

**ADAPTIVE SPORTS FOUNDATION, INC.  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2012**

ADAPTIVE SPORTS FOUNDATION, INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2012

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To the Board of Directors of  
Adaptive Sports Foundation, Inc.

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of Adaptive Sports Foundation, Inc. (a nonprofit organization) as of June 30, 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 audit.

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 audit 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 Adaptive Sports Foundation, Inc. as of June 30, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages seventeen through twenty-two is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

SHALLO, GALLUCIO, BIANCHI & FUCITO  
CERTIFIED PUBLIC ACCOUNTANTS

Cairo, New York  
November 9, 2012

ADAPTIVE SPORTS FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2012 AND 2011

**ASSETS**

	Notes	June 30,	
		2012	2011
<b>Current Assets</b>			
Cash in Bank	B & C	\$ 388,106	\$ 324,807
Accounts Receivable		-	3,000
Prepaid Expenses	D	16,048	6,596
Prepaid Real Estate Taxes		5,147	5,065
Security Deposit - Rental		2,300	2,500
Marketable Securities	B & E	1,542,927	1,567,843
Land Held for Resale	F	950,730	950,730
<b>Total Current Assets</b>		<b>2,905,258</b>	<b>2,860,541</b>
<b>Property &amp; Equipment - Net</b>	B & G	<b>2,715,082</b>	<b>2,720,882</b>
<b>Total Assets</b>		<b>\$ 5,620,340</b>	<b>\$ 5,581,423</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts Payable		\$ -	\$ 12,743
Deferred Revenue		2,500	-
Deferred Grant Revenue	O	150,193	117,079
Uniform Security Deposits		-	10,150
Deposit on Land		5,000	5,000
Payroll Liabilities		9,639	7,443
Land Acquisition Loan	H	1,250,000	1,250,000
<b>Total Current Liabilities</b>		<b>1,417,332</b>	<b>1,402,415</b>
<b>Long Term Liabilities</b>			
<b>Total Long Term Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>1,417,332</b>	<b>1,402,415</b>
<b>Net Assets</b>			
Unrestricted			
Undesignated	B & I	3,009,570	2,944,811
Temporarily Restricted	B & I	31,285	40,873
Permanently Restricted	B & I	1,162,153	1,193,324
<b>Total Net Assets</b>		<b>4,203,008</b>	<b>4,179,008</b>
<b>Total Liabilities and Net Assets</b>		<b>\$ 5,620,340</b>	<b>\$ 5,581,423</b>

See auditor's report and accompanying notes to financial statements.

ADAPTIVE SPORTS FOUNDATION, INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

		For the Years Ended June 30,	
	Notes	2012	2011
<b>Unrestricted Net Assets</b>			
<b>Revenues, Gains, and Other Support</b>			
Contributions received for support	B	\$ 519,259	\$ 275,888
Noncash Contributions	B & N	352,599	297,816
Program Revenue	O	102,480	163,150
Grant Revenue	P	255,604	69,442
Special Event Revenue	K	327,027	379,328
Net Income (Loss) on Retail Sales	L	8,553	(2,303)
Net Income on Lunch and Vending Sales	M	2,503	5,687
Lease Income	Q	10,000	10,000
Developer Income	R	22,056	21,990
Dividend Income		45,888	40,719
Interest Income		3,974	6,237
Net Realized and Unrealized Gain (Loss) on Investments	E	2,606	50,665
Other Income		-	1,712
<b>Total Unrestricted Revenues, Gains, and Other Support</b>		<b>1,652,549</b>	<b>1,320,331</b>
<b>Net Assets Released from Restrictions</b>			
Satisfaction of Caitlin Program Restrictions		5,332	8,061
Satisfaction of Staci Program Restrictions		19,171	14,454
Satisfaction of Elijah Program Restrictions		800	-
Satisfaction of John Eckbold Program Restrictions		209	-
Satisfaction of Samuel Weiss Foundation Restrictions		4,385	1,197
<b>Total Net Assets Released from Restrictions</b>		<b>29,897</b>	<b>23,712</b>
<b>Total Unrestricted Revenues, Gains, Support, and Net Assets Released from Restrictions</b>		<b>1,682,446</b>	<b>1,344,043</b>
<b>Expenses</b>			
Program Services		1,180,315	992,264
Supporting Services			
Management and General		187,711	201,909
Fundraising		249,661	269,044
Total Supporting Services		<b>437,372</b>	<b>470,953</b>
<b>Total Expenses</b>		<b>1,617,687</b>	<b>1,463,217</b>
<b>Increase (Decrease) in Unrestricted Net Assets</b>		<b>64,759</b>	<b>(119,174)</b>
<b>Increase (Decrease) in Temporarily Restricted Net Assets</b>		<b>(9,588)</b>	<b>(1,017)</b>
<b>Increase (Decrease) in Permanently Restricted Net Assets</b>		<b>(31,171)</b>	<b>142,376</b>
<b>Increase (Decrease) in Total Net Assets</b>		<b>24,000</b>	<b>22,185</b>
<b>Total Net Assets at Beginning of Year</b>		<b>4,179,008</b>	<b>4,156,823</b>
<b>Total Net Assets at End of Year</b>		<b>\$ 4,203,008</b>	<b>\$ 4,179,008</b>

See auditor's report and accompanying notes to financial statements.

ADAPTIVE SPORTS FOUNDATION, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

**STATEMENTS OF FUNCTIONAL EXPENSES**

	Program Services	Support Services	For the Years Ended June 30,	
			2012	2011
<b>Functional Expenses</b>				
Gross Wages and Salaries	\$ 366,133	\$ 140,270	\$ 506,403	\$ 445,469
Volunteer Expense	125,029	-	125,029	119,779
Banquet/Fundraising Expense	-	95,293	95,293	93,132
Trophy/Prize Expense	-	16,513	16,513	9,221
Depreciation	89,049	36,567	125,616	129,778
Employer Taxes	32,993	12,640	45,633	34,931
Activities Expense	360,135	-	360,135	305,363
Marketing Expense	2,430	8,462	10,892	11,744
Miscellaneous and Service Charges	17,528	6,717	24,245	22,124
Employee Benefits	32,740	12,543	45,283	50,721
Telephone Expense	6,988	2,679	9,667	9,434
Printing/Stationery Expense	2,289	3,959	6,248	9,927
Insurance Expense	18,108	8,017	26,125	22,497
Office Supplies	5,947	4,563	10,510	11,140
Equipment Expenses	7,621	-	7,621	17,875
Admin. & Bd of Directors Expense	-	26,807	26,807	30,930
Training Expense	6,117	-	6,117	4,569
Accounting/Audit Expense	-	14,325	14,325	19,125
Postage Expense	2,559	3,534	6,093	3,544
Supplies	883	979	1,862	902
Travel Expense	56,222	1,460	57,682	36,805
Investment Account Fees	-	3,477	3,477	3,285
Interest Expense	480	2,395	2,875	5,751
Vehicle Expenses	3,842	1,471	5,313	4,716
Building Maintenance Expenses	25,733	9,858	35,591	18,839
Utilities	7,489	2,869	10,358	10,010
Real Estate Taxes	-	21,974	21,974	21,605
Lease Expense - Land	10,000	-	10,000	10,000
<b>Total Functional Expenses</b>	<b>\$ 1,180,315</b>	<b>\$ 437,372</b>	<b>\$ 1,617,687</b>	<b>\$ 1,463,216</b>

See auditor's report and accompanying notes to financial statements.

ADAPTIVE SPORTS FOUNDATION, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

**STATEMENTS OF CASH FLOWS**

	For the Years Ended June 30,	
	2012	2011
<b>Cash Flows Provided By (Used By) Operating Activities</b>		
Increase (Decrease) in net assets	\$ 24,000	\$ 22,186
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Net realized and unrealized gain/loss on investments	18,065	(203,701)
Depreciation	125,616	129,778
Fixed Assets received as donations	(36,575)	(1,719)
Marketable Securities received as donations	(10,342)	(31,805)
Inventory received as donations	-	-
Prepaid Real Estate Taxes paid by developer	(5,147)	(5,065)
 (Increase) Decrease in operating assets:		
Inventory	-	-
Accounts Receivable	3,000	7,588
Prepaid Expenses	(9,452)	7,605
Prepaid Real Estate Taxes	5,065	4,679
Grants Receivable	-	3,000
Security Deposit	200	(2,500)
Increase (Decrease) in operating liabilities:		
Accounts Payable	(12,743)	6,851
Payroll Liabilities	2,196	1,517
Deferred Income	2,500	(2,135)
Deferred Grant Revenue	33,114	102,627
Uniform Security Deposits	(10,150)	2,050
<b>Cash Flows Provided By (Used By) Operating Activities</b>	<b>129,346</b>	<b>40,956</b>

See auditor's report and accompanying notes to financial statements.

ADAPTIVE SPORTS FOUNDATION, INC.  
 STATEMENTS OF CASH FLOWS - CONTINUED  
 FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

**STATEMENTS OF CASH FLOWS**

	For the Years Ended June 30,	
	<b>2012</b>	2011
<b>Cash Flows Provided By (Used By) Investing Activities</b>		
Proceeds from sale of investments and distributions	<b>710,747</b>	1,154,656
Purchase of investments	<b>(693,553)</b>	(1,045,648)
Due from Wintergreen Club	-	-
Acquisition of fixed assets	<b>(83,241)</b>	(1,302)
<b>Cash Flows Provided By (Used By) Investing Activities</b>	<b>(66,047)</b>	107,706
<b>Cash Flows Provided By (Used By) Financing Activities</b>		
New Borrowings	-	-
<b>Cash Flows Provided By (Used By) Financing Activities</b>	-	-
<b>Total Increase (Decrease) in Cash</b>	<b>\$ 63,299</b>	\$ 148,662
<b>Cash at Beginning of Year July 1,</b>	<b>324,807</b>	176,145
<b>Cash at End of Year</b>	<b>\$ 388,106</b>	\$ 324,807
<b>Supplemental Disclosures</b>		
Interest Paid	\$ -	\$ -
Income Taxes Paid	\$ -	\$ -

**Noncash Transactions**

During the years ended June 30, 2012 and 2011 Adaptive Sports Foundation received total noncash donated services of \$120,560 and \$112,700, respectively. These amounts were also recorded as noncash transactions for Volunteer Expense.

During the years ended June 30, 2012 and 2011 Adaptive Sports Foundation recognized noncash donation income in the amount of \$2,875 and \$5,750, respectively, for interest expense recognized on an interest free loan from Peter Kellogg. See Note H.

During the years ended June 30, 2012 and 2011 Adaptive Sports Foundation recognized noncash donation income in the amount of \$168,222 and \$135,399, respectively, for donated ski lift tickets. These amounts were also recorded as noncash transactions for Program Expense.

During the years ended June 30, 2012 and 2011 Adaptive Sports Foundation received total donated furniture, fixtures, and equipment with fair market values of \$36,575 and \$1,718, respectively.

See auditor's report and accompanying notes to financial statements.



ADAPTIVE SPORTS FOUNDATION, INC.  
STATEMENTS OF CASH FLOWS - CONTINUED  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

**STATEMENTS OF CASH FLOWS**

During the years ended June 30, 2012 and 2011 Adaptive Sports Foundation received donated marketable securities with total fair market values of \$10,342 and \$31,805, respectively.

During the years ended June 30, 2012 and 2011 Adaptive Sports Foundation received total noncash donated supplies of \$14,025 and \$10,444, respectively. These amounts were also recorded as noncash contributions.

During the years ended June 30, 2012 and 2011 real estate taxes were paid by a developer as stated in a contract for sale of land. Adaptive Sports recognized Developer Income of \$22,056 and \$21,990, respectively, Prepaid Real Estate Taxes of \$5,147 and \$5,065, respectively, and Real Estate Taxes of \$21,973 and \$21,605, respectively.

See auditor's report and accompanying notes to financial statements.

ADAPTIVE SPORTS FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE A – NATURE OF ACTIVITIES

Adaptive Sports Foundation, Inc. (ASF) was organized as a not-for-profit corporation on July 1, 2000 under the laws of the State of New York. The Foundation is located in Windham, New York. ASF offers both summer and winter recreational opportunities to individuals with mental and/or physical disabilities. The winter program serves as a model for other ski resorts that are interested in establishing adaptive programs.

Prior to the existence of ASF, the adaptive programs were a component of the Professional Ski Instructors of America – Eastern Education Foundation. During the year ended June 30, 2001 all assets and liabilities related to the adaptive programs were transferred to ASF in order for ASF to carry out its purposes. The transfers occurred during the month of October 2000. ASF is not considered a related party to the Professional Ski Instructors of America – Eastern Education Foundation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of ASF have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the guidance of the Not for Profit Entities Topic of the Financial Accounting Standards Board Accounting Standards Codification.

ASF is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. At June 30, 2012 and 2011, the Organization had only unrestricted net assets.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, ASF considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Depreciation

Depreciation is calculated using the straight-line method over the estimated useful lives of the respective classes of property. Depreciation expense for the years ended June 30, 2012 and 2011 was \$125,616 and \$129,778, respectively.

ADAPTIVE SPORTS FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

Donated Services are recognized as contributions in accordance with the Not for Profit Entity's Topic FASB ASC. The services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by ASF.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain expenses have been allocated between the program and supporting services benefited.

Income from Investments

Investment income is reported as an increase in unrestricted net assets unless the donor placed restriction on the income's use. Income that is restricted is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. Gains and losses are reflected as increases or decreases in the unrestricted class of net assets unless the donor or relevant laws placed temporary or permanent restrictions on those gains and losses. Donor-restricted investment income and gains whose restriction is met in the same reporting period are reported as unrestricted income. During the years ended June 30, 2012 and 2011 investment income from assets that were unrestricted and permanently restricted were recognized and reflected on the Statements of Activities and Changes in Net Assets and Statements of Restricted Activities and Changes in Restricted Net Assets.

Income Tax Status

ASF is exempt from income taxes under Internal Revenue Service Code Section 501(c)(3). Therefore, income tax expense has not been provided for in these financial statements.

Some activities and revenues are recognized as unrelated business income for tax return purposes. Therefore ASF files Forms 990-T and CT-13 with the Internal Revenue Service and New York State, respectively. None of the filings from inception has resulted in the recognition of taxable income or income tax due. However, filings of these unrelated business income tax returns for the years ended June 30, 2009 and forward are currently open for possible public inspection.

Investments

ASF carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities and Changes in Net Assets and Statements of Restricted Activities and Changes in Restricted Net Assets.

ADAPTIVE SPORTS FOUNDATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated on the balance sheet at cost and do not purport to represent replacement or realizable value. Upon sale or retirement of items, the cost and related accumulated depreciation are removed from the respective accounts and the net difference, less any amount realized from disposition, is reflected in earnings.

NOTE C – CASH AND CASH EQUIVALENTS

The balances comprising cash and cash equivalents on hand and in bank at June 30, 2012 and 2011 are as follows:

	June 30,	
	2012	2011
Cash in bank, checking accounts	\$ 313,721	\$ 264,211
Schwab Money Market Funds	62,379	60,596
Key Bank - Money Market	12,006	-
Total Cash and Cash Equivalents	\$ 388,106	\$ 324,807

NOTE D – PREPAID EXPENSES

As of June 30, 2012 and 2011 prepaid expenses consisted of advanced payments for the following:

	June 30,	
	2012	2011
Insurance	\$ 9,831	\$ 6,596
Golf Tournament Expense	6,217	-
Total Prepaid Expenses	\$ 16,048	\$ 6,596

NOTE E – MARKETABLE SECURITIES

Adaptive Sports Foundation, Inc.'s investment portfolio is managed by Finarc, LLC Investment Management which has discretion to alter the portfolio asset allocation within the ranges specified by ASF, depending on the economic and capital market outlook to achieve ASF's investment objectives.

ADAPTIVE SPORTS FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE E – MARKETABLE SECURITIES (CONTINUED)

Marketable securities consist of corporate bonds, stocks and equity mutual funds traded on the national stock exchanges, and are stated at fair value. Market values and unrealized appreciation (depreciation) at June 30, 2012 and 2011 are summarized below:

	June 30,	
	2012	2011
Market value of securities	\$ 1,542,917	\$ 1,567,843
Less: Cost	(1,456,549)	(1,457,760)
Unrealized appreciation	\$ 86,368	\$ 110,083

The unrestricted unrealized appreciation of marketable securities as of the year ended June 30, 2012 was \$19,532. As of the year ended June 30, 2011, the unrestricted unrealized appreciation of marketable securities was \$25,246. The permanently restricted unrealized appreciation of marketable securities as of the year ended June 30, 2012 was \$66,836. As of the year ended June 30, 2011, the permanently restricted unrealized appreciation of marketable securities was \$84,837.

Net realized and unrealized gains (losses) on marketable securities are as follows:

	June 30,	
	2012	2011
Realized gains (loss)	\$ 5,641	\$ 137,096
Unrealized gains (loss)	(23,706)	66,605
Net realized & unrealized gains (losses) on marketable securities	\$ (18,065)	\$ 203,701

The unrestricted net realized and unrealized gain on marketable securities for the year ended June 30, 2012 was \$2,606. For the year ended June 30, 2011 the unrestricted net realized and unrealized gain on marketable securities was \$50,665. The permanently restricted net realized and unrealized loss for the year ended June 30, 2012 was \$20,671. For the year ended June 30, 2011 the permanently restricted net realized and unrealized gain on marketable securities was \$153,036.

NOTE F – LAND HELD FOR RESALE

As of June 30, 2012 and 2011 Land Held for Resale represents two parcels of land. These two parcels were bought in conjunction with the parcel of property purchased for the purposes of the construction for the existing facility which was occupied during the year ended June 30, 2006. As of June 30, 2012 and 2011 \$950,730 represents the value assigned to the two parcels at time of purchase plus additional costs incurred to date to begin the process of negotiating a sale of the parcels to a third party. The intent of ASF is to sell these two parcels and use the proceeds, net of any capital gain tax due, to pay off the Note Payable to the Peter Kellogg Foundation as described in Note H.

ADAPTIVE SPORTS FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2012 and 2011 consist of the following:

	June 30,	
	2012	2011
Equipment	\$ 620,829	\$ 581,792
Machinery & Equipment	51,864	51,864
Office Equipment	71,694	63,882
Uniforms	107,688	75,359
Computer Software	39,133	25,716
Furniture & Fixtures	71,406	71,406
Building	2,288,598	2,288,598
Building Improvements	145,657	118,436
Land Improvements	16,162	16,162
Land	313,370	313,370
Total Property & Equipment	3,726,401	3,606,585
Less: Accumulated Depreciation	(1,011,319)	(885,703)
Total Property & Equipment - Net	\$ 2,715,082	\$ 2,720,882

NOTE H – LAND ACQUISITION LOAN

During the month of March 2005 ASF obtained a non-recourse non-interest loan from Peter Kellogg in the amount of one million two-hundred fifty-thousand dollars (\$1,250,000) for the purchase of land on which the existing facility was constructed and occupied during the year ended June 30, 2006. The loan is to be repaid without interest upon the sale of two of the three parcels purchased. However, even though ASF will not pay interest annually to Mr. Kellogg, the Organization will recognize interest expense and contribution income at the applicable federal interest rate determined at the end of each fiscal year beginning with the year ended June 30, 2006. The applicable federal rate as of June 30, 2012 was 0.23%. Therefore, the interest expense and contribution income recognized for the year ended June 30, 2012 was \$2,875. The applicable federal interest rate as of June 30, 2011 was 0.46%. Therefore, the interest expense and contribution income recognized for the year ended June 30, 2011 was \$5,750. This contribution income is considered a noncash contribution. See Note M. The third parcel of property is where the new facility is situated on for operations. The sale of the two lots is expected to result in proceeds of at least \$1,250,000 net of taxes as a result of capital gains, thus allowing for repayment of the loan in full. If the sales do not recognize a net of the \$1,250,000 owed to Mr. Kellogg, the remaining difference owed will be forgiven. There is no allowance for forgiveness of debt in these financial statements. Forgiveness of debt, if any, will result in the recognition of revenue during the year of occurrence.

ADAPTIVE SPORTS FOUNDATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE I – NET ASSETS

Net assets at June 30, 2012 and 2011 consist of the following:

	June 30,	
	2012	2011
Unrestricted		
Undesignated	\$ 3,009,571	\$ 2,944,812
Total Undesignated	3,009,571	2,944,812
Temporarily Restricted		
Elijah Net Asset	2,245	3,045
Caitlin Net Asset	3,224	8,557
John Eckbold Net Asset	655	-
Staci Net Asset	19,547	19,273
Samuel Weiss Foundation	5,615	9,998
Total Temporarily Restricted	31,285	40,873
Permanently Restricted		
Endowment Fund	1,162,153	1,193,324
Total Permanently Restricted	1,162,153	1,193,324
Total Net Assets	\$ 4,203,009	\$ 4,179,009

The interest and dividend earnings from the permanently restricted net assets are to be used towards the maintenance and operations of the facility with any direct expenses related to the investments and any realized and unrealized capital gains and losses to affect the balance of the restricted net assets. As of June 30, 2012 and 2011, the permanently restricted net assets were \$1,162,153 and \$1,193,324, respectively. These net assets are being held with Charles Schwab in the form of investments and are managed by Finarc, LLC Investment Management. See Supplemental Schedule to Statements of Activities and Changes in Assets - Temporarily and Permanently Restricted Net Assets on page 17.

NOTE J – CONTINGENCIES

ASF is subject to litigation in its normal course of operations and carries insurance related to such possibilities. Presently, ASF is not subject to any matters that require the recognition of a liability in the financial statements.

NOTE K – SPECIAL EVENT REVENUE

During the years ended June 30, 2012 and 2011, there were many separate special events generating income totaling \$327,027 and \$379,328, respectively. The income from each of the special events is summarized on the following page:

ADAPTIVE SPORTS FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE K – SPECIAL EVENT REVENUE - CONTINUED

	June 30,	
	2012	2011
Dinner Dance/Auction Income	\$ 102,120	\$ 107,195
Raffle Income	13,600	25,775
First Giving - Board Appeal Income	15,525	51,182
Skiathon Income	27,620	33,939
Michael Gray Race Income	26,901	26,874
Annual Fund Drive Income	22,345	21,110
Golf Tournament Income	41,030	53,010
Wine Tasting Income	20,612	25,500
Other Special Event Income	57,274	34,743
Total Special Event Income	\$ 327,027	\$ 379,328

NOTE L – NET INCOME ON RETAIL SALES

ASF periodically sells apparel and other items to its winter and summer program instructors as well as to the public. During the years ended June 30, 2012 and 2011 net income on retail sales was computed as follows:

	June 30,	
	2012	2011
Sales Income	\$ 8,553	\$ 2,637
Less: Apparel and Other Item Costs	-	(4,940)
Net Income on Sales of Apparel	\$ 8,553	\$ (2,303)

NOTE M – NET INCOME – LUNCH & VENDING SALES

ASF recognizes income and cost of sales from transactions related to unprepared sales of food and beverage in the kitchen area of the facility. Below is a schedule for the years ended June 30, 2012 and 2011 showing the sales and cost of sales related to such transactions:

	June 30,	
	2012	2011
Sales Income	\$ 15,615	\$ 17,407
Less: Food and Beverage Costs	(13,112)	(11,720)
Net Income on Lunch Program	\$ 2,503	\$ 5,687



ADAPTIVE SPORTS FOUNDATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE N – NONCASH CONTRIBUTIONS

During the years ended June 30, 2012 and 2011 Adaptive Sports Foundation, Inc. received the following noncash contributions that have been reflected in the financial statements of the organization:

	June 30,	
	2012	2011
Donated Services - Volunteers(See below)	\$ 120,560	\$ 112,700
Interest on loan forgiven - See Note H	2,875	5,750
Donated Marketable Securities	10,342	31,805
Donated Lift Tickets	168,222	135,399
Property, Equipment, Furniture & Fixtures	36,575	1,718
Office Supplies & Program Expenses	14,025	10,444
Total Noncash Contributions	\$ 352,599	\$ 297,816

During the years ended June 30, 2012 and 2011 donated services from volunteers were recorded based upon the actual number of volunteer hours factored by the average fair market value for costs per hour. The amounts recorded for the years ended June 30, 2012 and 2011 were \$120,560 and \$112,700, respectively.

NOTE O – PROGRAM REVENUE

During the years ended June 30, 2012 and 2011 income was provided by the various programs offered by ASF as follows:

	June 30,	
	2012	2011
Soldier Program Income	\$ 6,023	\$ 85,275
Winter Program Income	85,762	66,470
Summer Program Income	980	1,190
Hartman Program	9,715	10,215
Total Program Revenue	\$ 102,480	\$ 163,150

NOTE P – GRANT REVENUE

During the years ended June 30, 2012 and 2011, ASF received grants from various foundations and individuals totaling \$255,604 and \$69,442, respectively.

As of both June 30, 2012 and 2011 there were no amounts recognized as Grants Receivable. Deferred Grant Revenue was \$150,193 and \$117,079 as of June 30, 2012 and 2011, respectively.

ADAPTIVE SPORTS FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

NOTE Q – LEASE INCOME/LEASE EXPENSE

During the year ended June 30, 2006 ASF purchased a new beginners' ski lift at the Windham Mountain ski area to provide access to and from base facilities of the ski area to the ASF facilities southeast of the ski lodge. The real estate owners of the ski facilities and owners of the ski operations agreed to this arrangement. The cost of the new ski lift plus installation was \$389,021.

ASF entered into a seven year agreement with the real estate owners (previously Snow Time, Inc.) to lease the land necessary for use in its programs for \$10,000 per year. Conversely, ASF agreed to a seven year lease for the use of this new lift equipment to the owners of ski operations (previously Ski Windham Operating Corporation) for \$10,000 annually. Lease payments are due annually, beginning January 1, 2006. The ski facilities and ski operations were sold subsequent to execution of the lease agreement. However, the lease agreement still remains in effect with the new owners of the facilities and ski operations.

NOTE R – DEVELOPER INCOME

During the years ended June 30, 2012 and 2011 the real estate taxes were paid on parcels of land held for resale (see Note F) by the Developer as designated by a contract for sale of the land. The payment of real estate taxes resulted in Developer Income of \$22,056 and \$21,990, respectively, for the years ended June 30, 2012 and 2011.

NOTE S – SUBSEQUENT EVENTS

Events that occur after the date of the Statements of Financial Position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the Statements of Financial Position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the Statement of Financial Position require disclosure in the accompanying notes. Management evaluated the activity of the Organization through November 9, 2012 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE T – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of investments. The Organization places its investments with financial institutions and limits the amount of credit exposure to any one financial institution.

The Federal Depository Insurance Corporation (FDIC) provides insured coverage for cash accounts in member financial institutions up to \$250,000 per depositor. This coverage was effective as of and for the year ended June 30, 2012 and 2011. As of June 30, 2012 and 2011, the Organization's cash accounts were in excess of FDIC limits by \$74,957 and \$13,439, respectively. Management of the Organization believes that due to the financial strength of the financial institution it utilizes, its risk of loss is nominal.

ADAPTIVE SPORTS FOUNDATION, INC.  
 SUPPLEMENTAL SCHEDULE TO STATEMENTS OF ACTIVITIES AND CHANGES IN ASSETS  
 TEMPORARILY RESTRICTED AND PERMANENTLY RESTRICTED NET ASSETS  
 FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

**STATEMENTS OF RESTRICTED ACTIVITIES AND CHANGES IN RESTRICTED NET ASSETS**

	Notes	For the Years Ended June 30,	
		<b>2012</b>	2011
<b>Temporarily Restricted Net Assets</b>	B & I		
<b>Temporarily Restricted Net Assets at Beginning of Year</b>		<b>\$ 40,873</b>	\$ 41,890
Increase in Temporarily Restricted Net Assets		<b>20,309</b>	22,695
Net Assets Released from Restrictions		<b>(29,897)</b>	(23,712)
<b>Increase (Decrease) in Temporarily Restricted Net Assets</b>		<b>(9,588)</b>	(1,017)
<b>Temporarily Restricted Net Assets at End of Year</b>		<b>\$ 31,285</b>	\$ 40,873
 <b>Permanently Restricted Net Assets</b>			
<b>Permanently Restricted Net Assets at Beginning of Year</b>		<b>\$ 1,193,324</b>	\$ 1,050,948
Net Realized and Unrealized Gain (Loss) on Investments	E	<b>(20,671)</b>	153,036
Investment Account Fees		<b>(10,500)</b>	(10,628)
Foreign Taxes Paid		<b>-</b>	(32)
<b>Increase (Decrease) in Permanently Restricted Net Assets</b>		<b>(31,171)</b>	142,376
<b>Permanently Restricted Net Assets at End of Year</b>		<b>\$ 1,162,153</b>	\$ 1,193,324

ADAPTIVE SPORTS FOUNDATION, INC.  
STATEMENT OF PROGRAM SERVICES EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012

**STATEMENT OF PROGRAM SERVICES EXPENSES**

	Winter Program	Summer Program	Soldier Program	Total Expenses
<b>Program Services Expenses</b>				
Gross Wages and Salaries	\$ 219,268	\$ 37,645	\$ 109,220	\$ 366,133
Volunteer Expense	123,640	1,249	140	125,029
Banquet/Fundraising Expense	-	-	-	-
Trophy/Prize Expense	-	-	-	-
Depreciation	86,614	2,435	-	89,049
Employer Taxes	19,759	3,392	9,842	32,993
Activities Expense	230,603	1,870	127,662	360,135
Marketing Expense	-	-	2,430	2,430
Miscellaneous & Service Charges	10,498	1,802	5,228	17,528
Employee Benefits	19,607	3,366	9,767	32,740
Telephone Expense	4,185	718	2,085	6,988
Printing/Stationery Expense	1,736	142	411	2,289
Insurance Expense	10,844	1,862	5,402	18,108
Office Expenses	3,562	612	1,773	5,947
Equipment Expenses	4,682	919	2,020	7,621
Admin. & Bd of Directors Expense	-	-	-	-
Training Expense	5,637	480	-	6,117
Accounting/Audit Expense	-	-	-	-
Postage Expense	1,593	248	718	2,559
Supplies	381	160	342	883
Travel Expense	928	72	55,222	56,222
Interest Expense	288	49	143	480
Vehicle Expenses	2,301	395	1,146	3,842
Building Maintenance & Expenses	15,411	2,646	7,676	25,733
Utilities	4,485	770	2,234	7,489
Real Estate Taxes	-	-	-	-
Lease Expense - Land	10,000	-	-	10,000
<b>Total Program Services Expenses</b>	<b>\$ 776,022</b>	<b>\$ 60,832</b>	<b>\$ 343,461</b>	<b>\$ 1,180,315</b>

See auditor's report.

ADAPTIVE SPORTS FOUNDATION, INC.  
STATEMENT OF PROGRAM SERVICES EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2011

**STATEMENT OF PROGRAM SERVICES EXPENSES  
(PREVIOUS YEAR)**

	Winter Program	Summer Program	Soldier Program	Total Expenses
<b>Program Services Expenses</b>				
Gross Wages and Salaries	\$ 166,712	\$ 51,526	\$ 67,155	\$ 285,393
Volunteer Expense	118,533	1,197	49	119,779
Banquet/Fundraising Expense	-	-	-	-
Trophy/Prize Expense	-	-	-	-
Depreciation	86,611	2,435	-	89,046
Employer Taxes	13,073	4,040	5,266	22,379
Activities Expense	198,178	1,529	105,656	305,363
Marketing Expense	-	-	1,239	1,239
Miscellaneous & Service Charges	8,281	2,560	3,335	14,176
Employee Benefits	18,982	5,867	7,646	32,495
Telephone Expense	3,531	1,091	1,422	6,044
Printing/Stationery Expense	1,717	244	318	2,279
Insurance Expense	9,109	2,815	3,669	15,593
Office Expenses	3,342	1,009	1,315	5,666
Equipment Expenses	12,531	2,590	2,753	17,874
Admin. & Bd of Directors Expense	-	-	-	-
Training Expense	4,259	110	-	4,369
Accounting/Audit Expense	-	-	-	-
Postage Expense	827	256	333	1,416
Supplies	70	93	32	195
Travel Expense	359	-	36,138	36,497
Interest Expense	560	173	226	959
Vehicle Expenses	1,765	545	711	3,021
Building Maintenance & Expenses	7,050	2,179	2,840	12,069
Utilities	3,746	1,158	1,508	6,412
Real Estate Taxes	-	-	-	-
Lease Expense - Land	10,000	-	-	10,000
<b>Total Program Services Expenses</b>	<b>\$ 669,236</b>	<b>\$ 81,417</b>	<b>\$ 241,611</b>	<b>\$ 992,264</b>

See auditor's report.

ADAPTIVE SPORTS FOUNDATION, INC.  
 STATEMENTS OF SUPPORT SERVICES EXPENSES  
 FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

**STATEMENTS OF SUPPORT SERVICES EXPENSES**

	For the Year Ended June 30, 2012			For the Year Ended June 30, 2011		
	Management & General	Fundraising	Total Expenses	Management & General	Fundraising	Total Expenses
<b>Support Services Expenses</b>						
Gross Wages and Salaries	\$ 68,959	\$ 71,311	\$ 140,270	\$ 72,245	\$ 87,831	\$ 160,076
Volunteer Expense	-	-	-	-	-	-
Banquet/Fundraising Expense	-	95,293	95,293	-	93,132	93,132
Trophy/Prize Expense	-	16,513	16,513	-	9,221	9,221
Depreciation	17,977	18,590	36,567	18,383	22,349	40,732
Employer Taxes	6,214	6,426	12,640	5,665	6,887	12,552
Activities Expense	-	-	-	-	-	-
Marketing Expense	-	8,462	8,462	-	10,505	10,505
Miscellaneous & Service Charges	3,302	3,415	6,717	5,927	4,363	10,290
Employee Benefits	6,166	6,377	12,543	8,226	10,000	18,226
Telephone Expense	1,316	1,363	2,679	1,530	1,860	3,390
Printing/Stationery Expense	259	3,700	3,959	342	7,305	7,647
Insurance Expense	3,941	4,076	8,017	3,116	3,788	6,904
Office Supplies	3,405	1,158	4,563	1,415	1,720	3,135
Admin. & Bd of Directors Expense	26,807	-	26,807	30,930	-	30,930
Training Expense	-	-	-	-	200	200
Accounting/Audit Expense	14,325	-	14,325	19,125	-	19,125
Postage Expense	454	3,080	3,534	359	1,771	2,130
Supplies	-	979	979	-	707	707
Travel Expense	-	1,460	1,460	-	308	308
Investment Account Fees	3,477	-	3,477	3,285	-	3,285
Interest Expense	2,156	239	2,395	4,313	479	4,792
Vehicle Expense	723	748	1,471	765	930	1,695
Building Maintenance Expenses	4,846	5,012	9,858	3,055	3,714	6,769
Utilities	1,410	1,459	2,869	1,623	1,974	3,597
Real Estate Taxes	21,974	-	21,974	21,605	-	21,605
<b>Total Support Services Expenses</b>	<b>\$ 187,711</b>	<b>\$ 249,661</b>	<b>\$ 437,372</b>	<b>\$ 201,909</b>	<b>\$ 269,044</b>	<b>\$ 470,953</b>

See auditor's report.  
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ADAPTIVE SPORTS FOUNDATION, INC.  
STATEMENT OF FUNDRAISING EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012

**STATEMENT OF FUNDRAISING EXPENSES**

	General Fundraising	Dinner Dance/Auction	Golf Tournament	Raffle	Wine Tasting	Other Fundraisers	Total Expenses
<b>Fundraising Expenses</b>							
Gross Wages and Salaries	\$ 71,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,311
Volunteer Expense	-	-	-	-	-	-	-
Banquet/Fundraising Expense	-	39,238	21,250	288	6,932	27,585	95,293
Trophy/Prize Expense	-	-	1,432	8,800	-	6,281	16,513
Depreciation	18,590	-	-	-	-	-	18,590
Employer Taxes	6,426	-	-	-	-	-	6,426
Activities Expense	-	-	-	-	-	-	-
Marketing Expense	7,944	-	-	-	-	518	8,462
Miscellaneous & Service Charges	3,415	-	-	-	-	-	3,415
Employee Benefits	6,377	-	-	-	-	-	6,377
Telephone Expense	1,363	-	-	-	-	-	1,363
Printing/Stationery Expense	268	1,978	686	-	-	768	3,700
Insurance Expense	4,076	-	-	-	-	-	4,076
Office Supplies	1,158	-	-	-	-	-	1,158
Equipment Expenses	-	-	-	-	-	-	-
Admin. & Bd of Directors Expense	-	-	-	-	-	-	-
Training Expense	-	-	-	-	-	-	-
Accounting/Audit Expense	-	-	-	-	-	-	-
Postage Expense	469	473	250	-	137	1,751	3,080
Supplies	9	895	-	-	75	-	979
Travel Expense	30	-	272	-	-	1,158	1,460
Interest Expense	239	-	-	-	-	-	239
Vehicle Expenses	748	-	-	-	-	-	748
Building Maintenance & Expenses	5,012	-	-	-	-	-	5,012
Utilities	1,459	-	-	-	-	-	1,459
Real Estate Taxes	-	-	-	-	-	-	-
<b>Total Fundraising Exp.</b>	<b>\$ 128,894</b>	<b>\$ 42,584</b>	<b>\$ 23,890</b>	<b>\$ 9,088</b>	<b>\$ 7,144</b>	<b>\$ 38,061</b>	<b>\$ 249,661</b>

See auditor's report.

ADAPTIVE SPORTS FOUNDATION, INC.  
STATEMENT OF FUNDRAISING EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2011

**STATEMENT OF FUNDRAISING EXPENSES  
(PREVIOUS YEAR)**

	General Fundraising	Dinner Dance/Auction	Golf Tournament	Raffle	Wine Tasting	Other Fundraisers	Total Expenses
<b>Fundraising Expenses</b>							
Gross Wages and Salaries	\$ 87,831	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,831
Volunteer Expense	-	-	-	-	-	-	-
Banquet/Fundraising Expense	-	39,924	25,690	1,305	12,110	14,103	93,132
Trophy/Prize Expense	-	-	1,460	5,250	-	2,511	9,221
Depreciation	22,349	-	-	-	-	-	22,349
Employer Taxes	6,887	-	-	-	-	-	6,887
Activities Expense	-	-	-	-	-	-	-
Marketing Expense	9,155	-	-	-	-	1,350	10,505
Miscellaneous & Service Charges	4,363	-	-	-	-	-	4,363
Employee Benefits	10,000	-	-	-	-	-	10,000
Telephone Expense	1,860	-	-	-	-	-	1,860
Printing/Stationery Expense	869	2,070	686	-	175	3,505	7,305
Insurance Expense	3,788	-	-	-	-	-	3,788
Office Supplies	1,720	-	-	-	-	-	1,720
Equipment Expenses	-	-	-	-	-	-	-
Admin. & Bd of Directors Expense	-	-	-	-	-	-	-
Training Expense	-	-	-	-	-	200	200
Accounting/Audit Expense	-	-	-	-	-	-	-
Postage Expense	436	750	-	-	-	585	1,771
Supplies	55	353	-	-	289	10	707
Travel Expense	116	-	166	-	-	26	308
Interest Expense	479	-	-	-	-	-	479
Vehicle Expenses	930	-	-	-	-	-	930
Building Maintenance & Expenses	3,714	-	-	-	-	-	3,714
Utilities	1,974	-	-	-	-	-	1,974
Real Estate Taxes	-	-	-	-	-	-	-
<b>Total Fundraising Exp.</b>	<b>\$ 156,526</b>	<b>\$ 43,097</b>	<b>\$ 28,002</b>	<b>\$ 6,555</b>	<b>\$ 12,574</b>	<b>\$ 22,290</b>	<b>\$ 269,044</b>

See auditor's report.