INSTITUTO TECNOLÓGICO DE SANTO DOMINGO (INTEC)

Financial Statements

December 31, 2014 and 2013

(With Independent Auditor's Report Thereon)

KPMG

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Independent Auditors' Report

To the Board of Regents
Instituto Tecnológico de Santo Domingo (INTEC):

Report on the Financial Statements

We have audited the accompanying financial statements of Instituto Tecnológico de Santo Domingo (INTEC) (the Institution), which comprise the statements of financial position as at December 31, 2014 and 2013, statements of activities, other comprehensive income and changes in unrestricted net assets, cash flows for the years then ended, and the 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 the generally accepted accounting principles in the United States of America, this includes the design and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and 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 our 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, we consider 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 adverse audit opinion.

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Basis for Adverse Opinion

As indicated in note 2.8 to the financial statements, the Company revalued its lands and buildings. The Generally Accepted Accounting Principles in the United States of America require that this type of assets be recorded at historical cost. As a result of this revaluation, as at December 31, 2014 and 2013, property, furniture and equipment and total unrestricted net assets are overstated in approximately US$21, 400,000, respectively and depreciation expense is overstated in US$330,000 for 2014 and US$332,000 for 2013.

Adverse Opinion

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion paragraph, the financial statements referred to above do not present fairly the financial position of Instituto Tecnológico de Santo Domingo (INTEC) as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles in the United States of America.

Basis of Accounting and Restriction on Use

Without further qualifying our opinion, we draw attention to note 2.1 to the financial statements, which describes the accounting basis used for the preparation of the Institutions' financial statements. In addition, as described in note 2.11 to the financial statements, the Institution's functional currency is the Dominican peso. The accompanying financial statements have been prepared in dollars of the United States of America for reporting purposes to the Government of the United States of America and USGAAP. These financial statements were prepared to comply with the requirements of the regulatory authorities, and should be used by the Board of Regents, the management, the Institution and the government of the United States of America, and it is not meant for or should be used by others than the specific parties.

KPMG

May 28, 2015

Santo Domingo,
Dominican Republic

INSTITUTO TECNOLÓGICO DE SANTO DOMINGO (INTEC)

Statements of Financial Position

December 31, 2014 and 2013

Assets		2014	2013
Current assets:			
Cash and cash equivalents (notes 3, 20 and 21)	US$	442,915	3,199,572
Accounts receivable, and other receivables net (notes 4 and 21)		6,099,534	4,536,068
Inventories of books and supplies		17,191	15,591
Prepaid expenses (note 7)		383,377	346,580
Investments securities (notes 6 and 20)		218,987	1,439,754
Total current assets		7,162,004	9,537,565
Non current assets:			
Long-term notes receivable, net (notes 5, 20 and 21)		564,088	836,241
Property, furniture and equipment, net (notes 8 and 13)		24,873,668	21,585,961
Other assets, net (note 9)		336,164	186,635
	US$	**32,935,924**	**32,146,402**
Net Liabilities and Assets			
Current liabilities:			
Accounts payable (notes 4, 20 and 21)		6,144,580	5,415,115
Deferred income (note 10)		1,278,870	1,200,268
Accruals and other liabilities (notes 11 and 21)		443,575	523,859
Accounts payable to employees (notes 12 and 21)		361,764	443,716
Total current liabilities		8,228,789	7,582,958
Non current liabilities:			
Long-term debt (notes 13 and 20)		1,374,033	1,597,299
Provision for severance indemnities (note 14)		3,759,983	3,274,331
Total non current liabilities		5,134,016	4,871,630
Total liabilities		13,362,805	12,454,588
Unrestricted net assets (notes 2.8, 8, 14 and 15)		19,573,119	19,691,814
Commitments and contingencies (notes 5, 12, 13, 14 and 19)		-	-
Total net assets and liabilities	**US$**	**32,935,924**	**32,146,402**

The notes on pages 1 to 24 are an integral part of these financial statements.

INSTITUTO TECNOLÓGICO DE SANTO DOMINGO (INTEC)

Statement of Activities, Other Comprehensive Income and Changes in Unrestricted Net Assets

Years ended December 31, 2014 and 2013

		2014	2013
Changes to unrestricted net assets:			
Unrestricted revenue and gains (notes 6, 8, 10 and 16):			
Operating revenues:			
Enrollment and students services, net	US$	18,721,473	16,976,083
Other educational services		528,790	512,048
Education services		625,310	671,364
Interests earned		184,466	198,808
Governmental grants		1,755,007	2,424,641
Other income		1,794,382	2,192,027
Total income unrestricted revenues and grants		23,609,428	22,974,971
Expenses and losses (notes 4, 5, 8, 9, 12, 13, 14, 17, 18 and 19):			
Salaries and personnel compensations		12,872,273	12,003,233
Other general and administrative expenses		8,654,996	7,413,833
Depreciation and amortization		1,320,484	1,402,459
Interest expense		131,528	51,886
Loss in exchange rate		39,660	126,517
Total expenses and losses		23,018,941	20,997,928
Changes to unresctriced net assets for the year		590,487	1,977,043
Other comprehensive income - foreign currency translation adjustment (note 15)		(709,182)	(1,096,428)
Net assets at the beginning of the year (notes 2.8, 8 and 15)		19,691,814	18,811,199
Net assets at the end of the year	**US$**	**19,573,119**	**19,691,814**

The notes on pages 1 to 24 are an integral part of these financial statements.

INSTITUTO TECNOLÓGICO DE SANTO DOMINGO (INTEC)

Statements of Cash Flows

Years ended December 31, 2014 and 2013

		2014	2013
Cash flows from operating activities:			
Change to unrestricted net assets	US$	590,487	1,977,043
Adjustments to reconcile change in unrestricted net assets to cash and cash equivalent provided by operating activities:			
Depreciation and amortization		1,320,484	1,402,459
Provision for severance indemnities		650,150	550,319
Allowance for doubtful notes and accounts receivable		112,852	823,969
Reverse of allowance for doubtful notes and accounts receivable		(74,381)	(549,901)
Effect of exchange rate fluctuation		(285,485)	52,490
Write off of property, furniture and equipment		-	5,806
Write off of other assets		287,823	-
Deferred income		1,278,870	1,200,268
Net changes in assets and liabilities:			
Decrease (increase) in:			
Accounts receivable		(1,618,851)	(2,466,177)
Inventories of books and supplies		(1,600)	14,759
Prepaid expenses		(36,797)	(241,406)
Other assets		(154,018)	(96,674)
Long-term notes receivable		362,857	283,013
Increase (decrease) in:			
Accounts payable		729,465	3,713,602
Deferred income		(1,200,268)	(856,856)
Accruals and other liabilites		(80,284)	(23,575)
Accounts payable to employees		(81,952)	(344,949)
Provision for severance indemnities		(164,498)	145,971
Net cash provided by operating activities		1,634,854	5,590,161
Cash flows from investing activities:			
Cancellation (acquisition) of investments		1,220,767	(784,397)
Acquisition of property, furniture and equipment		(5,270,998)	(2,200,386)
Net cash flows used in investing activities		(4,050,231)	(2,984,783)
Cash flows from financing activities - long-term debt payments		(228,040)	(206,658)
Net increase (decrease) in cash and cash equivalents		(2,643,417)	2,398,720
Cash and cash equivalents at the beginning of the year		3,199,572	848,230
Effect of exchange rate on cash and cash equivalents		(113,240)	(47,378)
Cash and cash equivalents at the end of the year	**US$**	**442,915**	**3,199,572**
Supplementary information of the cash flows statements			
Interest paid	**US$**	**131,528**	**51,886**

The notes on pages 1 to 24 are an integral part of these financial statements.

1 General information

Instituto Tecnológico de Santo Domingo (INTEC) (the Institution) is a not-for profit autonomous private university. It was created under Law No. 520 and through Decree No. 2389 on June 15, 1972, subsequently replaced by Law No. 122-05. The Institution initiated its educational activities on October 1972. INTEC purpose is to train capable, honorable and internationally competitive citizens that will contribute to the sustainable development of the society through science and technology.

INTEC main objectives are:

a. Training high quality, innovative and internationally competitive professionals with critical thinking.

b. Promoting and strengthening the links of the10 Institution with sectors contributing to innovation and sustainable technological development.

c. Enhancing competitiveness and strengthening INTEC international position.

d. Strengthening INTEC partnership and strategic agreements with higher educational institutions and research organizations worldwide.

e. Raising organizational performance levels through suitability processes, structure or physical infrastructure to ensure the Institution's service quality and financial sustainability.

In accordance with the provisions of Article 299, paragraph (d) of the Tax Code (Law No. 11-92) on not-for profit entities, the Institution is exempt from income tax payment.

INTEC has three general governing bodies:

- The Board of Regents: Is the maximum legal authority and legal administrator of the institutional heritage. The Board consists of 15 members, among which are included the Rector, outstanding people of the national community and college graduates.

- The Rectory: Is the highest executive authority of INTEC, under the responsibility of the Rector.

- The Academic Council: In accordance with the guidelines of the Board of Regents, the Academic Council is responsible for planning the academic policy. Its members are: the Rector, who serves as the chair, the Vice-Rectors and Deans of academic areas and divisions.

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2 Summary of significant accounting policies

Following is a summary of the significant accounting policies used by the Institution to record its accounting operations, considered by the administration as the most appropriate in the circumstances, to present the financial situation, the changes in the net assets and cash flows in accordance with the generally accepted accounting principles.

2.1 Basis of presentation

The Institution prepared and have issued its financial statements for general purposes in Dominican pesos and following the International Financial Reporting Standards (IFRS).

The accompanying financial statements are prepared according to the generally accepted accounting principles, using the basis of presentation stipulated in the United States of America, ASC 958 “Not-for-profit entities“

For the presentation of its financial statements, the Institution classifies net assets, income and expenses based on the existence or absence of donor restrictions. Accordingly, the net assets of the Institution and changes therein are classified as follows:

Unrestricted net assets - represent net assets that are not subject to external donor-imposed terms and conditions. At December 31, 2014 and 2013, the Institution has unrestricted net assets as the net result of income, costs and expenses resulting from its operation.

Temporarily restricted net assets - represent net assets subject to donor-imposed terms and conditions that shall be met either by actions of the Institution or by the passage of time.

Permanently restricted net assets - represent those net assets subject to donor-imposed terms and conditions that require the net assets to be maintained permanently by the Institution. Generally, the donors of these assets enable the Institution to use all or part of the income generated by these assets in specific activities.

As of December 31 2014 and 2013, the Institution mantains all cash generated from operations as unrestricted assets.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for land and buildings, which are stated at their revaluated amount, and for liabilities arising from the provisions for employee benefits, which are recognized at the present value of the obligations.

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2.3 Use of estimates and judgments

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 those estimates.

Significant items subject to such estimates and assumptions include the useful lives of fixed assets; allowances for doubtful accounts; the valuation of fixed assets, investments, notes receivable and reserves for employee benefit obligations and other contingencies.

Estimates and underlying assumptions are reviewed on an ongoing basis and the effects of changes are recognized in the period in which the estimate is revised and in any future period affected.

Information about assumptions, estimates and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 4	Accounts receivable
Note 5	Long-term notes receivable
Note 8	Property, furniture and equipment, net
Note 14	Provision for severance indemnities
Note 19	Commitments and contingencies

2.4 Cash and cash equivalents

The Institution considers short-term investments with original maturity, of three months or less are be cash equivalents.

2.5 Accounts receivable, long-term note receivable and other receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. Long-term receivables relate to product financing arrangements that exceed one year and bear interest at a market interest rate based on the customer's credit quality.

Receivable consist of accounts receivable and long- term notes receivable of students, courses, certificate courses and sponsors. In the case of the entities, they arise in the normal development of academic activities requiring payment within the term of study or 30 days after billing date.

Accounts receivable to student and invoices to institutions are reduced by the amount of the provision for doubtful accounts, to reflect the best estimate of the recoverable amount at the financial statements date. Management makes periodic and individual reviews of the whole amount of the accounts receivable.

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The Institution establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts and long-term notes receivable and other receivables. The main component of this allowance is a specific loss element that relates to individually significant exposures. The collective loss allowance is determined based on historical data of payment statistics of the customers. The amount determined is charged to exposure.

Write-offs for 2014 and 2013 was approximately US$21,500 and US$118,000, respectively.

The allowance for doubtful accounts is established through a charge to an expense account based on an analysis of individual accounts and payment history.

2.6 Revenue recognition, costs and expenses

Revenue is measured at the fair value of the consideration received or receivable net discounts.

The Institution recognizes revenues when the amount thereof can be measured reliably and it is probable that future cash flows, economic benefits will flow to the Institution.

A detail of the specific criteria used by the Institution for the recognition of revenues is summarized as follows:

a) Revenues from educational services

   Revenues from educational services is recognized to the extent that the service is provided at the date of the financial statements according to the school curricula.

   The Institution recognizes revenues from own operations as an increase within unrestricted net assets, using the accrual method. At the end of each accounting period revenues corresponding to billings for educational services not yet provided, are recognized in a liability account called "Deferred Revenue" and are recognized as operating income when the educational services are provided to the students.

b) Operating leases

   Revenues from assets under operating leases are recognized using the straight-line method over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income over the term of the lease.

2.7 Investment securities

Investment corresponds to term of deposit issued by local financial institutions, which are stated at cost, without exceeding their estimated realizable value, with original maturity over three months.

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2.8 Property, furniture and equipment, net

Except for land and buildings, which are measured at its revaluated amount, property, furniture and equipment are recorded at cost and include all direct costs and certain indirect costs incurred in connection with placing the asset in service. Additions are recorded as construction in progress until they are completed and/or the equipment is placed in service.

The depreciation method used by the Institution is the straight-line method, i.e. the uniform distribution of cost over the estimated useful lives of the corresponding assets.

The estimated useful lives for fixed assets at December 31, 2014 and 2013 are as follows:

Type of Asset	Useful Lives in Years
Buildings improvements	5
Buildings	35
Furniture and office equipment	4
Literature	6.67
Transportation equipment	5

Depreciation expense for the years ended December 31, 2014 and 2013 was US$1,237,192 and US$1,278,512, respectively.

As of December 31, 2006 and 2011, the Institution revaluated its land and buildings. This revaluation was supported by appraisal and made by independent appraisers. The valuation method used for the land was the market value, and buildings were valued by the replacement method, except for the local- office located in the building Caribalico (market value method).

The revaluation surplus was included as a component of the Institution's unrestricted net assets. The amount recognized as revaluation surplus is summarized below:

		Land	Buildings	Total
Revaluation 2006	US$	9,697,171	4,849,303	14,546,474
Revaluation 2011		4,242,157	2,632,418	6,874,575
	US$	**13,939,328**	**7,481,721**	**21,421,049**

Depreciation expense for the years December, 31 2014 and 2013 was US$ US$330,014 and US$332,103 respectively recognized on these revaluations.

2.9 Other assets

The other assets comprise software licenses that have a useful limited life, measured at cost less accumulated amortization.

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2.10 Long-lived assets

Long-lived assets, such as property, furniture and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Institution first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

2.11 Functional and presentation currency

The funtional currency of the Institution is the Dominican peso. The enclosed financial statements are expressed in U.S. dollars, as a presentation currency.

The Instituto Tecnológico de Santo Domingo (INTEC), maintains its figures in Dominican peso (RD$), which is its functional currency. The figures of the Institution were translated to dollars of the United States of America (US$) for reporting purposes to the Government of the United States of America. The translation of these figures were conducted in accordance to the guidelines of the US GAAP "Foreign Currency Translation," which establishes the use of the current exchange rate to convert assets and liabilities and the average exchange rate to the income statemements.

At December 31, 2014 and 2013, the exchange rates used by the Institution for translating the statements of financial position were RD$44.36 and RD$42.79, respectively, per each US$. The average exchange rates used by the Institution for translating the statements of activities for the years 2014 and 2013 were RD$43.44 and RD$41.80, respectively, per each US$.

Foreign currency translation differences from foreign operation are recognized in other comprehensive income (OCI).

2.12 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into Dominican pesos (RD$) at the current exchange rate at the date of the financial statements. Income and expenses are translated into Dominican pesos (RD$) using the current exchange rate at the date of the transaction. Differences arising from the translation of assets and liabilities are recognized as gains or losses in foreign currency in the line expenses and losses in the accompanying statements of income and other comprehensive income.Therefore, the USD value of these items inthe financial statements fluctuates from period to period, depending on the value of the USD against these functional currencies. At December 31, 2014 and 2013, the exchange rates of the Dominican peso (RD$) against the United States dollar were RD$44.36 and RD$42.79 per each US$1.00, respectively.

At the same time the exchange rates of the euro were RD$53.67 and RD$53.81 per each € 1.00, respectively.

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2.13 Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

2.14 Income (expense) interest, net

Interest expense includes interest income and interest expense.

Interest income is recognized using the effective interest method.

Interest expense represents interest incurred on loans, which are not directly attributable to the acquisition, construction or production of a qualifying asset. This interest is calculated using the effective interest rate and includes the amortization of fees and commission on loan funds and other debt issuance costs.

2.15 Fair value measurements

The Institutions utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Institution determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following input levels:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting institution at the measurement date.

Level 2: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

2.16 Recently issued accounting standards

On July 2013, the FASB issued ASU 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. 16ASU 2013-11 requires an unrecognized tax benefit, or a portion of an unrecognized tax benefit, to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. ASU 2013-11 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. The new standard is to be applied prospectively but retrospective application is permitted. The Institution will implement the provisions of ASU 2013-11 as of January 1, 2015.

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In April 2014, the FASB issued ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. ASU 2014-08 change the requirements for reporting discontinued operations. This ASU limits discontinued operations reporting to disposals of components of an entity that represents strategic shifts that have a major effect on an entity's operations and financial results. As a result, the Institution expects to report fewer discontinued operations under the new standard than would otherwise be reported under previous requirements. The new standard is effective for any disposals of components of the Instituttion in annual reporting periods beginning after December 15, 2014. The Instituttion will implement the provisions of ASU 2014-08 as of January 1, 2015.

The FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, in May 2014. ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should also disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for annual reporting periods beginning after December 15, 2017. The Institution will implement the provisions of ASU 2014-09 as of January 1, 2018. The Institution has not yet determined the impact of the new standard on its current policies for revenue recognition.

2.17 Inventories of books and supplies

Inventories of books and supplies are measured at the lower of cost or market. Cost is determined using the average weighted method.

2.18 Employees benefits

2.18.1 Severance indemnities

The Labor Code of the Dominican Republic requires that employers pay a relief of notice to employees whose contracts have been terminated without justified cause. The Institution records a provision for these payments as an expense to the extent employment contracts are terminated. For this purpose, a provision is recorded based in the proportion to be received for employees with five years of service is an amount equivalent to 25 % of the severance indemnities established by the Labor Law for unjustified dismissal, plus 5 % per each additional year of service until 100 %, when the employee reaches 20 years of service. on the parameters set by the Labor Code of the Dominican Republic, discounted to its present value using the average interest rate of the marketplace.

2.18.2 Accounts payable to employees

Corresponds to the debt with the employees of the Institution for the contributions made by employees to the pension plan that previously existed with AFP Caribalico, S. A. The Institution agreed to pay the amount owed to the employees. This account accrues interest at 4 % per annum.

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2.19 Other benefits

Other employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. The Institution recognizes a liability for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Institution has a present legal or constructive obligation to pay this amount, as a result of a past service provided by the employee, and the obligation can be estimated reliably.

2.20 Contributions to the Social Security

The Institution recognizes the monthly contributions to the Dominican Social Security System, as well as the employees' contributions as an accumulation up to the moment they are deposited in the Social Security Treasury of the Dominican Republic.

3 Cash and cash equivalents

A summary of cash and cash equivalents at December 31, 2014 and 2013, is as follows:

		2014	2013
Cash on hand	US$	14,999	26,383
Deposits in checking and saving accounts (a)		144,313	2,642,437
Time of deposits (b)		283,603	530,752
	US$	**442,915**	**3,199,572**

(a) Correspond to cash deposited in domestic and foreign banks. At December 31, 2014 and 2013, some of these checking and savings accounts generate annual rates between 0.10 % and 2.50 % and 0.75 % y 5 %, respectively. The interests generated by this concept amounts to US$4,090 and US$6,531, respectively, and are included within the line item of operating revenues in the accompanying statements of activities and other comprehensive income.

(b) Correspond to certificates of deposits with maturity between 30 and 90 days. These certificates generate annual interests rates of 5.25 % and 7.5 %. The interests received for this concept during the years 2014 and 2013 amounted to US$98,557 and US$27,148, respectively, and are included within the line item of operating revenues in the accompanying statements of activities and other comprehensive income.

4 Accounts receivable

Accounts receivable arise primarily from enrollment, delivery of certification programs and presentation of certificate courses, seminars, among others. The credit risk to which the Institution is exposed is defined mainly by the individual characteristics of each student.

(Continues)

The exposure risk of accounts receivable at December 2014 and 2013, is as follows:

		2014	2013
Students	US$	2,588,420	2,571,946
Courses and certification programs		348,294	1,950,549
Third party programs		2,926,701	-
Sponsors		1,334,754	813,751
Central Bank of the Dominican Republic (note 19)		432,974	453,802
Other accounts receivable		72,430	316,168
		7,703,573	6,106,216
Allowance for doubtful accounts receivable		(1,604,039)	(1,570,148)
	US$	**6,099,534**	**4,536,068**

Impairment losses

The aging of accounts receivable at December 31, 2014 and 2013, is as follows:

		2014		2013	
		Accounts Receivable	Impairment Loss	Accounts Receivable	Impairment Loss
Between 0-90 days (a)	US$	5,920,795	-	4,144,687	-
Past due:					
91-180 days		195,228	43,229	346,934	73,806
181-360 days		53,479	26,739	284,727	166,474
More than 360 days		1,534,071	1,534,071	1,329,868	1,329,868
	US$	**7,703,573**	**1,604,039**	**6,106,216**	**1,570,148**

(a) At December 31, 2014 and 2013, includes the amount of US$220,730 and US$260,284, respectively, correspondent to accounts receivable to the United States of America government for allowance to federal students, subsidized by such country.

Based on past experience, the Institution believes no impairment allowance is necessary in respect to accounts receivable to the Central Bank of the Dominican Republic, because they will be offset with the use of exchange difference on the loan with the IDB, which establishes a fixed exchange rate of RD$3.15, regardless of the prevailing exchange rate at the time of paying the installments of principal and interest.

At December 31, 2014 and 2013, 77 % and 66 % of outstanding balances of accounts receivable correspond to accounts with historical data of payment with the Institution. The Institution establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures of each loan.

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A summary of the allowance for impairment in respect of accounts receivable during the years ended December 31, 2014 and 2013, is as follows:

		2014	2013
Balances at beginning of year	US$	1,570,148	951,345
Expense for the period		112,852	805,990
Write off of accounts receivable		(21,494)	(118,137)
Effect of exchange rate fluctuation		(57,467)	(69,050)
Balances at end of year	**US$**	**1,604,039**	**1,570,148**

At December 31, 2014 and 2013, the Institution has received advances for US$3,342,135 and US$4,076,541, respectively, represented by cash received from third parties for the service of courses and certified courses. Such amounts are presented as such in the line item of accounts payable in the accompanying statements of financial position of 2014 and 2013, respectively.

5 Long-term notes receivable, net

Corresponds to long-term notes receivable from students who have educational loans relating to undergraduate and graduate enrollment, on which the Institution charged an annual interest rate of 4 %, as of December 31, 2013. These notes have maturity between three and five years (length of career) and are secured by the sole signature of the student and initially recognized at cost. During the years 2014 and 2013, interests earned on these notes amounted to US$5,717 and US$91,486, respectively, and are presented as part of operating revenues in the accompanying statements of activities and other comprehensive income.

Impairment losses

The ageing of long-term notes receivable at December 31, 2014 and 2013, is as follows:

		2014			2013		
		Long-Term Notes Receivable	Long-Term Impairment Loss	Long-Term Notes, Net	Notes Receivable	Impairment Loss	Long-Term Notes, Net
Between 0-90 days	US$	518,527	-	518,527	776,072	-	776,072
Due between:							
91-180 days		32,840	-	32,840	58,768	(12,119)	46,649
181-360 days		14,486	(1,765)	12,721	27,073	(13,553)	13,520
More than 360 days		412,306	(412,306)	-	479,103	(479,103)	-
	US$	**978,159**	**(414,071)**	**564,088**	**1,341,016**	**(504,775)**	**836,241**

(Continues)

A summary of the allowance for impairment in respect of long-term notes receivable during the years ended December 31, 2014 and 2013, is as follows:

		2014	2013
Balances at beginning of year	US$	504,775	1,084,991
Expense for the period		-	17,979
Reversal		(74,381)	(549,901)
Effect of exchange rate fluctuation		(16,323)	(48,294)
Balances at end of the year	**US$**	**414,071**	**504,775**

In late 2012, the Institution contracted the services of Fundación Apec de Crédito Educativo, INC. (FUNDAPEC), for the collection and administration of the educational loan portfolio. Approximately US$227,901 and US$239,234 was recovered from accounts receivable as part of the management collection in 2014 and 2013, respectively.

6 Investments securities

Correspond to term deposits classified as held to maturity with domestic financial institutions. These certificates generated interest at annual rates between 5.25 % and 9 % and maturing between 180 and 360 days. Interests received in 2014 and 2013, amounted to US$76,102 and US$73,643, respectively, and are included within the line item of operating revenues in the accompanying statements of activities and other comprehensive income.

At December 31, 2014 and 2013, restricted balances amounted to US$116,741 and US$147,814, respectively, corresponds to deposits received from third parties to be used in scholarships, grant for the Seed Fund, Knowledge Fund and Graduates Students Funds, which will be available for use in less than a year.

7 Prepaid expenses

A summary of prepaid expenses at December 31, 2014 and 2013, is as follows:

		2014	2013
Amortization expense - students scholarships (a)	US$	107,017	68,170
Insurance		74,342	28,300
Receivable balance from ITBIS		120,646	121,177
Software maintenance license		79,665	64,396
Others		1,707	64,537
	US$	**383,377**	**346,580**

(a) At December 31, 2014 and 2013, correspond to expenditures for scholarships relating to undergraduate, graduate and master's degrees students, which are recognized as operating expenses to the extent that the educational services are provided to the students.

(Continues)

8 Property, furniture and equipment, net

A summary of property, furniture and equipment and accumulated depreciation at December 31, 2014 and 2013, is as follows:

		2014	2013
Land	US$	12,195,238	12,195,238
Buildings and improvements (a)		12,904,315	13,175,556
Furniture and equipments		4,987,747	4,425,190
Literature		914,089	904,434
Vehicles and transportation equipment		187,774	197,304
		18,993,925	18,702,484
Less acumulate depreciation		(10,180,339)	(9,095,647)
		8,813,586	9,606,837
Construction in progress (b)		4,603,160	1,470,289
		13,416,746	11,077,126
Effect of exchange rate fluctuation		(738,316)	(1,686,403)
	US$	**24,873,668**	**21,585,961**

(a) The operating lease agreement relating to this property is automatically renewed annually for successive periods of one year each prior agreement between the parties. During the years 2014 and 2013, income earned for this concept amounted to US$102,187 and US$82,614, respectively, which are included in the line item of other operating income in the accompanying statements of activities and other comprehensive income for the years ended 2014 and 2013.

(b) At December 31, 2014 and 2013, construction in progress basically consists of expenditures for the construction of the building that will house the Faculty of Health Sciences.

These leases have a fixed annual rent, which is revised by agreement between the parties. The collection commitment of these operating leases for the year 2015 is approximately US$71,770.

At December 31, 2014 and 2013, the Institution has in use fully depreciated assets for the approximate amounts of US$2,992,634 and US$2,653,272, respectively.

8.1 Collateral

The Institution has an apartment pledge as collateral from the loan received from Bienes Nacionales.

(Continues)

9 Other assets

A summary of other assets at December 31, 2014 and 2013, is as follows:

		2014	2013
Surety and deposits	US$	24,254	23,495
Software development		153,145	-
		177,399	23,495
Licenses and software (a)		693,391	639,709
Accumulated amortization		(534,626)	(476,569)
		158,765	163,140
	US$	**336,164**	**186,635**

(a) Correspond to licenses and software and maintenance with maturity between two and five years.

A movement of amortizations during 2014 and 2013, is as follows:

		2014	2013
Balances at beginning of the year	US$	476,569	410,823
Amortization of the year		83,292	90,793
Withdrawals		(6,782)	-
Effect of exchange rate fluctuation		(18,453)	(25,047)
Balances at the end of the year	**US$**	**534,626**	**476,569**

10 Deferred income

At December 31, 2014 and 2013, correspond to advances received for enrollment of students in undergraduate, graduate and master's degrees, which are recognized as income to the extent that the educational services are provided to the students.

(Continues)

The movement on deferred income during the years ended December 31, 2014 and 2013, is as follows:

		2014	2013
Balances at January, 1st	US$	1,200,268	856,856
Less: Recognized income of the year		1,200,268	856,856
Plus: Deferred income of the year		1,278,870	1,200,268
Balances at December 31	**US$**	**1,278,870**	**1,200,268**

11 Accruals and other liabilities

Accruals and other liabilities at December 31, 2014 and 2013, is as follows:

		2014	2013
Taxes on professional fees	US$	24,633	18,299
Credit union		-	38,253
Employee's withholding		76,831	55,913
Withholding Law No. 87-01		151,811	139,301
Personnel vacations		190,193	272,093
Other accruals		107	-
	US$	**443,575**	**523,859**

12 Accounts payable to employees

At December 31, 2014 and 2013, correspond to accounts payable to employees, for the contributions made by the Institution to the pension plan that previously existed with AFP Caribalico, S. A. This plan was liquidated and the Institution returned the individual contributions the employees had made to the plan, remaining pending the contributions made by the Institution. By Resolution of the Board of Regents, the Institution agreed to pay the amount owed to the employees. This account accrues interest at 6 % for 2014 and 4 % for 2013, per annum. The interest earned on this account during the years ended December 31, 2014 and 2013 amounted to US$102,843 and US$17,470, respectively, and are included as part of the line item of other general and administrative expenses, in the accompanying statements of activities and other comprehensive income of the years ended 2014 and 2013.

At December 31, 2014, the Institution's management determined to settle this commitment during 2015, transferring to eligible employees the accrued amount at that date.

(Continues)

13 Long-term debt

A summary of long-term debt at December 31, 2014 and 2013, is as follows:

		2014	2013
Corresponds to loan 681/SF-DR with the Inter-American Development Bank (IDB), dated June 3, 1982, for an original amounts of US$5,400,000 and 181,710,372 pesetas, at an average exchange rate of RD$3.15 with an exchange rate of RD$44.36 and 166.39 pesos respectively, and interest at an annual rate of 2 % and a 0.5 % credit commission, received for financing the "Consolidation and Academic Expansion of INTEC," project with a guarantee of the Dominican Goverment and maturity on May 24, 2022. The loan is payable in 60 semi-annual consecutive principal installments plus interests of US$81,029 and €21,6575 in 2014 and US$82,413 and €21,905 in 2013. The balance at December 31, 2014 and 2013 consist of US$1,167,360 and €312,822 and US$1,315,852 and €349,740, respectively	US$	1,372,889	1,595,203
Loan signed between the Dominican Goverment (through Bienes Nacionales) and the Institution on August 15, 1996 for an original amount of US$14,089, to purchase an apartment at the José Contreras Project; payable in monthly principal installments plus interest of US$61 for a period of 20 years, maturing in 2016 and secured by properties of the Institution		1,144	2,096
Long-term debt		1,374,033	1,597,299
Current portion of long-term debt		(183,480)	(190,301)
Long-term debt excluding current portion	**US$**	**1,190,553**	**1,406,998**

At December 31, 2014, long-term debt maturities are as follows:

2015	US$	183,480
2016		183,739
2017		183,300
2018		183,300
2019 Hereinafter		640,214
	US$	**1,374,033**

(Continues)

14 Provision for severance indemnities

At December 31, 2014 and 2013, the Institution has established a provision for the payment of severance indemnities upon termination of employees due to justified cause, provided they have served for five or more consecutive years, have comply with the termination notice and have maintained a satisfactory performance. The proportion to be received for employees with five years of service is an amount equivalent to 25 % of the severance indemnities established by the Labor Law for unjustified dismissal, plus 5 % per each additional year of service until 100 %, when the employee reaches 20 years of service. The movement in the provision for employee benefits during the years ended December 31, 2014 and 2013, is as follows:

		2014	2013
Balances at January 1st.	US$	3,274,331	3,068,962
Included in the statements of activities and other comprehensive income:			
Expenses for the period		650,150	550,319
Benefits paid		(35,872)	(164,611)
Effect of exchange rate fluctuation		(128,626)	(180,339)
		485,652	205,369
Employee benefit liability at end of year	**US$**	**3,759,983**	**3,274,331**

Actuarial assumptions

A summary of the principal actuarial assumptions used by the Institution at December 31, 2014 and 2013, is as follows:

	2014	2013
Discount rate	4 %	4 %
Future salary increases	6 %	2 %
Termination benefits	Media	Media

By the nature of this benefit, where there are no new covered employees and considering the age of the beneficiaries, a decreasing behavior is expected to reach zero.

15 Other comprehensive income

Corresponds to the effect of conversion of the Institution’s financial statements from its functional currency to its reporting currency.

The Acumulated balances of other comprehensive income are as follows:

Beginning balance, January 1, 2013	US$	(3,287,274)
Net current period change		(1,096,428)
Ending balance, December 31, 2013		(4,383,702)
Net current period change		(709,182)
Ending balance, December 31, 2014	**US$**	**(5,092,884)**

(Continues)

16 Operating revenues

A summary of unrestricted revenue and grants at December 31, 2014 and 2013, is as follows:

		2014	2013
Student's enrolment and services, net:			
Undergraduate registration	US$	11,807,085	10,845,716
Graduate registration		2,368,990	1,706,787
Laboratory registration		683,014	678,317
Right to register for undergraduate		3,465,148	3,585,946
Right to register for graduate school		880,351	673,344
		19,204,588	17,490,110
Discounts and bonuses (a)		(483,115)	(514,027)
		18,721,473	16,976,083
Other educational services		528,790	512,048
Educational services		625,310	671,364
Interests earned		184,466	198,808
		20,060,039	18,358,303
Government grants (b)		1,755,007	2,424,641
Other:			
Release of provision on accounts receivable		74,381	549,901
Fines and surcharges		543,688	528,215
Overhead third party programs		574,369	459,911
Technical assistance and advisory		203,043	183,285
Sponsorship income		48,524	54,029
Sale of publications		28,825	37,847
Institutional income		20,449	36,530
Donations and foreign contributions		9,717	27,302
Rental of Caribalico premises		102,187	82,614
Other income		189,199	232,393
		1,794,382	2,192,027
	US$	**23,609,428**	**22,974,971**

(a) At December 31, 2014 and 2013, corresponds to cash discounts for early payment and good academic performance index, awarded to students of the Institution.

(b) Correspond to subsidy allocated by the Dominican Republic State for not-for profit organizations. The amount allocated for both years at December 31, 2014 and 2013 amounted to US$2,590 and US$2,691 per month, respectively . In 2014 and 2013 the Dominican Republic Government allocated an extraordinary grant for the amount of US$1,749,540 and US$2,392,344, respectively. This allocation was intended for building the Science Health area of this Institution.

(Continues)

17 Salaries and personnel compensation

A summary of salaries and personnel compensation during the years ended December 31, 2014 and 2013, is as follows:

		2014	2013
Wages and salaries	US$	8,898,975	8,130,434
Christmas bonus		718,098	626,995
Vacation		247,116	474,759
Other bonuses		38,115	47,100
Severance indemnities		676,785	587,240
Insurance		503,688	554,870
Pension plan Law No. 87-01		694,211	531,957
Professional development		152,350	351,104
Study benefits		101,280	111,563
Per diem		403,845	294,769
Transportation		342,605	191,582
Other benefits		95,205	100,860
	US$	**12,872,273**	**12,003,233**

18 Other general and administrative expenses

A summary of other general and administrative expenses during the years ended December 31, 2014 and 2013, are as follows:

		2014	2013
Electric power	US$	741,184	752,683
Surveillance		426,045	446,823
Various supplies		484,283	439,961
Fees		670,482	638,330
Promotion and advertising		192,398	199,021
Fuels and lubricants		234,596	220,311
Workshops and conferences expenses		372,611	89,310
Operating lease		261,799	218,830
Student parking		71,734	64,834
Communications		172,430	164,762
Institutional attentions		101,296	181,918
Printing and bindings		136,633	112,634
Photocopies and reproduction		67,591	66,105
General insurance		101,329	127,088
Researches		190,537	149,376
National and international relations		182,634	144,301
Doubtful account receivable expense		112,852	823,969

(Continues)

Maintenance expense and licenses and software renewal		159,980	157,351
Coffee break		202,327	140,941
Water, coffee and garbage		10,489	26,698
Write off of property, furniture and equipment		9,176	6,403
Maintenance and repair		1,060,228	901,497
Scholarships (a)		1,273,472	830,752
Expenses ITBIS by shopping suppliers (b)		573,482	-
Others		845,408	509,935
	US$	**8,654,996**	**7,413,833**

a) Corresponds to scholarships granted to employees of the Institution and their close relatives; as well as people of limited resources sent from to the Ministerio de Educación Superior, Ciencia y Tecnología (MESCYT), who meet the academic requirements of INTEC (as per spanish acronym).

b) Corresponds to the income tax paid by the Institution, form this concept and cannot be deductible when reversed therof, because if cannot carryfoward the ITBIS generated in the invoices.

19 Commitments and contingencies

Commitments:

a) In August 1995 the Instituto Tecnológico de Santo Domingo (INTEC) entered into a service agreement with the Central Bank of the Dominican Republic, for a three year term, subject to a review at the end of such period. Through this agreement the Central Bank of the Dominican Republic assumes the exchange differences that arise between the original foreign exchange rate of Loan No. 681/SF-DR of the Instituto Tecnológico de Santo Domingo (INTEC) with the Inter-American Development Bank (IDB) (RD$3.15 = US$1.00) and the exchange rate at the moment of the payment of principal installments plus interests. The Institution is committed to provide scholarships program for Undergraduate, Graduate and Master Degrees, Technical Training Programs and Organizational Support Projects, equivalent to the amount of the debt in Dominican pesos arising from the exchange differences assumed by the Central Bank. At December 31, 2014 and 2013, the Institution mantains balances receivable amounting to US$442,143 and US$464,550, respectively, derived from granting more scholarship services to the staff of the Central Bank, which are covered under this agreement and are presented as part of the accounts receivable in the statements of financial position at those accompanying datesaccompanying.

b) On May 2013 the Institution entered into a service agreement with the company Enorden, C. por A., for maintenance of the green areas. The agreement is a one year term and monthly payments amounting to US$6,884, automatically renewable each year. At December 31, 2014 and 2013, the Institution incurred in maintenance expenditures of the green areas amounting to US$82,610 and US$82,271, respectively, which are included as part of the line item of other general and administrative expenses in the accompanying statements of activities and other comprehensive income. The estimated payment commitment for 2015 is approximately US$82,600.

(Continues)

c) On June 1st, 2006, the Institution entered into a service agreement with the company Enorden, C. por A., an agreement for cleaning and maintenance services of facilities. The agreement is for a one year term and monthly payments amounting to US$21,752, automatically renewable each year. At December 31, 2014 and 2013, the Institution incurred in expenditures for this concept amounting to US$261,025 and US$273,361, respectively, which are included as part of other general and administrative expenses in the accompanying statements of activities and other comprehensive income. The estimated payment commitment for 2015 is approximately US$261,000.

d) In February 2013, the Institution entered into a lease agreement of premises for providing teaching and administrative areas, for the monthly amount of US$3,675. This agreement provides a five year term and is automatically renewable upon previous agreement among the parties. At December 31, 2014 and 2013, expense recognized for this agreement amounted to US$54,824 and US$52,654, respectively, and in recognized as other general and administrative expenses in the accompanying statements of activities and other comprehensive income. The estimated payment commitment for 2015 is approximately US$55,300.

e) The Institution has a lease agreement of four apartments, which are used for housing scholarship students. These agreements were signed on August and October 2013, for a monthly payment of US$414 per apartment. These agreements provide a one year term and are automatically renewable upon previous agreement among the parties. At December 31, 2014 and 2013, the Institution paid for this concept the amount of US$20,552 and US$7,782, respectively, which is included as part of other general and administrative expenses in the accompanying statements of activities and other comprehensive income. The estimated payment commitment for 2015 is approximately US$22,600.

f) At December 31, 2014 and 2013, the Institution has payment commitments for renting a parking space for the monthly amount of US$5,635. This agreement was signed in April 2004 for a one year term and is automatically renewable upon previous agreement among the parties. In 2014 and 2013, payments for this concept amounted to US$71,734 and US$68,923, respectively, which are included as part of other general and administrative expenses in the accompanying statements of activities and other comprehensive income. The estimated payment commitment for 2015 is approximately US$73,600.

g) The Institution has contracted the services of the company Thormann Peralta Security, S. A., for transportation services and protection of all the Institutions' facilities and surroundings. These agreements were executed in May 2006 and February 2007, respectively, and established monthly payments of US$1,376 and US$38,208, respectively, for a one year term and is automatically renewable upon previous agreement among the parties. At December 31, 2014 and 2013, payments for these concepts amounted to US$15,826 and US$16,907 and US$435,482 and US$446,823, respectively, which are included as part of other general and administrative expenses in the accompanying statements of activities and other comprehensive income. The estimated payment commitments for 2015 is approximately US$16,500 and US$402,800, respectively.

(Continues)

Contingencies:

At December 31, 2014 and 2013, there are lawsuits that have been filed against the Institution, for the approximate amount of US$76,300, arising in the normal course of operations. According to the Institution's external legal advisers, it is very unlikely that these lawsuits result in an adverse decision against the Institution. Therefore, management does not anticipate any material loss as a result of the claims, and has not considered it necessary to recognize a provision for such purposes.

20 Foreign currency

At December 31, 2014 and 2013, the Institution's accounts include the following balances in Dominican pesos translated to dollars of the United States of America:

		2014			
		RD$	US$	Euro	Total
Financial assets					
Cash and equivalents	US$	325,106	116,191	1,618	442,915
Investments securities		208,987	10,000	-	218,987
Accounts receivable and other receivables		5,263,064	836,470	-	6,099,534
Long-term notes receivable, net		564,088	-	-	564,088
		6,361,245	962,661	1,618	7,325,524
Financial liabilities					
Account payable		(5,819,590)	(324,990)	-	(6,144,580)
Long-term debt		(59,093)	(1,038,830)	(276,110)	(1,374,033)
		(5,878,683)	(1,363,820)	(276,110)	(7,518,613)
Net position	**US$**	**482,562**	**(401,159)**	**(274,492)**	**(193,089)**

		2013			
		RD$	US$	Euro	Total
Financial assets					
Cash and equivalents	US$	3,084,313	111,815	3,444	3,199,572
Investments securities		1,439,754	-	-	1,439,754
Accounts receivable and other receivables		4,487,960	48,108	-	4,536,068
Long-term notes receivable, net		836,241	-	-	836,241
		9,848,268	159,923	3,444	10,011,635
Financial liabilities					
Account payable		(5,415,115)	-	-	(5,415,115)
Long-term debt		(2,096)	(1,165,264)	(429,939)	(1,597,299)
		(5,417,211)	(1,165,264)	(429,939)	(7,012,414)
Net position	**US$**	**4,431,057**	**(1,005,341)**	**(426,495)**	**2,999,221**

(Continues)

As of December 31, 2014 and 2013 the exchange rates used to tranlate foreign currency into Dominican pesos were the following:

	Average Rate		Spot Rate	
	2014	2013	2014	2013
Equivalent in RD$	43.44	41.80	44.36	42.79
Equivalent in €	57.71	55.67	53.67	58.81

21 Fair value measurements

The fair value of a financial instrument is defined as the amount that would be received when selling an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following table presents the carrying amounts and estimated fair values of the Institution's financial instruments at December 31, 2014 and 2013:

		2014		2013	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:					
Cash and cash equivalents	US$	442,915	442,915	3,199,572	3,199,572
Accounts receivable, net		6,099,534	6,099,534	4,536,068	4,536,068
Long term note receivables		564,088	564,088	836,241	824,407
Financial liabilities:					
Accounts payable		6,144,580	6,144,580	5,415,115	5,415,115
Accruals and other liabilities		443,575	443,575	523,859	523,859
Account payable to employee		361,764	361,764	443,716	443,716
Long-term debt		1,374,033	1,374,033	1,597,299	1,597,299

Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Institution's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Institution's based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, available observable and unobservable inputs.

(Continues)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- The fair values of cash and cash equivalents, accounts receivable, long-term account receivable, accounts payable, accrued expenses and long-term debt, were determined based on the approximate carrying amounts because of the short-term maturity of these instruments.

- The fair value of the Company's long-term account receivable for 2013 was estimated by discounting the future cash flows of each instrument at rates currently offered to the Company for similar debt instruments of comparable maturities by the Institution's bankers. At December 31, 2013, the rate use was 6 %.