

TRI-STATE TRANSPORTATION CAMPAIGN, INC.

Financial Report

June 30, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Tri-State Transportation Campaign, Inc.
New York, New York

We have audited the accompanying statements of Tri-State Transportation Campaign, Inc. (*a not-for-profit organization*), which comprise the statements of financial position as of June 30, 2013 and 2012 and the related statements of activities, functional expenses 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 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 Tri-State Transportation Campaign, Inc. as of June 30, 2013 and 2012, 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.

Manger & Company
New York, NY
February 14, 2014

TRI-STATE TRANSPORTATION CAMPAIGN, INC.

Statements of Financial Position

As of June 30, 2013 and 2012

| | <u>2013</u> | <u>2012</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 852,700 | \$ 835,062 |
| Grants and contributions receivable (Note 3) | 167,200 | 445,000 |
| Investments (Note 4) | 244,150 | 243,391 |
| Prepaid expenses | 16,087 | 9,007 |
| Total current assets | <u>1,280,137</u> | <u>1,532,460</u> |
| OTHER ASSETS: | | |
| Property and equipment, net (Note 5) | 6,802 | 13,113 |
| Security deposit | 12,256 | 12,256 |
| Total other assets | <u>19,058</u> | <u>25,369</u> |
| Total assets | <u>\$ 1,299,195</u> | <u>\$ 1,557,829</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | \$ 13,079 | \$ 14,250 |
| Total current liabilities | <u>13,079</u> | <u>14,250</u> |
| NET ASSETS: | | |
| Unrestricted | 971,116 | 1,001,079 |
| Temporarily restricted (Note 6) | 315,000 | 542,500 |
| Total net assets | <u>1,286,116</u> | <u>1,543,579</u> |
| Total liabilities and net assets | <u>\$ 1,299,195</u> | <u>\$ 1,557,829</u> |

See independent auditors' report.

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

TRI-STATE TRANSPORTATION CAMPAIGN, INC.

Statements of Activities

For The Years Ended June 30, 2013 and 2012

| | 2013 | | | 2012 | | |
|--|-------------------|------------------------|---------------------|---------------------|------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| REVENUE AND SUPPORT: | | | | | | |
| Grants and contributions | \$ 218,755 | \$ 260,000 | \$ 478,755 | \$ 147,085 | \$ 455,000 | \$ 602,085 |
| Special event | 29,575 | - | 29,575 | 43,245 | - | 43,245 |
| Fees for services | 23,500 | - | 23,500 | 87,250 | - | 87,250 |
| Investment income | 8,305 | - | 8,305 | 9,977 | - | 9,977 |
| Miscellaneous income | 350 | - | 350 | - | - | - |
| In-kind contributions | - | - | - | 600 | - | 600 |
| | <u>280,485</u> | <u>260,000</u> | <u>540,485</u> | <u>288,157</u> | <u>455,000</u> | <u>743,157</u> |
| Net assets released from restrictions: | | | | | | |
| Satisfaction of program restrictions | 487,500 | (487,500) | - | 1,193,000 | (1,193,000) | - |
| Satisfaction of time restrictions | - | - | - | 22,000 | (22,000) | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>22,000</u> | <u>(22,000)</u> | <u>-</u> |
| Total revenue and support | <u>767,985</u> | <u>(227,500)</u> | <u>540,485</u> | <u>1,503,157</u> | <u>(760,000)</u> | <u>743,157</u> |
| EXPENSES: | | | | | | |
| Program services | 693,237 | - | 693,237 | 964,174 | - | 964,174 |
| Supporting services: | | | | | | |
| Management and general | 51,068 | - | 51,068 | 44,298 | - | 44,298 |
| Fundraising: | | | | | | |
| General | 32,539 | - | 32,539 | 28,644 | - | 28,644 |
| Special event | 21,104 | - | 21,104 | 21,271 | - | 21,271 |
| Total expenses | <u>797,948</u> | <u>-</u> | <u>797,948</u> | <u>1,058,387</u> | <u>-</u> | <u>1,058,387</u> |
| Change in net assets | (29,963) | (227,500) | (257,463) | 444,770 | (760,000) | (315,230) |
| Net assets, beginning of year | <u>1,001,079</u> | <u>542,500</u> | <u>1,543,579</u> | <u>556,309</u> | <u>1,302,500</u> | <u>1,858,809</u> |
| Net assets, end of year | <u>\$ 971,116</u> | <u>\$ 315,000</u> | <u>\$ 1,286,116</u> | <u>\$ 1,001,079</u> | <u>\$ 542,500</u> | <u>\$ 1,543,579</u> |

See independent auditors' report.

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

TRI-STATE TRANSPORTATION CAMPAIGN, INC.

Statements of Functional Expenses

For The Year Ended June 30, 2013 and 2012

| | Supporting Services | | | | 2013 | Supporting Services | | | | 2012 |
|---|---------------------|------------------------------|------------------|------------------|-------------------|---------------------|------------------------------|------------------|------------------|---------------------|
| | Program Services | Management and General | Fundraising | | | Program Services | Management and General | Fundraising | | |
| | | | General | Special Event | | | | General | Special Event | |
| Salaries | \$ 454,492 | \$ 19,978 | \$ 19,978 | \$ 4,994 | \$ 499,442 | \$ 485,403 | \$ 15,658 | \$ 15,658 | \$ 5,219 | \$ 521,938 |
| Payroll taxes and fringes | 94,679 | 4,162 | 4,162 | 1,040 | 104,043 | 103,883 | 3,351 | 3,351 | 1,117 | 111,702 |
| Total salaries and related expenses | <u>549,171</u> | <u>24,140</u> | <u>24,140</u> | <u>6,034</u> | 603,485 | <u>589,286</u> | <u>19,009</u> | <u>19,009</u> | <u>6,336</u> | <u>633,640</u> |
| Other expenses: | | | | | | | | | | |
| Occupancy | 63,797 | 2,127 | 4,962 | - | 70,886 | 63,720 | 1,416 | 5,664 | - | 70,800 |
| Professional fees | 15,340 | 13,487 | - | - | 28,827 | 73,258 | 16,574 | - | - | 89,832 |
| Telephone and internet | 18,983 | 633 | 1,476 | - | 21,092 | 20,073 | 446 | 1,784 | - | 22,303 |
| Benefit catering and space | - | - | - | 13,999 | 13,999 | - | - | - | 14,719 | 14,719 |
| Grant expense | 13,661 | - | - | - | 13,661 | 166,500 | - | - | - | 166,500 |
| Travel and meetings | 11,336 | 498 | 498 | 125 | 12,457 | 14,017 | 452 | 452 | 151 | 15,072 |
| Equipment lease | 3,743 | 125 | 291 | - | 4,159 | 2,214 | 49 | 197 | - | 2,460 |
| Subscriptions | 2,910 | 97 | 226 | - | 3,233 | 2,988 | 66 | 266 | - | 3,320 |
| Supplies | 2,809 | 94 | 218 | - | 3,121 | 3,196 | 88 | 284 | - | 3,568 |
| Insurance | 1,990 | 66 | 155 | - | 2,211 | 1,889 | 42 | 168 | - | 2,099 |
| Postage | 475 | 26 | - | 650 | 1,151 | 810 | 18 | 72 | - | 900 |
| Conferences | 599 | 26 | 26 | 7 | 658 | 2,589 | 84 | 84 | 28 | 2,785 |
| Printing and copying | 115 | 305 | - | - | 420 | 1,614 | - | - | - | 1,614 |
| Licenses and fees | 100 | - | - | - | 100 | 2,691 | - | - | - | 2,691 |
| Advertising and promotion | - | - | - | - | - | 9,150 | - | - | - | 9,150 |
| Miscellaneous | 2,528 | 9,255 | 105 | 289 | 12,177 | 3,949 | 5,916 | 110 | 37 | 10,012 |
| Total other expenses | <u>138,386</u> | <u>26,739</u> | <u>7,957</u> | <u>15,070</u> | 188,152 | <u>368,658</u> | <u>25,151</u> | <u>9,081</u> | <u>14,935</u> | <u>417,825</u> |
| Total expenses before depreciation and amortization | 687,557 | 50,879 | 32,097 | 21,104 | 791,637 | 957,944 | 44,160 | 28,090 | 21,271 | 1,051,465 |
| Depreciation and amortization | 5,680 | 189 | 442 | - | 6,311 | 6,230 | 138 | 554 | - | 6,922 |
| Total expenses | <u>\$ 693,237</u> | <u>\$ 51,068</u> | <u>\$ 32,539</u> | <u>\$ 21,104</u> | \$ 797,948 | <u>\$ 964,174</u> | <u>\$ 44,298</u> | <u>\$ 28,644</u> | <u>\$ 21,271</u> | <u>\$ 1,058,387</u> |

See independent auditors' report.

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

TRI-STATE TRANSPORTATION CAMPAIGN, INC.

Statements of Cash Flows

For The Years Ended June 30, 2013 and 2012

| | <u>2013</u> | <u>2012</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (257,463) | \$ (315,230) |
| Adjustments to reconcile change in net assets to net cash (used in) operating activities: | | |
| Depreciation and amortization expense | 6,311 | 6,922 |
| Donated equipment | - | (600) |
| Changes in operating assets and liabilities: | | |
| Decrease in grants and contributions receivable | 277,800 | 332,500 |
| Decrease (increase) in miscellaneous receivables | - | 276 |
| (Increase) decrease in prepaid expenses | (7,080) | (3,621) |
| (Increase) in security deposit | - | (350) |
| (Decrease) in accounts payable and accrued expenses | (1,171) | (10,876) |
| (Decrease) increase in deferred revenue | <u>-</u> | <u>(40,000)</u> |
| Net cash provided by (used in) operating activities | <u>18,397</u> | <u>(30,979)</u> |
| Cash flows from investing activities: | | |
| Purchase of investments | (759) | (1,555) |
| Purchase of property and equipment | <u>-</u> | <u>(1,890)</u> |
| Net cash (used in) investing activities | <u>(759)</u> | <u>(3,445)</u> |
| Net increase (decrease) in cash and cash equivalents | 17,638 | (34,424) |
| Cash and cash equivalents, beginning of year | <u>835,062</u> | <u>869,486</u> |
| Cash and cash equivalents, end of year | <u>\$ 852,700</u> | <u>\$ 835,062</u> |

See independent auditors' report.

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

TRI-STATE TRANSPORTATION CAMPAIGN, INC.
Notes to Financial Statements
June 30, 2013 and 2012

NOTE 1- ORGANIZATION

Tri-State Transportation Campaign, Inc. (Tri-State) is a not-for-profit organization dedicated to reducing car dependency and sprawl development in the New York City, New Jersey and Connecticut metropolitan region. Tri-State works to help create an economically efficient, environmentally sound and socially equitable transportation system in these regions. The sources of financial support for Tri-State are contributions from individuals, foundations, corporations and fees for services provided to state government and other nonprofit organizations.

For Federal income tax purposes, Tri-State is classified as a 501(c)(3) organization and is exempt under Section 501(a) of the Internal Revenue Code and a similar provision of the New York State income tax laws.

Tri-State uses a combination of policy, legal, planning, organizing, and media skills to advocate for better transportation in the New York, New Jersey and Connecticut metropolitan region. During the years ended June 30, 2013 and 2012, Tri-State operated the following programs:

A New Approach to Transportation Planning:

Tri-State advocates for reforms that connect transportation with land use, and against projects that threaten the region with sprawl. Under this program, Tri-State works to reverse the impact of car-dependent development and develop more compact, walkable communities where people have safe attractive alternatives to cars and a variety of housing choices.

Transportation and Development:

Given that the location, design, and appearance of any development dictate how people travel to the site, linking land use to transportation decisions is vital for a more efficient transportation system. Tri-State works with local governments and developers to ensure that development does not reinforce car-dependent patterns.

Managing Congestion:

Tri-State advocates for ways to manage congestion with simple economic signals to keep essential traffic flowing through crowded highways and street networks. Tri-state believes that initiatives such as high-occupancy toll lanes, congestion pricing, higher tolls during rush hours and cashless tolling will tremendously help in managing congestion.

Transportation Equity:

A fair and balanced transportation system ensures equal access to the destinations that are important to everyone, such as work, shopping, medical facilities, entertainment, and social occasions. Tri-State believes that the lack of a car should not limit anyone from accessing these destinations. Tri-State advocates for an affordable, good, and extensive mass transit system, which can provide equal transportation access to all people. The goal of Tri-State's advocacy under this program is to ensure an equitable transportation system that does not require the disadvantaged to bear an additional financial burden of car ownership. Tri-State further works to ensure that the transit-dependent residents are provided the reliable and efficient transportation service they need and deserve.

TRI-STATE TRANSPORTATION CAMPAIGN, INC.
Notes to Financial Statements
June 30, 2013 and 2012

NOTE 1- ORGANIZATION (continues)

Biking and Walking:

Even as many of our counties see some of the highest pedestrian fatality rates in the country and children do not have safe routes to walk or bike to school, states in our region spend only a tiny fraction of transportation funding bicycle and pedestrian infrastructure. Even where good walking and bicycling facilities are in place, lax traffic enforcement often undermines efforts to improve pedestrian and bicycling safety by failing to remove dangerous drivers from the streets. In addition, states often fail to take full advantage of federal programs for bicycling and walking projects. Tri-state is advocating that Connecticut, New York, and New Jersey pre-designate 10 percent of federal apportionments for pedestrian and bicycling projects.

Better Mass Transit:

Increased mass transit since the 1990s has put mass transit expansion on the region's agenda. However, limited funding and in some cases, local opposition make every mass transit project a challenge. Tri-State advocates for well-designed and cost effective transit projects, which strengthen urban centers or have the potential to drive redevelopment.

Paying for Transportation:

States in our region struggle to provide the funding needed to maintain the existing transportation system and to build transit expansion projects that are vital to the region's economic future. Tri-State works to expand transportation funding and create sustainable funding mechanisms. Tri-State's advocacy goal is to ensure that states provide enough funding for transit expansion projects that are vital to the economic future of our region and that our existing transportation system is maintained in a state of good repair.

Green Freight:

Millions of tons of freight move through the New York Metropolitan region each year and the truck traffic is expected to rise in the coming decades with significant consequences for the region's quality of life. While this may be good news to the region's economy, it also means additional wear and tear on the region's highways and streets, safety concerns for pedestrians and quality-of-life issues from idling and illegal truck routes as well as health and environmental concerns for the regions citizens. Tri-State works to address these existing impacts and advocates for initiative that support a balanced and more sustainable freight infrastructure. Tri-State's advocacy efforts promote cleaner alternatives to trucks, increase public commitment to rail freight investment, and empower citizens to protect their neighborhoods.

Public Accessibility:

Tri-State works toward a transparent and collaborative planning process that connects citizens with government and seeks to empower local advocacy. Tri-State analyzes capital plans, budget documents, and spending plans to decipher those documents and make them accessible to the public through its blog *Mobilizing the region* (a publication covering transportation news and opinions in the New York, New Jersey and Connecticut regions) Additionally, Tri-State presses for more transparency and accountability among the region's transportation agencies.

TRI-STATE TRANSPORTATION CAMPAIGN, INC.
Notes to Financial Statements
June 30, 2013 and 2012

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Tri-State's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The significant accounting policies are described below:

Net Assets.

Tri-State reports 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. Below is a brief description of each class of net assets.

Unrestricted Net Assets

Unrestricted net assets are gifts of cash and other assets that are neither temporarily restricted nor permanently restricted by donor-imposed stipulations. These gifts are available for the general operations of Tri-State.

Temporarily Restricted Net Assets

Temporarily restricted net assets are gifts of cash and other assets received with donor imposed stipulations that limit the use of the donated assets. Temporarily restricted contributions whose donor imposed stipulations have been met, either by actions of Tri-State and/or the passage of time, are reclassified to unrestricted net assets and reported in the statement of activities.

Permanently Restricted Net Assets

Permanently restricted net assets are gifts of cash and other assets with donor imposed stipulations that require them to be held in perpetuity. Tri-State had no permanently restricted net assets at June 30, 2013 and 2012.

Cash and Cash Equivalents

Tri-State considers all checking, savings, and money market accounts as cash and cash equivalents. In addition, certificate of deposits and all highly liquid debt instruments purchased with an original maturity of three months or less are considered cash equivalents. Tri-State had no debt instruments at June 30, 2013 and 2012.

TRI-STATE TRANSPORTATION CAMPAIGN, INC.
Notes to Financial Statements
June 30, 2013 and 2012

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continues)

Grants and Contributions receivable

Tri-State records contributions and grants (both cash and in-kind) when an unconditional promise to give such assets is received from a donor. Contributions and grants are recorded at the fair market value of the assets received and are classified as either unrestricted, temporarily restricted or permanently restricted, depending on whether the donor has imposed a restriction on the use of such assets.

Grants and contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Grants and contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rate applicable to the year in which the contribution was received. Amortization of the discount is included in the grants and contribution revenue.

Allowance for Uncollectible Accounts

Grants and contributions receivable are stated net of allowance for doubtful accounts. Tri-State determines its allowance for doubtful accounts by taking into consideration factors such as its previous loss history, the general economic conditions, and the length of time the receivable has been outstanding and the donor's or customer's ability to pay its obligation. Tri-State writes off receivables when they become uncollectible. Payments subsequently received on such receivables are recorded as revenue in the period received. Tri-State did not consider any allowance for uncollectible accounts necessary as of June 30, 2013 and 2012.

Investment Policy and Objective

Investments in securities with readily determinable fair values are measured at fair value in the accompanying statements of financial position. Realized and unrealized gains and losses are reported in the accompanying statements of activities as increases or decreases in unrestricted net assets. Tri-State's primary investment objective is to maximize total return with minimal risk. The goal is to preserve capital intended for Tri-State's charitable mission while generating cash flow to support current operations.

Property and Equipment

Property and equipment are stated at cost or if donated at the fair market value on the date of donation. Tri-State capitalizes property and equipment with an expected useful life of more than one year and a cost (or if donated, at the fair market value on the date of donation) of \$500 or more. Depreciation and amortization of property and equipment are calculated using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|--------------------------------|---------------|
| Furniture and equipment | 5-7 years |
| Computer software and Web site | 3 years |
| Leasehold improvements | Life of lease |

TRI-STATE TRANSPORTATION CAMPAIGN, INC.
Notes to Financial Statements
June 30, 2013 and 2012

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continues)

Revenues

Revenues from fees for services are recognized in the period when the services are being performed. Fees received prior to services being performed are accounted for as deferred revenue.

Revenues from event tickets are recognized in the fiscal year in which the event was held.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Functional Expenses Allocation

Tri-State has summarized the costs of providing the various programs and other activities on functional basis in the accompanying statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Management determined such allocations in accordance with grant provisions and/or other equitable bases.

Concentrations of Credit Risk

Financial instruments that potentially subject Tri-state to concentrations of credit risk consist principally of cash and cash equivalents and investments. Tri-State maintains cash and cash equivalent and investment balances that, at times, may exceed federally insured limits. To minimize such risks, Tri-State maintains its cash and cash equivalents in various financial institutions and invests only in certificates of deposit. Tri-State's cash and investment accounts are placed with high credit quality financial institutions. Tri-State monitors its credit risk on a regular basis and has neither experienced any loss from this excess nor does it anticipate nonperformance by these financial institutions. At June 30, 2013 and 2012, Tri-State's cash and cash equivalents and investment balances in excess of federally insured limits totaled \$594,403 and \$582,342, respectively.

TRI-STATE TRANSPORTATION CAMPAIGN, INC.
Notes to Financial Statements
June 30, 2013 and 2012

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continues)

Income Taxes.

Tri-State is required by accounting standards to recognize or derecognize its tax position based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The adoption of accounting standard did not have an impact on Tri-State's financial statements and management believes that there are no uncertain tax positions within its financial statements. Tri-State currently has processes and procedures in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income and determine and meet its tax filing obligations in jurisdictions in which it operates. Tri-State does not believe its financial statements include any uncertain tax position.

Tri-State's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after being filed.

Fair Value of Financial Instruments

Tri-state presents its financial instruments in accordance with Accounting Standards for measuring and disclosing fair value. For financial statements elements currently required to be measured at fair value, this standard clarifies the definition of fair value for financial reporting by focusing on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of market-based information over entity-specific information within the measurement of fair value, and it establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - This level consists of quoted prices that are available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 - This level includes pricing inputs (including broker quotes), that are other than exchange quoted prices in active markets. These pricing inputs are either directly or indirectly observable as of the reporting date and fair value is determined through the use of models or other valuation methodologies.
- Level 3 - This level consists of pricing inputs that are unobservable for the asset or liability and it includes situations where there is little (if any) market activity for the asset or liability. The inputs used in the determination of fair value requires significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

TRI-STATE TRANSPORTATION CAMPAIGN, INC.
Notes to Financial Statements
June 30, 2013 and 2012

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continues)

Use of Estimates.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 3- GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at June 30, 2013 and 2012 consisted of current promises to give, which are collectible in one year or less. Grants and contributions receivable at June 30, 2013 and 2012 totaled \$167,200 and \$445,000, respectively.

NOTE 4- INVESTMENTS

Investments at fair value held by Tri-State at June 30, 2013 and 2012 consisted of the following:

| | <u>2013</u> | <u>2012</u> |
|-------------------------|-------------------|------------------|
| Certificates of deposit | \$ 244,150 | \$ 23,391 |
| Total investments | <u>\$ 244,150</u> | <u>\$ 23,391</u> |

The following table summarizes investments by fair value hierarchy levels as of June 30, 2013.

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------|-------------------|----------------|----------------|-------------------|
| Certificates of deposit | <u>\$ 244,150</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 244,150</u> |

The following table summarizes investments by fair value hierarchy levels as of June 30, 2012:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------|-------------------|----------------|----------------|-------------------|
| Certificates of deposit | <u>\$ 243,391</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 243,391</u> |

Investment income consisting entirely of interest income of \$8,305 and \$9,977 for the years ended June 30, 2013 and 2012, respectively are included in the accompanying statements of activities.

TRI-STATE TRANSPORTATION CAMPAIGN, INC.
Notes to Financial Statements
June 30, 2013 and 2012

NOTE 5- PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2013 and 2012 consisted of the following:

| | <u>2013</u> | <u>2012</u> |
|---|-----------------|------------------|
| Furniture and equipment | \$ 65,929 | \$ 65,929 |
| Web site | 20,000 | 20,000 |
| Computer software | 2,891 | 2,891 |
| Leasehold improvements | <u>46,214</u> | <u>46,214</u> |
| | 135,034 | 135,034 |
| Less: accumulated depreciation and amortization | <u>128,232</u> | <u>121,921</u> |
| Total property and equipment, net | <u>\$ 6,802</u> | <u>\$ 13,113</u> |

Depreciation and amortization expense for the years ended June 30, 2013 and 2012 amounted to \$6,311 and \$6,922, respectively.

NOTE 6- TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available to satisfy the following program restrictions at June 30, 2013 and 2012, respectively:

| | <u>June 30, 2012</u> | <u>Contributions</u> | <u>Restrictions</u> | <u>June 30, 2013</u> |
|--------------------|----------------------|----------------------|---------------------|----------------------|
| Purpose restricted | <u>\$ 542,500</u> | <u>\$ 260,000</u> | <u>\$ (487,500)</u> | <u>\$ 315,000</u> |

Purpose restricted contributions received in 2013 and 2012 whose donor restrictions were met in the same year totaled \$197,900 and \$79,500, respectively.

NOTE 7- CONCENTRATION OF GRANTS AND CONTRIBUTIONS

During the year ended June 30, 2013, a single donor provided approximately 61% of Tri-State's total grants and contributions while a different donor provided 66% of total grants and contributions during the year ended June 30, 2012.

TRI-STATE TRANSPORTATION CAMPAIGN, INC.

Notes to Financial Statements

June 30, 2013 and 2012

NOTE 8- RETIREMENT PLAN

Tri-State has a tax-deferred Savings Incentive Match retirement plan for its employees. Under this plan, both employer and employee can contribute. Employees are eligible to join the retirement plan if they received at least \$5,000 in compensation from Tri-State in the previous calendar year. Beginning with the first year of eligibility, employees can contribute a percentage of their compensation up to a maximum of \$6,000 a year to the plan. Eligibility for employer matching contribution is dependent on whether eligible employees contribute to the plan. Only eligible employees who contribute to the plan receive employer-matching contributions. Tri-State makes a dollar-for-dollar match of each plan participant's contributions each year up to 3% of the participant's compensation or \$6,000, whichever is less. Plan participants are fully vested in their contributions immediately upon joining the plan. Plan participants become fully vested in the employer contributions immediately upon receiving employer matching contributions. During the year ended June 30, 2013 and 2012, Tri-State contributed \$11,568 and \$11,836, respectively, to the retirement plan

NOTE 9- COMMITMENTS

Tri-State has an operating lease for an office space in New York City expiring in July 2014. Under the terms of the lease, Tri-State is required to pay a portion of the annual real estate tax and monthly charges for electricity and water in addition to the monthly rent. Tri-State is also renting two offices in New Jersey under operating leases that expire at various dates through September 2014. The leases contain renewal options for additional terms. At June 30, 2013, the future minimum annual payments under these operating leases were as follows:

| | |
|---------------------|------------------|
| Fiscal year ending: | |
| June 30, 2014 | \$ 78,488 |
| June 30, 2015 | <u>8,311</u> |
| Total | <u>\$ 86,799</u> |

The future minimum rental payments are subject to adjustments based on increases in the consumer price index and certain other maintenance costs.

Total rental expenses charged to activities in fiscal year ended June 30, 2013 and 2012 amounted to \$70,886 and \$70,800, respectively.

TRI-STATE TRANSPORTATION CAMPAIGN, INC.
Notes to Financial Statements
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NOTE 9- COMMITMENTS (continues)

Tri-State also leases office equipment under an operating lease agreement that expires in July 2017. Total future minimum annual payments under this lease at June 30, 2013 were as follows:

| | |
|------------------------|------------------------|
| For fiscal year ended: | |
| June 30, 2014 | \$2,666 |
| June 30, 2015 | 2,016 |
| June 30, 2016 | 2,016 |
| June 30, 2017 | <u>2,016</u> |
| Total | <u>\$ 8,714</u> |

Total payments under this operating lease agreement charged to equipment lease expense in the supplementary schedule of functional expenses for the years ended June 30, 2013 and 2012 amounted to \$4,159 and \$2,460, respectively.

NOTE 10- SUBSEQUENT EVENTS

Tri-State evaluated its June 30, 2013 financial statements for subsequent events through February 14, 2014, the date the financial statements were available to be issued. Tri-State is not aware of any subsequent events, which would require recognition or disclosure in the financial statements.