment	356,218	341,560
	<b>907,881</b>	893,223
Less Accumulated Depreciation	829,639	805,594
	<b>78,242</b>	87,629
<b>Other Assets</b>		
Restricted Cash (Notes 7, 9 and 10)	32,085	81,128
Restricted Investments (Notes 7, 9 and 10)	107,894	-
Restricted Certificates of Deposit (Notes 7, 9 and 10)	-	51,379
Noncurrent Inventories	48,648	14,030
	<b>188,627</b>	146,537
<b>TOTAL ASSETS</b>	<b>\$ 401,200</b>	<b>\$ 470,614</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 7,052	\$ 14,994
Accrued Expenses	20,689	16,474
Deferred Grant Revenue	-	2,300
<b>Total Current Liabilities</b>	<b>27,741</b>	<b>33,768</b>
<b>Commitments (Notes 5 and 6)</b>		
<b>Net Assets</b>		
Unrestricted	233,480	304,339
Temporarily Restricted (Notes 7 and 9)	32,841	25,369
Permanently Restricted (Notes 7 and 9)	107,138	107,138
<b>Total Net Assets</b>	<b>373,459</b>	<b>436,846</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 401,200</b>	<b>\$ 470,614</b>

The accompanying notes are an integral part of these statements.

**MUSEUM ALLIANCE OF RAPID CITY, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<i>Revenue and Support:</i>				
City Appropriations (Note 3)	\$ 326,768	\$ -	\$ -	\$ 326,768
Admissions, Memberships, and Events	159,075	-	-	159,075
Grant Revenue	101,506	-	-	101,506
Contributions	60,750	10,204	-	70,954
Store Revenue, Net of Cost of Goods				
Sold of \$167,762	60,985	-	-	60,985
Facility Rental Income	34,122	-	-	34,122
Collection Rentals	24,500	-	-	24,500
Other Income	15,829	-	-	15,829
Realized/Unrealized Gain on Investments (Note 9)	1,507	4,824	-	6,331
Net Investment Income (Note 9)	30	2,302	-	2,332
Net Assets Released from Restrictions	9,858	(9,858)	-	-
<b>Total Revenue and Support</b>	<b>794,930</b>	<b>7,472</b>	<b>-</b>	<b>802,402</b>
<i>Expenses (Note 4):</i>				
Salaries, Benefits, and Taxes (Note 6)	431,787	-	-	431,787
Utilities	99,328	-	-	99,328
Grant and Program Expenses	99,213	-	-	99,213
Advertising	48,089	-	-	48,089
Insurance	34,662	-	-	34,662
Other Expense (Note 5)	25,941	-	-	25,941
Depreciation	25,729	-	-	25,729
Repairs and Maintenance	20,089	-	-	20,089
Supplies	19,793	-	-	19,793
Contract Labor	17,962	-	-	17,962
Exhibition Costs	13,411	-	-	13,411
Bank Fees	9,819	-	-	9,819
Legal and Professional	9,553	-	-	9,553
Postage and Printing	3,152	-	-	3,152
Travel and Entertainment	3,046	-	-	3,046
Dues and Subscriptions	2,624	-	-	2,624
Security	1,230	-	-	1,230
Bad Debt Expense	361	-	-	361
<b>Total Expenses</b>	<b>865,789</b>	<b>-</b>	<b>-</b>	<b>865,789</b>
<b>Change in Net Assets</b>	<b>(70,859)</b>	<b>7,472</b>	<b>-</b>	<b>(63,387)</b>
Net Assets, Beginning of Year	304,339	25,369	107,138	436,846
<b>Net Assets, End of Year</b>	<b>\$ 233,480</b>	<b>\$ 32,841</b>	<b>\$ 107,138</b>	<b>\$ 373,459</b>

The accompanying notes are an integral part of this statement.

**MUSEUM ALLIANCE OF RAPID CITY, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<i>Revenue and Support:</i>				
City Appropriations (Note 3)	\$ 318,242	\$ -	\$ -	\$ 318,242
Admissions, Memberships, and Events	167,568	-	-	167,568
Grant Revenue	127,775	-	-	127,775
Contributions	132,016	7,695	-	139,711
Store Revenue, Net of Cost of Goods				
Sold of \$123,114	107,208	-	-	107,208
Facility Rental Income	32,220	-	-	32,220
Collection Rentals	31,000	-	-	31,000
Other Income	14,087	-	-	14,087
Net Investment Income (Note 9)	13	956	-	969
Net Assets Released from Restrictions	8,636	(8,636)	-	-
<b>Total Revenue and Support</b>	<b>938,765</b>	<b>15</b>	<b>-</b>	<b>938,780</b>
<i>Expenses (Note 4):</i>				
Salaries, Benefits, and Taxes (Note 6)	454,025	-	-	454,025
Utilities	103,177	-	-	103,177
Grant and Program Expenses	154,809	-	-	154,809
Advertising	48,303	-	-	48,303
Insurance	31,411	-	-	31,411
Other Expense (Note 5)	13,966	-	-	13,966
Depreciation	26,065	-	-	26,065
Repairs and Maintenance	31,229	-	-	31,229
Supplies	20,925	-	-	20,925
Exhibition Costs	33,948	-	-	33,948
Bank Fees	8,858	-	-	8,858
Legal and Professional	9,063	-	-	9,063
Postage and Printing	4,376	-	-	4,376
Travel and Entertainment	2,650	-	-	2,650
Dues and Subscriptions	1,403	-	-	1,403
Security	3,659	-	-	3,659
<b>Total Expenses</b>	<b>947,867</b>	<b>-</b>	<b>-</b>	<b>947,867</b>
<b>Change in Net Assets</b>	<b>(9,102)</b>	<b>15</b>	<b>-</b>	<b>(9,087)</b>
Net Assets, Beginning of Year	313,441	25,354	107,138	445,933
<b>Net Assets, End of Year</b>	<b>\$ 304,339</b>	<b>\$ 25,369</b>	<b>\$ 107,138</b>	<b>\$ 436,846</b>

The accompanying notes are an integral part of this statement.

**MUSEUM ALLIANCE OF RAPID CITY, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (63,387)	\$ (9,087)
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Flows Provided by Operating Activities:</i>		
Depreciation	25,729	26,065
Unrealized/Realized Gain on Restricted Investments	(6,331)	-
<i>Working Capital Changes Increasing (Decreasing) Cash:</i>		
Accounts Receivable	(3,822)	20,609
Grant Receivable	3,528	3,528
Inventories	105,863	(3,918)
Prepays	(1,716)	(2,298)
Accounts Payable and Accrued Expenses	(3,727)	(3,151)
Deferred Grant Revenue	(2,300)	250
<b>Net Cash Flows Provided by Operating Activities</b>	<b>53,837</b>	<b>31,998</b>
<b>Cash Flows from Investing Activities</b>		
Change in Restricted Cash	49,043	(20,735)
Redemptions of Restricted Certificates of Deposit	52,886	20,720
Purchase of Restricted Investments	(103,070)	-
Purchases of Property and Equipment	(16,342)	(535)
<b>Net Cash Flows Used In Investing Activities</b>	<b>(17,483)</b>	<b>(550)</b>
<b>Net Increase in Cash</b>	<b>36,354</b>	<b>31,448</b>
<b>Cash -- Beginning of Year</b>	<b>69,360</b>	<b>37,912</b>
<b>Cash -- End of Year</b>	<b>\$ 105,714</b>	<b>\$ 69,360</b>

The accompanying notes are an integral part of these statements.

**MUSEUM ALLIANCE OF RAPID CITY, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**(1) Nature of Operations and Summary of Significant Accounting Policies**

**Nature of Operations**

Museum Alliance of Rapid City, Inc. (the Organization) was organized for the purpose of operating the Journey Museum located in Rapid City, South Dakota. The Journey Museum operates for the purpose of preserving the history of the City of Rapid City and surrounding areas. Collections held by the Museum are owned by private individuals and other organizations and are not reflected in the financial statements. The Organization is reported as a component unit of the City of Rapid City and is governed by a Board of Directors, which is partially composed of members appointed by the Mayor of Rapid City.

The Organization receives a significant portion of its revenue from appropriations from the City of Rapid City (Note 3). The Organization also receives significant revenue from museum admissions, gift shop sales, grants, rent, and contributions. This revenue is reported net of sales tax collected.

**Summary of Significant Accounting Policies**

**a. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**b. Basis of Accounting**

The financial statements of the Organization are prepared on the accrual basis of accounting.

**c. Financial Statement Presentation**

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.

**d. Cash and Cash Equivalents**

For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash accounts restricted for long-term purposes are excluded from this classification. The Organization maintains its cash accounts in financial institutions which are insured by the Federal Deposit Insurance Corporation.

**e. Investments**

The Organization accounts for investments at fair market value, with changes in fair market value accounted for in the Statement of Activities. Realized gains and losses are determined on a specific identity basis. Unrealized gains and losses are recognized in the Statement of Activities to the extent of the change in aggregate market value of investments at the end of each accounting period.

**f. Contributions**

The Organization records contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. 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. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.



**MUSEUM ALLIANCE OF RAPID CITY, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013 AND 2012**

**(1) Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**g. Support and Revenue Recognition**

The Organization receives grants from various sources. Income from grants not deemed to be contributions is recognized as support and revenue to the extent that expenditures have been made for the purposes specified in the grant agreement. Grants receivable consist of amounts awarded and expended, but not yet received by the grantor. Cash received in excess of revenue recorded is reflected as deferred grant revenue.

**h. Accounts Receivable**

Accounts receivable are carried at their original amount less an estimate made for doubtful accounts, if necessary, based on a periodic review of all outstanding amounts. No allowance for doubtful accounts was deemed necessary at December 31, 2013 or 2012. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Trade receivables are considered past due if they exceed 90 days old, however, no interest is charged on delinquent balances. There were no significant past due receivables at December 31, 2013.

**i. Inventories**

Inventories are stated at the lower of cost (on a first-in, first-out basis) or market and consist of merchandise for resale in the gift shop. Inventories not expected to be sold within one year are presented as long term assets. These items include books, souvenirs and artwork that are held for sale.

**j. Property and Equipment**

Property and equipment purchases in excess of \$500 are capitalized at cost. Property and equipment are stated at cost or fair value on the date acquired, if received in the form of a contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

	<u>Years</u>
Leasehold Improvements	10
Furniture, Fixtures and Equipment	3-10

**k. Federal Income Tax**

The Organization qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal income tax. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

At December 31, 2013, the Organization believes that no significant uncertain tax positions or liabilities exist. In accordance with the applicable statute of limitations, the Organization's tax returns could be audited by the Internal Revenue Service for the years ended December 31, 2010 to 2013.

**l. Advertising Costs**

The Museum uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. Total advertising costs for the years ended December 31, 2013 and 2012 are **\$48,089** and **\$48,303**, respectively.

MUSEUM ALLIANCE OF RAPID CITY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013 AND 2012

(1) Nature of Operations and Summary of Significant Accounting Policies (Concluded)

m. Subsequent Events

The Organization has evaluated subsequent events through May 14, 2014, the date which the financial statements were available to be issued.

(2) Line of Credit

During the year ended December 31, 2013, the Organization initiated a line of credit agreement with a local bank with maximum borrowings allowed of \$25,000 and secured by all assets of the Organization. The line of credit matures August 5, 2014 and has an interest rate of 5.5 percent (2.25 percentage points over the Wall Street Journal U.S. Prime Rate) with varying monthly payments depending on the amount borrowed. As of December 31, 2013, the balance of the line was \$-0-. Management intends to renew the line of credit on the maturity date.

(3) City Appropriations

The Organization receives a significant portion of its revenue from the City of Rapid City, South Dakota. The City appropriated \$326,768 and \$318,242 for the years ended December 31, 2013 and 2012, respectively, for the payment of operating expenses. The Organization’s financial condition would likely be impaired if this appropriation was reduced or eliminated. The City agreement for appropriation expires in 2032.

The Organization also has a rent-free lease agreement with the City of Rapid City for the land and building housing the museum operations. In return, the Organization has agreed to operate the museum for the benefit of the City. No contribution has been recorded in the accompanying financial statements for this lease agreement. The building is recorded as an asset of the City due to the component unit status of the Organization.

(4) Functional Expenses

The Organization’s functional expenses, based on management’s estimates of the cost of providing various activities, consist of the following:

	2013	2012
Program Expenses	\$ 693,663	\$ 740,700
Administrative Expenses	150,885	181,410
Fundraising Expenses	21,241	25,757
	<u>\$ 865,789</u>	<u>\$ 947,867</u>

(5) Operating Lease

The Organization leases a copier under a non-cancelable operating lease. Rent expense under the lease totaled \$8,664 and \$722 for the years ended December 31, 2013 and 2012, respectively. Future minimum lease payments under the terms of this non-cancelable operating lease are as follows for the years ending December 31:

2014	\$ 8,664
2015	8,664
2016	8,664
2017	8,664
2018	1,444
	<u>\$ 36,100</u>

**MUSEUM ALLIANCE OF RAPID CITY, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013 AND 2012**

**(6) Retirement Plan**

The Organization has a Simple IRA retirement plan covering all employees who are employed for at least one year. The Organization matches up to three percent of employee contributions. The Organization's contributions to the plan totaled \$6,405 and \$8,484 for the years ended December 31, 2013 and 2012, respectively.

**(7) Restricted Net Assets**

Restricted contributions totaling \$6,644 and \$15,776 were received and spent in accordance with donor restrictions during the years ended December 31, 2013 and 2012, respectively. Therefore, these contributions are presented as unrestricted contributions on the Statement of Activities.

The temporarily restricted net assets balance on the Statements of Financial Position is held for the following purposes:

	<u>2013</u>	<u>2012</u>
Flood Exhibit	\$ 10,971	\$ 10,971
Endowment Interest and Net Appreciation on Investments (Note 9)	13,400	6,274
Educational Programs	4,984	2,117
Madison Cabin Restoration	1,950	1,950
2012 Journey Ahead - Website Redevelopment	1,077	1,120
Gardening	459	-
AMX Exhibit Control System	-	2,937
	<u>\$ 32,841</u>	<u>\$ 25,369</u>

Permanently restricted net assets are restricted for investment in perpetuity, the income from which is temporarily restricted until the board appropriates the funds to be used for unrestricted purposes (Note 9).

Temporarily and permanently restricted net assets are included in restricted cash, certificates of deposit, and investments in the accompanying Statements of Financial Position.

**(8) Contributed Services**

A number of board members and other volunteers have donated significant amounts of time on behalf of the Organization. The value of these donated services does not meet recognition criteria and, accordingly, is not recorded in the accompanying financial statements.

**(9) Endowment Funds**

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (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 as 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 state law.

**MUSEUM ALLIANCE OF RAPID CITY, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2013 AND 2012**

**(9) Endowment Funds (Continued)**

No board designated endowment funds exist at December 31, 2013 and 2012. Changes in donor restricted endowment net assets for the years ended December 31, 2013 and 2012 are as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment Net Assets - December 31, 2011	\$ -	\$ 5,318	\$ 107,138	\$ 112,456
Net Investment Income	-	956	-	956
Contributions	-	-	-	-
Endowment Net Assets - December 31, 2012	-	6,274	107,138	113,412
Net Investment Income	-	2,302	-	2,302
Net Appreciation of Investments	-	4,824	-	4,824
Contributions	-	-	-	-
<b>Endowment Net Assets - December 31, 2013</b>	<b>\$ -</b>	<b>\$ 13,400</b>	<b>\$ 107,138</b>	<b>\$ 120,538</b>

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable growth for its endowment. The Organization's endowment is invested in mutual funds and cash accounts. The current long-term return objective is to achieve a moderate rate of return. Actual returns in any given year may vary. The Organization considers the following factors in determining whether 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.

**(10) Fair Value Measurements**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Fair value measurements are classified according to a three-level fair value hierarchy based on the quality of inputs used to measure fair value. The three-level hierarchy is defined as follows:

- Level One: observable inputs such as quoted market prices for identical assets or liabilities in active markets
- Level Two: inputs include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability
- Level Three: inputs are based on prices or valuation techniques that are unobservable and require significant management judgment or estimation

**MUSEUM ALLIANCE OF RAPID CITY, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)  
DECEMBER 31, 2013 AND 2012**

**(10) Fair Value Measurements (Continued)**

The following table presents the assets carried at fair value on a recurring basis, on the accompanying Statements of Financial Position by fair value hierarchy, as described above. No liabilities or other assets are measured at fair value on a recurring or nonrecurring basis.

<b>December 31, 2013</b>	<b>Level <u>One</u></b>	<b>Level <u>Two</u></b>	<b>Level <u>Three</u></b>	<b><u>Total</u></b>
Mutual Funds	\$ 107,894	\$ -	\$ -	\$ 107,894
Money Market included in Restricted Cash (b)	-	2,745	-	2,745
	<b>\$ 107,894</b>	<b>\$ 2,745</b>	<b>\$ -</b>	<b>\$ 110,639</b>

  

December 31, 2012	Level <u>One</u>	Level <u>Two</u>	Level <u>Three</u>	<u>Total</u>
Certificates of Deposit (a)	\$ -	\$ 51,379	\$ -	\$ 51,379
Money Market included in Restricted Cash (b)	-	50,196	-	50,196
	<b>\$ -</b>	<b>\$ 101,575</b>	<b>\$ -</b>	<b>\$ 101,575</b>

- (a) This category is comprised of certificates of deposit that are valued using amortization tables and stated interest rates.
- (b) This category is comprised of money market funds and is valued using the net asset value method in which an average of the market prices for the underlying investments is used to value the fund.