

Audited Financial Statements
With Supplemental Information

Dyslexia Institute of Indiana, Inc.

August 31, 2010 and 2009

Lemler Group, LLC

Certified Public Accountant

Dyslexia Institute of Indiana, Inc.

Index

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2-3
Statement of Activities and Changes in Net Assets	4-5
Statement of Cash Flows	6-7
Notes to Financial Statements	8-15
Supplemental Information	
Statement of Functional Expenses	17-20
Schedule of Lead Auditor	21

Lemler Group, LLC

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Dyslexia Institute of Indiana, Inc.
Indianapolis, Indiana

We have audited the accompanying statement of financial position of Dyslexia Institute of Indiana, Inc. as of August 31, 2010, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of Dyslexia Institute of Indiana, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended August 31, 2009, were audited by other auditors whose report dated December 15, 2009, expressed an unqualified opinion.

We conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the audit provides 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 Dyslexia Institute of Indiana, Inc. as of August 31, 2010, and changes in net assets, and its cash flows for the year 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 basic financial statements taken as a whole. The schedule of functional expenses in the supplement schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Lemler Group, LLC
Indianapolis, Indiana

November 15, 2010

Dyslexia Institute of Indiana, Inc.

Statement of Financial Position August 31, 2010

	Unrestricted	Board Designated And Temporarily Restricted	Total
Current Assets			
Cash and cash equivalents	\$ 140,046	\$ 125,844	\$ 265,890
Accounts receivable, net of allowance	7,731	-	7,731
Prepaid expenses	10,315	-	10,315
Total current assets	158,092	125,844	283,936
Property and equipment			
Property and equipment	112,486	-	112,486
Accumulated depreciation	(84,308)	-	(84,308)
Net property and equipment	28,178	-	28,178
Long term assets			
Investments	-	713,654	713,654
Total long term assets	-	713,654	713,654
Total Assets	\$ 186,270	\$ 839,498	\$ 1,025,768
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 7,706	\$ -	\$ 7,706
Accrued payroll and payroll taxes	14,145	-	14,145
Deferred revenue	-	13,523	13,523
Total Liabilities	21,851	13,523	35,374
Net Assets			
Unrestricted net assets	164,419	-	164,419
Board designated	-	542,823	542,823
Temporarily restricted net assets	-	283,152	283,152
Total Net Assets	164,419	825,975	990,394
Total Liabilities and Net Assets	\$ 186,270	\$ 839,498	\$ 1,025,768

Dyslexia Institute of Indiana, Inc.

Statement of Financial Position August 31, 2009, Restated

	Unrestricted	Board Designated And Temporarily Restricted	Total
Current Assets			
Cash and cash equivalents	\$ 48,065	\$ 143,981	\$ 192,046
Accounts receivable, net of allowance	8,782	-	8,782
Prepaid expenses	10,678	-	10,678
Total current assets	67,525	143,981	211,506
Property and equipment			
Property and equipment	101,933	-	101,933
Accumulated depreciation	(74,126)	-	(74,126)
Net property and equipment	27,807	-	27,807
Long term assets			
Investments	-	629,013	629,013
Total long term assets	-	629,013	629,013
Total Assets	\$ 95,332	\$ 772,994	\$ 868,326
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 30,665	\$ -	\$ 30,665
Accrued payroll and payroll taxes	11,007	-	11,007
Deferred revenue	-	29,333	29,333
Total Liabilities	41,672	29,333	71,005
Net Assets			
Unrestricted net assets	53,660	-	53,660
Board designated	-	464,312	464,312
Temporarily restricted net assets	-	279,349	279,349
Total Net Assets	53,660	743,661	797,321
Total Liabilities and Net Assets	\$ 95,332	\$ 772,994	\$ 868,326

Dyslexia Institute of Indiana, Inc.

Statement of Activities and Changes in Net Assets For the Year Ended August 31, 2010

	Unrestricted	Board Designated And Temporarily Restricted	Total
Public Support and Revenue			
Public support:			
Contributions	\$ 66,321	\$ 500,000	\$ 566,321
Special events revenue	47,050	-	47,050
Total support from public	<u>113,371</u>	<u>500,000</u>	<u>613,371</u>
Grants:			
Foundations and grants	<u>56,418</u>	<u>-</u>	<u>56,418</u>
Other revenue:			
Contracts	36,210	-	36,210
Tuition fees	367,498	-	367,498
Interest and dividends	-	17,165	17,165
Gains (losses) on investments	-	7,475	7,475
Other revenue	6,059	-	6,059
Total other revenue	<u>409,767</u>	<u>24,640</u>	<u>434,407</u>
Net assets released from restrictions	<u>442,326</u>	<u>(442,326)</u>	<u>-</u>
Total public support, revenue and net assets released from restrictions	<u>1,021,882</u>	<u>82,314</u>	<u>1,104,196</u>
Expenses			
Program services			
Outreach - Betty Wells	394,792	-	394,792
Ready, Set, READ!	118,466	-	118,466
Camp	143,152	-	143,152
Information and referral	77,428	-	77,428
Training	26,973	-	26,973
Management and general	77,089	-	77,089
Fundraising	73,223	-	73,223
Total expenses	<u>911,123</u>	<u>-</u>	<u>911,123</u>
Net Increase (Decrease) In Net Assets	110,759	82,314	193,073
Net Assets, Beginning of Year	<u>53,660</u>	<u>743,661</u>	<u>797,321</u>
Net Assets, End of Year	<u>\$ 164,419</u>	<u>\$ 825,975</u>	<u>\$ 990,394</u>

Dyslexia Institute of Indiana, Inc.

Statement of Activities and Changes in Net Assets For the Year Ended August 31, 2009, Restated

	Unrestricted	Board Designated And Temporarily Restricted	Total
Public Support and Revenue			
Public support:			
Contributions	\$ 35,661	\$ 450,000	\$ 485,661
Special events revenue	57,833	-	57,833
Total support from public	<u>93,494</u>	<u>450,000</u>	<u>543,494</u>
Grants:			
Foundations and grants	<u>137,635</u>	<u>-</u>	<u>137,635</u>
Other revenue:			
Contracts	58,250	-	58,250
Tuition fees	256,771	-	256,771
Interest and dividends	-	7,912	7,912
Gains (losses) on investments	-	48,477	48,477
Other revenue	6,314	-	6,314
Total other revenue	<u>321,335</u>	<u>56,389</u>	<u>377,724</u>
Net assets released from restrictions	<u>345,352</u>	<u>(345,352)</u>	<u>-</u>
Total public support, revenue and net assets released from restrictions	<u>897,816</u>	<u>161,037</u>	<u>1,058,853</u>
Expenses			
Program services			
Outreach - Betty Wells	367,564	-	367,564
Ready, Set, READ!	103,507	-	103,507
Camp	135,241	-	135,241
Information and referral	69,517	-	69,517
Training	-	-	-
Management and general	91,503	-	91,503
Fundraising	80,870	-	80,870
Total expenses	<u>848,202</u>	<u>-</u>	<u>848,202</u>
Net Increase (Decrease) In Net Assets	49,614	161,037	210,651
Net Assets, Beginning of Year	<u>4,046</u>	<u>582,624</u>	<u>586,670</u>
Net Assets, End of Year	<u>\$ 53,660</u>	<u>\$ 743,661</u>	<u>\$ 797,321</u>

Dyslexia Institute of Indiana, Inc.

Statement of Cash Flows For the Year Ended August 31, 2010

	<u>Unrestricted</u>	<u>Board Designated And Temporarily Restricted</u>	<u>Total</u>
Reconciliation of changes in net assets to net cash provided by operating activities:			
Change in net assets	\$ 110,759	\$ 82,314	\$ 193,073
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities			
Depreciation expense	10,182	-	10,182
Unrealized (gains) loss on investments	-	36,712	36,712
Decrease (increase) in accounts receivable	1,051	-	1,051
Decrease (increase) in prepaid expenses	363	-	363
Increase (decrease) in accounts payable	(22,959)	-	(22,959)
Increase (decrease) in accrued payroll and payroll taxes	3,138	-	3,138
Increase (decrease) in deferred revenue	-	(15,810)	(15,810)
Net Cash Provided By Operating Activities	<u>102,534</u>	<u>103,216</u>	<u>205,750</u>
Cash Flow From Investing Activities			
Purchase of fixed assets	(10,553)	-	(10,553)
Redemptions of investments	-	586,397	586,397
Purchases of investments	-	(707,750)	(707,750)
Net Cash Provided By (Used In) Investing Activities	<u>(10,553)</u>	<u>(121,353)</u>	<u>(131,906)</u>
Net Increase in Cash and Cash Equivalents	91,981	(18,137)	73,844
Cash and Cash Equivalents, Beginning of Year	<u>48,065</u>	<u>143,981</u>	<u>192,046</u>
Cash and Cash Equivalents, End of Year	<u>\$ 140,046</u>	<u>\$ 125,844</u>	<u>\$ 265,890</u>

Dyslexia Institute of Indiana, Inc.

Statement of Cash Flows For the Year Ended August 31, 2009, Restated

	Unrestricted	Board Designated And Temporarily Restricted	Total
Reconciliation of changes in net assets to net cash provided by operating activities:			
Change in net assets	\$ 49,614	\$ 161,037	\$ 210,651
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities			
Depreciation expense	6,407	-	6,407
Unrealized (gains) loss on investments	-	(70,063)	(70,063)
Decrease (increase) in accounts receivable	5,129	-	5,129
Decrease (increase) in prepaid expenses	(2,912)	-	(2,912)
Increase (decrease) in accounts payable	2,005	-	2,005
Increase (decrease) in accrued payroll and payroll taxes	3,848	-	3,848
Increase (decrease) in deferred revenue	(32,183)	29,333	(2,850)
Net Cash Provided By Operating Activities	31,908	120,307	152,215
Cash Flow From Investing Activities			
Purchase of fixed assets	(12,997)	-	(12,997)
Redemptions of investments	-	23,674	23,674
Purchases of investments	-	-	-
Net Cash Provided By (Used In) Investing Activities	(12,997)	23,674	10,677
Net Increase in Cash and Cash Equivalents	18,911	143,981	162,892
Cash and Cash Equivalents, Beginning of Year	29,154	-	29,154
Cash and Cash Equivalents, End of Year	\$ 48,065	\$ 143,981	\$ 192,046

Dyslexia Institute of Indiana, Inc.

Notes to Financial Statements For the Years Ended August 31, 2010 and 2009

Note 1 – Nature of Activities

Background

The Dyslexia Institute of Indiana, Inc. (DII) was formed as an Indiana not-for-profit organization in September 1989 to serve children and adults with specific learning disabilities, specifically those with characteristics of dyslexia. Believing that all people are entitled to fulfill their potential, DII provides multi-sensory, phonetic-based individualized instruction to individuals with dyslexia. DII also provides training and continuing education for professionals who serve those with language-based learning disabilities and works to educate schools and the community regarding the challenges and successes experienced by those with dyslexia. DII provides support to families of individuals with dyslexia, coordinates professional development training within schools, and works to obtain funding sources to underwrite instructional programs for low-income students and under-funded school districts. The number of individuals receiving services in 2010 more than doubled from the previous year.

Mission Statement

Believing that all people are entitled to fulfill their potential, DII exists to serve children, adolescents, and adults with specific language disabilities. Beginning with the student at the center, DII serves elements of the community that touch the life of the student. DII provides skills, services, and strategies that enable individuals to attain their full potential by learning to manage the challenges of dyslexia and benefit from its advantages.

Vision Statement

Changing lives as we work together to level the path to learning for every student.

Statement of Values

DII management, staff and Board of Directors value:

- The individual and their potential
- Evidence-based programs
- Measure and accountability
- Honest and integrity
- Excellence and professionalism
- Financial accountability

Programs:

DII has five major programs which are listed below:

- Wells Outreach Education Program provides year round tutoring for children and adults. The Orton Gillingham Approach for language, Visualizing/Verbalizing for reading comprehension and Multisensory Math techniques are used to address the needs of our students. DII continues to develop the instructional staff by providing workshops and multisensory trainings. DII also provides psycho-educational evaluations, which evaluates cognitive ability and achievement. In addition, DII formed a partnership with College Park Church in January of 2010 to help provide direct services to struggling learners in the Brookside Community Neighborhood. These volunteers also provide year round tutoring for children and adults. The Orton Gillingham Approach for language assist students with literacy formation. DII formed a partnership with Workforce Inc. in February of 2010. Workforce Inc. is an organization committed to assisting ex-convicts with a successful reentry into society.

Dyslexia Institute of Indiana, Inc.

Note 1 – Nature of Activities (continued)

Programs: (continued)

- Ready, Set READ! Program was designed to provide multisensory, direct instruction to struggling readers in the Indianapolis area. Eleven schools participated in the 2010 Read Set Read program. Direct services, included one-on-one Orton Gillingham therapy, phonology small group instruction, and phonemic awareness small group instruction. DII also provided direct services through Supplemental Education Services, government funded initiative, servicing an additional twenty-two students in seven school districts.
- Camp Delafield Program is a summer day camp concentrating on academic remediation and self-confidence building for children ranging in ages from 7-14. While the main focus is helping children move closer to their potential in reading, spelling, oral and written expression, as well as reading comprehension, camp also offers arts and recreation activities designed to meet the social, emotional, and developmental needs of each camper. New programming for the 2010 included upgraded math curriculum and additional computer education. Camp Delafield also went through the accreditation process with the American Camp Association (ACA) during the summer of 2010. Camp Delafield will now follow the ACA standards, which establish guidelines for policies, procedures, and practices.
- Information and Referral Service Program allows individuals to become better equipped to respond to their needs and/or the needs of others. DII's website, www.dyslexiaindiana.org, averages 550 visits each month and has attracted visitors worldwide, allowing DII to broaden our reach. DII also assists those individuals looking for information by phone. Finally, DII's community education classes were held throughout the year on topics such as "Stop the Summer Brain Drain", "What is Orton-Gillingham?", and "Transitioning Your Student Back to School". All of the classes were presented by DII professionals and included information on dyslexia, referral services, and the opportunity for questions/answers.
- Training Program. During the 2009- 2010 fiscal year, DII conducted multiple teacher trainings and community workshops. The combined trainings provided professional development to roughly 164 individuals, many of whom were community members and teachers. Overall, DII provided roughly 3,529 hours of academic instructional strategies for teaching individuals with learning disabilities. In addition, DII has created a dynamic partnership with Marian University in which DII's Orton Gillingham and Multisensory Math courses are being offered through the university class catalogue and are offered for graduate credit. This partnership increases DII's visibility in the higher education community, and allows teachers in the state of Indiana greater access to courses in research-based instruction.

Fundraising

DII has two fundraising activities which consist of the Indianapolis Monthly Dream Home and the Indiana Authors Breakfast.

Indiana Monthly Dream Home began 18 years ago and is held in September. Each year a new home is chosen in an elite developing neighborhood. The public is invited to tour the home via general admission over three weeks. This event attracts individual for new construction, remodeling and decorating ideas. Proceeds from admissions benefits DII.

Indiana Authors Breakfast was held in June of 2010 and is a fundraiser to provide direct services to children, adolescents and adults with specific learning disabilities characteristic of dyslexia.

Dyslexia Institute of Indiana, Inc.

Note 2 – Significant Accounting Policies

Accounting Method

DII's financial statements have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenses, and other changes during the reporting period. Actual results could differ from those estimates.

DII's management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the report amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the report of revenues and expenses.

Subsequent Events

DII has signed a new office lease in September 2010 which is described in note 7.

DII has evaluated subsequent events through November 15, 2010, which is the date the financial statements were available to be issued.

Income Taxes

DII is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in the financial statements. DII has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Generally accepted accounting principles in the United States require DII to examine its tax positions for uncertain positions. DII is not aware of any tax positions that are more likely than not to change in the next twelve months, or that would not sustain an examination by applicable taxing authorities. DII's policy is to recognize penalties and interest as incurred in its statement of activities as a component of operating expenses, and totaled \$0 for August 31, 2010 and 2009.

DII's federal and state income tax returns for fiscal years ended 2007 through 2009 are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, DII considers all highly liquid instruments with a maturity of three months or less to be considered cash and cash equivalents. The carrying amount of cash approximate fair value due to the type of investments and the maturity dates. Cash and cash equivalents consist of checking and savings accounts.

Property and Equipment

DII's property and equipment are stated at cost and depreciated over estimated useful lives of three to seven years using the straight-line method. Expenditures for improvements and major renewals are capitalized. When property or equipment is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred.

Deferred Revenue

DII's deferred revenue is revenue received for a particular purpose before those services have been performed. This consists of revenue for next year's camp and fundraising activity.

Dyslexia Institute of Indiana, Inc.

Note 2 – Significant Accounting Policies (continued)

Net Assets

The financial statements have been prepared in accordance with Financial Statements of Not-for-Profit Organizations that require, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted and permanently restricted. The following class of net assets and a brief description is as follows:

Unrestricted Net Assets: The unrestricted net asset includes general assets and liabilities of DII. The unrestricted net assets may be used at the direction of management to support DII's purposes and operations.

Temporarily Restricted Net Assets: A donor-imposed restriction permits DII to use up or expend the donated assets as specified and is satisfied either by the passage of time or by actions of DII. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

Temporarily restricted net assets also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriate by the Board of Directors.

Permanently Restricted Net Assets: A donor-imposed restriction stipulates that resources be maintained permanently, but permits DII to use up or expend part or all of the income (or other economic benefits) derived from the donated assets. There were no permanently restricted net assets.

If DII receives other temporarily restricted contributions, where the restrictions are satisfied during the year, these amounts are shown in the unrestricted column in the statements of activities and changes in net assets. The Board of Directors has an option to designate certain contributions as board restricted for future use.

Contributions

DII accounts for contributions received and contributions made in accordance with professional standards. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. Contributions are recorded when the unconditional promise to give is made.

DII reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, DII reports the support as unrestricted.

DII has not recorded volunteer contributions in the statement of activities and change in net assets in accordance with Accounting for Contributions Received and Contributions Made. This requires that only contributions of services received that create or enhance a non-financial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded.

Donated Marketable Securities

DII records donated marketable securities at their fair market value.

Dyslexia Institute of Indiana, Inc.

Note 2 – Significant Accounting Policies (continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising expense

DII expenses advertising costs as they are incurred.

Retirement Plan

DII has a 403(b) Retirement Plan (Plan) for all employees who are over the age of eighteen. The Plan is subject to the provisions of the Employee Retirement Income Security Act. DII does not match employee contributions.

Restatements

DII has restated the August 31, 2009 results to conform to the August 31, 2010 presentation. Reclassification of presentation occurred but did not affect the net results of financial position or operations.

Note 3 – Cash and Cash Equivalents

DII's cash and cash equivalents consist of the following at August 31, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Checking	\$ 140,046	\$ 157,636
Savings account	125,844	34,410
	<u>\$ 265,890</u>	<u>\$ 192,046</u>

Note 4 – Accounts Receivable

Accounts receivable are stated at the amount DII's management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after DII's management has used reasonable collection efforts are written off through a charge to the valuation account, operating expenses and a credit to accounts receivable.

The allowance for doubtful accounts at August 31, 2010 and 2009 was \$3,905. Changes in the valuation allowance have not been material to the financial statements.

Note 5 – Investments and Fair Value

DII adopted the provisions of Fair Value Measurements (Fair Value) for measurement of investments that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair Value defined as the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Dyslexia Institute of Indiana, Inc.

Note 5 – Investments and Fair Value (continued)

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that DII has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

DII's investments primarily consist of money market funds, Federal Government and Corporate Bonds and stocks and mutual funds. The investments are carried at fair value on quoted prices in active markets (all Level 1 measurements) and traded in active exchange markets, such as the New York Stock Exchange.

DII's investments consist of the following at August 31, 2010 and 2009.

August 31, 2010

	Costs or Original Donated Value	Market Value	Gross Unrealized Gain (loss)
Money Market Funds	\$ 27,086	\$ 27,086	\$ 0
Federal Government and Corporate Bonds	126,505	132,604	6,099
Stocks and Mutual Funds	<u>529,268</u>	<u>553,964</u>	<u>24,696</u>
	<u>\$ 682,859</u>	<u>\$ 713,654</u>	<u>\$ 30,795</u>

August 31, 2009

	Costs or Original Donated Value	Market Value	Gross Unrealized Gain (loss)
Money Market Funds	\$ 154,342	\$ 154,342	\$ 0
Federal Government and Corporate Bonds	96,425	98,712	2,287
Stocks and Mutual Funds	<u>309,836</u>	<u>375,959</u>	<u>66,123</u>
	<u>\$ 560,603</u>	<u>\$ 629,013</u>	<u>\$ 68,410</u>

Short term and long term investments at August 31, 2010 and 2009 consisted of the following:

	2010	2009
Betty Wells funds	\$ 492,823	\$ 464,312
Fortune Trust	50,000	0
Kruse funds	<u>170,831</u>	<u>164,701</u>
	<u>\$ 713,654</u>	<u>\$ 629,013</u>

Included in other income on the statements of activities and changes net assets were the following gains and losses for the year ended August 31, 2010 and 2009:

	2010	2009
Unrealized Gain (Loss)	\$ (36,712)	\$ 70,063
Realized Gain (Loss)	<u>44,187</u>	<u>(21,586)</u>
	<u>\$ 7,475</u>	<u>\$ 48,477</u>

Dyslexia Institute of Indiana, Inc.

Note 6 – Temporarily Restricted and Board Designated Assets

As a result of generous gifts from longtime supporters, DII has created two funds with a total value of \$713,654 and \$629,013 as of August 31, 2010 and 2009, respectively. The contributor of the Kruse funds, valued at \$170,831 and \$164,701 on August 31, 2010 and 2009, has indicated that it is to be used for the purchase of a facility. Betty Wells Board Designated Fund, valued at \$542,823 and \$464,312 on August 31, 2010 and 2009, supports the programs of the Wells Outreach Program. DII's Board of Directors retains the rights to utilize or amend the use of these funds as deemed necessary at some future date. During the year ended August 31, 2009, DII's Board of Directors authorized transfer from Betty Wells Board Designated Fund to meet current cash flow needs and develop a strategic plan to sustain and expand DII's capacity for services and to realign DII so it is better suited to meet the changing educational and charitable environment. DII borrowed \$20,000 from the fund and re-paid \$10,000 in 2009 and \$10,000 in 2010.

As contributions with temporary restrictions were received and those restrictions are met, portions of these gifts were released from restrictions.

<u>Temporarily restricted contributions at August 31,</u>	<u>2010</u>	<u>2009</u>
Kruse Funds	\$ 170,831	\$ 164,701
Belly Wells Funds	492,823	464,312
Fortune	50,000	-0-
Cumulative increase in investments	<u>112,321</u>	<u>114,598</u>
	<u>\$ 825,975</u>	<u>\$ 743,611</u>

Temporarily restricted contributions during the year ended August 31, 2010

	<u>Total received</u>	<u>Amount released from restriction</u>	<u>Restricted portion at year end</u>
Ruth Lilly Philanthropic Foundation	\$ 450,000	\$ 442,326	\$ 7,674
Fortune Trust	50,000	-0-	50,000
Interest, dividends and market increases	<u>24,640</u>	<u>-0-</u>	<u>24,640</u>
	<u>\$ 524,640</u>	<u>\$ 442,326</u>	<u>\$ 82,314</u>

Temporarily restricted contributions during the year ended August 31, 2009

	<u>Total received</u>	<u>Amount released from restriction</u>	<u>Restricted portion at year end</u>
Ruth Lilly Philanthropic Foundation	\$ 450,000	\$ 345,352	\$ 104,648
Interest, dividends and market increases	<u>56,389</u>	<u>-0-</u>	<u>56,389</u>
	<u>\$ 506,389</u>	<u>\$ 345,352</u>	<u>\$ 161,037</u>

Dyslexia Institute of Indiana, Inc.

Note 7 – Operating Leases

DII leases office equipment, storage space and office space which is located at 2511 East 46th Street. The office term is three years. DII has signed a new office lease effective December 1, 2010. The lease is for \$15 per square feet with an increasing rate each year for six years. The lease term is for six years and six months. DII has an option to extend the lease for five years.

Future minimum lease payments on leases having non-cancelable terms beyond August 31, 2010 are as follows:

2011	\$ 13,559
2012	55,510
2013	56,347
2014	52,420
2015	52,823
Thereafter	<u>98,956</u>
	<u>\$ 329,615</u>

Rent and various lease expenses amounted to \$45,269 and \$43,914 for the years ended August 31, 2010 and 2009.

Note 8 – Concentrations

Concentration in Credit Risk

DII maintains cash balances in a two financial institution. The bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended August 31, 2010 and 2009. The total uninsured balances in these accounts were \$0 at August 31, 2010 and 2009.

Concentration in Investment Risks

DII has invested roughly 69% and 72% of total assets in the stock market at August 31, 2010 and 2009, respectively. These investments could vary overtime based on activities. DII monitors the investment types with an outside third party investment company on a quarterly basis.

Concentration in Contributions

DII has roughly 46% and 43% of total contributions from a few donors during the year ended at August 31, 2010 and 2009, respectively.

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Supplemental Information

Dyslexia Institute of Indiana, Inc.

Statement of Functional Expenses For the Year Ended August 31, 2010

Expenses	Outreach Betty Wells	Ready, Set, READ!	Camp	Information And Referral
Personnel	\$ 299,386	\$ 101,822	\$ 95,120	\$ 46,267
Professional fees	30,945	1,350	7,339	3,992
Supplies	10,022	553	3,480	2,080
Telephone	898	773	897	834
Postage	1,742	233	196	2,413
Rent	6,245	6,452	7,939	5,288
Equipment and furniture	3,274	2,153	2,143	2,324
Outside services	14,208	2,107	9,695	3,586
Professional development	6,071	471	2,009	545
Printing and publications	2,009	1,306	1,340	1,985
Advertising	2,267	207	3,177	6,831
Travel and transportation	1,951	19	3,194	-
Insurance	599	433	613	696
Awards and relations	175	-	281	-
Activity fees	-	-	5,142	-
Bad debt	7,165	-	-	-
Depreciation	7,835	587	587	587
Total expenses	\$ 394,792	\$ 118,466	\$ 143,152	\$ 77,428

Dyslexia Institute of Indiana, Inc.

<u>Training</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
\$ 10,608	\$ 553,203	\$ 57,753	\$ 34,690	\$ 645,646
1,920	45,546	3,511	21,600	70,657
2,737	18,872	482	1,081	20,435
-	3,402	703	235	4,340
138	4,722	648	452	5,822
3,312	29,236	7,366	3,539	40,141
252	10,146	2,300	258	12,704
320	29,916	2,008	9,035	40,959
7,380	16,476	40	20	16,536
-	6,640	-	655	7,295
-	12,482	-	950	13,432
-	5,164	-	140	5,304
306	2,647	1,692	373	4,712
-	456	-	195	651
-	5,142	-	-	5,142
-	7,165	-	-	7,165
-	9,596	586	-	10,182
<u>\$ 26,973</u>	<u>\$ 760,811</u>	<u>\$ 77,089</u>	<u>\$ 73,223</u>	<u>\$ 911,123</u>

Dyslexia Institute of Indiana, Inc.

Statement of Functional Expenses For the Year Ended August 31, 2009

Expenses	Outreach Betty Wells	Ready, Set, READ!	Camp	Information And Referral
Personnel	\$ 286,917	\$ 82,355	\$ 75,394	\$ 48,941
Professional fees	13,160	5,024	2,425	3,221
Supplies	10,501	1,505	4,147	1,010
Telephone	1,188	809	630	939
Postage	953	448	1,096	2,645
Rent	9,673	5,511	3,620	5,940
Equipment and furniture	1,786	1,682	1,325	1,557
Outside services	6,934	3,300	32,306	2,661
Professional development	12,714	713	844	-
Printing and publications	5,646	526	2,958	932
Advertising	375	250	3,520	1,227
Travel and transportation	1,854	539	2,861	-
Insurance	1,577	665	580	444
Awards and relations	257	180	93	-
Activity fees	-	-	3,442	-
Bad debt	12,399	-	-	-
Depreciation	1,630	-	-	-
Total expenses	<u>\$ 367,564</u>	<u>\$ 103,507</u>	<u>\$ 135,241</u>	<u>\$ 69,517</u>

Dyslexia Institute of Indiana, Inc.

Training	Total Program	Management and General	Fundraising	Totals
\$ -	\$ 493,607	\$ 54,873	\$ 41,746	\$ 590,226
-	23,830	3,773	22,480	50,083
-	17,163	3,105	1,731	21,999
-	3,566	834	103	4,503
-	5,142	723	400	6,265
-	24,744	14,898	-	39,642
-	6,350	1,104	163	7,617
-	45,201	1,417	11,856	58,474
-	14,271	1,206	-	15,477
-	10,062	2,031	1,241	13,334
-	5,372	-	768	6,140
-	5,254	-	111	5,365
-	3,266	2,736	271	6,273
-	530	26	-	556
-	3,442	-	-	3,442
-	12,399	-	-	12,399
-	1,630	4,777	-	6,407
\$ -	\$ 675,829	\$ 91,503	\$ 80,870	\$ 848,202

Dyslexia Institute of Indiana, Inc.

Schedule of Lead Auditor For the Year Ended August 31, 2010

Auditor Information: Lemler Group, LLC
7002 Graham Road, Suite 210
Indianapolis, Indiana 46220

Phone Number: (317) 449-0121

Fax Number: (317) 723-6572

Auditor Contact: David W. Lemler, CPA

Auditor Contact Title: Member

Auditor Contact Email: dlemler@lemlergroup.com