

Audited Financial Statements

**Texas School for the Deaf Foundation**

*For the Fiscal Years Ended August 31, 2011 and 2010  
with Report of Independent Auditors*

Texas School for the Deaf Foundation

Audited Financial Statements

*For the Fiscal Years Ended August 31, 2011 and 2010*

**Contents**

Report of Independent Auditors.....	1
Audited Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities .....	4-5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-17

# Reynolds & Franke, PC

CERTIFIED PUBLIC ACCOUNTANTS

## Report of Independent Auditors

To the Board of Directors  
Texas School for the Deaf Foundation  
Austin, Texas

We have audited the accompanying statements of financial position of the Texas School for the Deaf Foundation (the Foundation) as of August 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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 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 the Texas School for the Deaf Foundation as of August 31, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

*Reynolds & Franke, PC*

February 29, 2012

## Financial Statements

Texas School for the Deaf Foundation

Statements of Financial Position

*August 31, 2011 and 2010*

	2011	2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 104,139	\$ 52,369
Grants receivable – restricted	10,000	500
Total current assets	114,139	52,869
Donated asset	13,000	-
Restricted cash	7,892	82,626
Restricted investments	108,413	109,847
Board-designated investments	283,361	257,879
Total assets	\$ 526,805	\$ 503,221
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable	\$ 681	\$ 4,667
Accounts payable – restricted	-	19,451
Scholarships due	-	4,000
Scholarships due – restricted	-	6,650
Total current liabilities	681	34,768
Net Assets:		
Board-designated endowment fund	283,361	257,879
Undesignated	116,458	44,202
Total Unrestricted	399,819	302,081
Temporarily restricted	17,892	57,959
Permanently restricted	108,413	108,413
Total net assets	526,124	468,453
Total liabilities and net assets	\$ 526,805	\$ 503,221

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

Texas School for the Deaf Foundation

Statements of Activities  
For the Fiscal Year Ended August 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, revenue and reclassifications				
Contributions	\$ 104,350	\$ 51,656	\$ —	\$ 156,006
In-kind contributions	104,675	—	—	104,675
Fundraising/special events	64,665	—	—	64,665
Investment income	20,893	2,023	—	22,916
Amounts released from restrictions	93,746	(93,746)	—	—
Total support, revenue and reclassifications	<u>388,329</u>	<u>(40,067)</u>	<u>—</u>	<u>348,262</u>
Expenses:				
Program services	92,332	—	—	92,332
Management, general & administrative	34,674	—	—	34,674
Fundraising	163,585	—	—	163,585
Total expenses	<u>290,591</u>	<u>—</u>	<u>—</u>	<u>290,591</u>
Total change in net assets	97,738	(40,067)	—	57,671
Net assets, beginning of year	<u>302,081</u>	<u>57,959</u>	<u>108,413</u>	<u>468,453</u>
Net assets, end of year	<u>\$ 399,819</u>	<u>\$ 17,892</u>	<u>\$ 108,413</u>	<u>\$ 526,124</u>

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

Texas School for the Deaf Foundation

Statements of Activities (continued)  
For the Fiscal Year Ended August 31, 2010

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Support, revenue and reclassifications				
Contributions	\$ 33,455	\$ 74,699	\$ —	\$ 108,154
In-kind contributions	—	—	—	—
Fundraising/special events	32,888	9,951	—	42,839
Investment income	7,546	2,121	—	9,667
Amounts released from restrictions	30,725	(30,725)	—	—
<b>Total support, revenue and reclassifications</b>	<b>104,614</b>	<b>56,046</b>	<b>—</b>	<b>160,660</b>
Expenses				
Program services	53,563	—	—	53,563
Management, general & administrative	21,908	—	—	21,908
Fundraising	25,813	—	—	25,813
<b>Total expenses:</b>	<b>101,284</b>	<b>—</b>	<b>—</b>	<b>101,284</b>
<b>Total change in net assets</b>	<b>3,330</b>	<b>56,046</b>	<b>—</b>	<b>59,376</b>
<b>Net assets, beginning of year</b>	<b>298,751</b>	<b>1,913</b>	<b>108,413</b>	<b>409,077</b>
<b>Net assets, end of year</b>	<b>\$ 302,081</b>	<b>\$ 57,959</b>	<b>\$ 108,413</b>	<b>\$ 468,453</b>

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

## Texas School for the Deaf Foundation

### Statements of Cash Flows

*For the Fiscal Years Ended August 31, 2011 and 2010*

	2011	2010
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 57,671	\$ 59,376
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Unrealized gain on investments	(16,989)	-
Noncash donation of asset	(13,000)	-
Decrease (increase) in:		
Grants receivable – restricted	(10,000)	-
Deposits	500	(500)
Increase (decrease) in:		
Accounts payable	(3,986)	4,667
Accounts payable – restricted	(19,451)	19,451
Scholarships due	(4,000)	4,000
Scholarships due – restricted	(6,650)	6,650
Net cash provided by (used in) operating activities	(15,905)	93,644
<b>Cash flows from investing activities</b>		
Purchase of investments, net	(7,059)	(5,857)
Change in restricted cash	74,734	(80,713)
Net cash provided by (used in) investing activities	67,675	(86,570)
Net increase in cash	51,770	7,074
Cash and cash equivalents at beginning of year	52,369	45,295
Cash and cash equivalents at end of year	\$ 104,139	\$ 52,369

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



# Texas School for the Deaf Foundation

## Notes to Financial Statements

*For the Fiscal Years Ended August 31, 2011 and 2010*

### **Note 1 – Summary of Significant Accounting Policies**

#### **Organization**

The Texas School for the Deaf Foundation (the “Foundation”) is a nonprofit organization that was established in May 2000. The primary purpose of the Foundation is enriching and maximizing the quality of education available to deaf and hard of hearing students in Texas and beyond by providing funding not available through traditional local, state and federal resources. The Foundation’s revenues are primarily generated from individual and business contributions.

#### **Basis of Accounting**

The financial statements of the Foundation are prepared using the accrual basis of accounting generally accepted in the United States of America. Under the accrual basis, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred.

#### **Use of Estimates**

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

#### **Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

#### **Long-Term Investments**

Long-term investments are carried at market value. Gains or losses on investments are recognized at time of sale. Unrealized gains or losses are also recognized on the Statements of Activities.

## Texas School for the Deaf Foundation

### Notes to Financial Statements (continued) *For the Fiscal Years Ended August 31, 2011 and 2010*

#### **Note 1 – Summary of Significant Accounting Policies (continued)**

##### **Income Taxes**

Texas School for the Deaf Foundation is a tax exempt not-for-profit organization described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on earnings received for exempt purposes. The Foundation has been classified as a supporting organization of the Texas School for the Deaf (TSD) under Section 509(a)(3) and as such is not a private foundation.

The most significant tax position of the Foundation is its assertion that it is exempt from income taxes. Other significant tax positions include its determination of whether any amounts are subject to unrelated business tax (UBIT). Management has determined the Foundation had no activities subject to UBIT in the years ended August 31, 2011 or 2010. All significant tax positions have been considered by management and it has determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities.

The Foundation is required to file either the Form 990 (Return of Organization Exempt from Income Tax) or Form 990-EZ (Short Form Return of Organization Exempt from Income Tax), which is subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of the tax return. The Forms 990-EZ for 2007 through 2009 are open to examination by the IRS as of August 31, 2011.

##### **Net Assets**

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The financial statement presentation follows the recommendation of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958), that net assets be classified and reported as follows:

Unrestricted net assets – These types of net assets are not subject to donor-imposed stipulations. This also includes Board-designated net assets for specific purposes, since these restrictions may be reversed by the Board at anytime in the future.

Temporarily restricted net assets – These types of net assets are subject to donor-imposed stipulations, which limit their use to a specific purpose and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

## Texas School for the Deaf Foundation

### Notes to Financial Statements (continued) *For the Fiscal Years Ended August 31, 2011 and 2010*

#### **Note 1 – Summary of Significant Accounting Policies (continued)**

##### **Net Assets (continued)**

Permanently restricted net assets – These types of net assets are subject to donor-imposed stipulations, which require them to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific use.

##### **Financial Instruments**

The Foundation follows FASB ASC 820 *Fair Value Measurements and Disclosures*, (formerly SFAS 157, as amended by FASB Financial Staff Position (FSP) No. 157-2, on the effective date of FASB Statement No. 157). Those provisions relate to the Foundation's financial assets and liabilities carried at fair value and the Foundation's fair value disclosures related to financial assets and liabilities. FASB ASC 820 defines fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There are three levels of inputs to fair value measurements - Level 1, meaning the use of quoted prices for identical instruments in active markets; Level 2, meaning the use of quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active or are directly or indirectly observable; and Level 3, meaning the use of unobservable inputs.

The Foundation's financial instruments consist principally of cash and cash equivalents, restricted investments, and investments. The Foundation believes all of the financial instruments' recorded values approximate current market values.

##### **Contributions**

In accordance with FASB ASC 958, the Foundation reports gifts of cash and other assets as restricted net assets, if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the related temporarily restricted net assets are reclassified to unrestricted net assets. This is reported in the Statements of Activities as net assets released from restrictions. Donated assets and services are recorded at their estimated fair market values at the date of receipt.

## Texas School for the Deaf Foundation

### Notes to Financial Statements (continued) For the Fiscal Years Ended August 31, 2011 and 2010

#### **Note 2 – Date of Management’s Review**

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through February 29, 2012, the date the financial statements were available to be issued.

#### **Note 3 – Functional Allocation of Expenses**

The Foundation records its revenues and expenses on a functional basis, allocating between program services, management, general & administrative, and fundraising purposes. Expenses that can be identified with a specific program are allocated directly to that program. Management, general & administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

The following schedules show the functional allocation of expenses for the fiscal years ended August 31, 2011 and 2010:

2011	Program Services	Fundraising	Management, General & Administrative	Total
Allocations to TSD	\$ 59,804	\$ –	\$ –	\$ 59,804
Board expenses	–	–	4,427	4,427
Bank fees	–	–	3,311	3,311
Computer services	–	–	2,000	2,000
Contract services/ employment	17,115	28,525	11,410	57,050
Donated services	–	104,675	–	104,675
Fundraising expense	2,500	15,052	–	17,552
Postage	–	1,188	1,088	2,276
Professional fees	–	9,591	9,764	19,355
Scholarships and awards	10,180	–	–	10,180
Supplies	2,733	4,554	2,674	9,961
	<u>\$ 92,332</u>	<u>\$ 163,585</u>	<u>\$ 34,674</u>	<u>\$ 290,591</u>

Texas School for the Deaf Foundation

Notes to Financial Statements (continued)  
For the Fiscal Years Ended August 31, 2011 and 2010

**Note 3 – Functional Allocation of Expenses (continued)**

2010	Program Services	Fundraising	Management, General & Administrative	Total
Allocations to TSD	\$ 29,742	\$ –	\$ 686	\$ 30,428
Board expenses	–	–	2,381	2,381
Bank fees	–	–	3,122	3,122
Computer services	–	–	2,400	2,400
Contract services/ employment	1,334	12,333	5,833	19,500
Fundraising expense	–	12,618	–	12,618
Insurance	–	300	–	300
Postage	–	562	70	632
Professional fees	1,015	–	6,376	7,391
Scholarships and awards	21,349	–	–	21,349
Supplies	123	–	1,040	1,163
	<u>\$ 53,563</u>	<u>\$ 25,813</u>	<u>\$ 21,908</u>	<u>\$ 101,284</u>

**Note 4 – Investments**

Total investments at August 31, 2011 and 2010 consisted of the following:

2011	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Money funds	\$ 13,057	\$ –	\$ 3,120	\$ 16,177
Mutual funds – fixed income	123,520	–	–	123,520
Mutual funds – equities	146,784	–	105,293	252,077
Total investments	<u>\$ 283,361</u>	<u>\$ –</u>	<u>\$ 108,413</u>	<u>\$ 391,774</u>

  

2010	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Money funds	\$ 6,719	\$ –	\$ 6,558	\$ 13,277
Certificates of deposit	–	1,434	101,855	103,289
Mutual funds – fixed income	124,501	–	–	124,501
Mutual funds – equities	126,659	–	–	126,659
Total investments	<u>\$ 257,879</u>	<u>\$ 1,434</u>	<u>\$ 108,413</u>	<u>\$ 367,726</u>

Texas School for the Deaf Foundation

Notes to Financial Statements (continued)  
*For the Fiscal Years Ended August 31, 2011 and 2010*

**Note 4 – Investments (continued)**

The following schedules summarize investment income and its classification in the Statements of Activities for the years ended August 31, 2011 and 2010:

<b>2011</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Interest and dividends	\$ 4,585	\$ 1,342	\$ 5,927
Unrealized and realized gains	16,308	681	16,989
<b>Total investment income</b>	<b>\$ 20,893</b>	<b>\$ 2,023</b>	<b>\$ 22,916</b>

  

<b>2010</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Interest and dividends	\$ 3,532	\$ 2,121	\$ 5,653
Unrealized and realized gains	4,014	-	4,014
<b>Total investment income</b>	<b>\$ 7,546</b>	<b>\$ 2,121</b>	<b>\$ 9,667</b>

**Note 5 – Endowment Fund / Permanently Restricted Net Assets**

During the year ended August 31, 2007, the Foundation received an initial contribution of \$100,000 to be held as a permanently restricted scholarship endowment fund. During the year ended August 31, 2008, the Foundation received an additional contribution to the permanently restricted scholarship endowment fund of \$8,413 bringing the total permanently restricted endowment fund to \$108,413. Per the donor’s wishes, the income generated from this endowment is to be used to provide scholarships to individuals attending the Texas School for the Deaf and therefore is reflected as temporarily restricted within the Statements of Activities.

The Foundation’s endowment fund follows the Uniform Management of Institutional Funds Act of 2006 (“UMPMIFA”). The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As such, the endowment fund seeks to preserve the purchasing power of the principal, and to provide for the long-term growth of the endowment. In order to achieve this objective, the Foundation has developed investment spending policies that will provide a growing stream of current income and appreciation of principal above and beyond inflation.

Texas School for the Deaf Foundation

Notes to Financial Statements (continued)

For the Fiscal Years Ended August 31, 2011 and 2010

**Note 5 – Endowment Fund / Permanently Restricted Net Assets (continued)**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that were reported in unrestricted net assets as of August 31, 2011 were \$3,120. These deficiencies resulted from unfavorable market fluctuations after the continued appropriation for certain programs that were deemed prudent by the Board of Directors. No such deficiencies existed as of August 31, 2010.

In addition, the Foundation's Board of Directors agreed to increase the endowment fund by the unrestricted portion of the investment funds. As of August 31, 2011 and 2010, the Board-designated portion of the endowment fund is \$286,481 and \$257,879, respectively.

Endowment net assets by type of fund consist of the following at August 31, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	\$ –	\$ 1,557	\$ 108,413	\$ 109,970
Board-designated funds	286,481	–	–	286,481
	<u>\$ 286,481</u>	<u>\$ 1,557</u>	<u>\$ 108,413</u>	<u>\$ 396,451</u>

Changes in endowment net assets for the fiscal year ended August 31, 2011:

2011	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 257,879	\$ 2,034	\$ 108,413	\$ 368,326
Investment return:				
Interest and dividends	4,585	1,342	–	5,927
Net gains (losses) – realized and unrealized	16,308	681	–	16,989
Total investment return	<u>20,893</u>	<u>2,023</u>	<u>–</u>	<u>22,916</u>
Contributions/Designations	7,709	–	–	7,709
Appropriation for expenditure	–	(2,500)	–	(2,500)
Endowment net assets, end of year	<u>\$ 286,481</u>	<u>\$ 1,557</u>	<u>\$ 108,413</u>	<u>\$ 396,451</u>

Texas School for the Deaf Foundation

Notes to Financial Statements (continued)

For the Fiscal Years Ended August 31, 2011 and 2010

**Note 5 – Endowment Fund / Permanently Restricted Net Assets (continued)**

Endowment net assets by type of fund consist of the following at August 31, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	\$ -	\$ 2,034	\$ 108,413	\$ 110,447
Board-designated funds	257,879	-	-	257,879
	<u>\$ 257,879</u>	<u>\$ 2,034</u>	<u>\$ 108,413</u>	<u>\$ 368,326</u>

Changes in endowment net assets for the fiscal year ended August 31, 2010:

2010	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 1,913	\$ 108,413	\$ 110,326
Investment return:				
Interest and dividends	3,532	2,121	-	5,653
Net gains (losses) – realized and unrealized	4,014	-	-	4,014
Total investment return	<u>7,546</u>	<u>2,121</u>	<u>-</u>	<u>9,667</u>
Contributions/Designations	256,983	-	-	256,983
Appropriation for expenditure	<u>(6,650)</u>	<u>(2,000)</u>	<u>-</u>	<u>(8,650)</u>
Endowment net assets, end of year	<u>\$ 257,879</u>	<u>\$ 2,034</u>	<u>\$ 108,413</u>	<u>\$ 368,326</u>



Texas School for the Deaf Foundation

Notes to Financial Statements (continued)  
 For the Fiscal Years Ended August 31, 2011 and 2010

**Note 6 – Temporarily Restricted Net Assets**

The Foundation had the following temporarily restricted activity during the years ended August 31, 2011 and 2010:

<b>2011</b>	<b>Beginning Balance</b>	<b>Contributions and Interest Received</b>	<b>Released from Restrictions</b>	<b>Ending Balance</b>
<b>Temporarily Restricted Activities:</b>				
Scholarships	\$ 2,034	\$ 2,023	\$ (2,500)	\$ 1,557
Special Needs Department	549	31,271	(26,820)	5,000
Meadows Grant	55,376	-	(55,376)	-
DZ	-	385	-	385
Mitte Grant	-	20,000	(9,050)	10,950
	<b>\$ 57,959</b>	<b>\$ 53,679</b>	<b>\$ (93,746)</b>	<b>\$ 17,892</b>

<b>2010</b>	<b>Beginning Balance</b>	<b>Contributions and Interest Received</b>	<b>Released from Restrictions</b>	<b>Ending Balance</b>
<b>Temporarily Restricted Activities:</b>				
Scholarships	\$ 1,913	\$ 6,771	\$ (6,650)	\$ 2,034
Special Needs Department	-	20,000	(19,451)	549
Meadows Grant	-	60,000	(4,624)	55,376
	<b>\$ 1,913</b>	<b>\$ 86,771</b>	<b>\$ (30,725)</b>	<b>\$ 57,959</b>

**Note 7 – Concentrations**

Financial instruments which potentially subject Texas School for the Deaf Foundation to credit risk principally consist of cash and investments. To minimize this risk, Texas School for the Deaf Foundation places its temporary cash investments with high credit quality financial institutions insured by the FDIC. Deposit insurance coverage by the FDIC currently entails (a) unlimited coverage for non-interest bearing bank accounts and (b) \$250,000 per bank per entity for interest-bearing bank accounts under the FDIC general deposit insurance rules. There were no amounts over the insured portion as of August 31, 2011 and 2010. Texas School for the Deaf Foundation has not experienced any losses in such accounts in the past.

Texas School for the Deaf Foundation

Notes to Financial Statements (continued)  
 For the Fiscal Years Ended August 31, 2011 and 2010

**Note 8 – In-Kind Contributions**

During the year ended August 31, 2011, the Foundation received donated professional services from an advertising and marketing agency to be used for fundraising purposes. This is considered a non-cash contribution and is reported as in-kind contributions in the Statements of Activities. For the year ended August 31, 2011, the estimated value of these contributed services was \$104,675.

**Note 9 - Fair Value Measurements**

The following table sets forth by level within the fair value hierarchy the Foundation's assets that are measured at fair value on a recurring basis at August 31, 2011:

<b>2011</b>	<b>Quoted Prices in Active Markets for Identical (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Donated asset	\$ -	\$ -	\$ 13,000	\$ 13,000
Restricted investments:				
Money funds	3,120	-	-	3,120
Mutual funds - equities	105,293	-	-	105,293
Board-designated investments:				
Money funds	13,057	-	-	13,057
Mutual funds – fixed income	123,520	-	-	123,520
Mutual funds – equities	146,784	-	-	146,784
	<b>\$ 391,774</b>	<b>\$ -</b>	<b>\$ 13,000</b>	<b>\$ 404,774</b>

Texas School for the Deaf Foundation

Notes to Financial Statements (continued)  
For the Fiscal Years Ended August 31, 2011 and 2010

**Note 9 - Fair Value Measurements (continued)**

The following table sets forth by level within the fair value hierarchy the Foundation's assets that are measured at fair value on a recurring basis at August 31, 2010:

2010	Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Restricted investments:				
Money funds	\$ 6,558	\$ -	\$ -	\$ 6,558
Certificates of deposit	103,289	-	-	103,289
Board-designated investments:				
Money funds	6,719	-	-	6,719
Mutual funds – fixed income	124,501	-	-	124,501
Mutual funds – equities	126,659	-	-	126,659
	<u>\$ 367,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,726</u>

The table below presents additional information about assets measured at fair value on a recurring basis by reliance on Level 3 inputs to determine fair value.

<u>2011</u>	<u>Donated Asset</u>
Beginning balance	\$ -
Total realized and unrealized gains and losses included in earnings	-
Purchases, donations, and settlements	<u>13,000</u>
Ending Balance	<u>\$ 13,000</u>

The donated asset is valued based on the opinion of an independent appraiser as to the current replacement value of the donated asset.