

## Organization Information – Fiscal Year 2013

### **OFFICERS:**

President: Timothy L. Taylor  
Vice-President: A. K. Briele  
Secretary/Treasurer: C. Bruce Maurhoff

### **MEMBERS AND BOARD OF DIRECTORS (as of 6/30/13):**

#### City of Bedford

Director: Jeff Weddle, Director of Public Services  
Alternate: Charles P. Kolakowski, City Manager  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

#### Bristol Virginia Utilities

Director: Wesley R. Rosenbalm, President & CEO  
Alternate: Brian Ritz, Key Accounts Representative  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

#### Central Virginia Electric Cooperative

Director: C. Bruce Maurhoff, Vice-President, Engineering & Operations  
Alternate: Robert L. Harris, Engineering Manager  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

#### Town of Front Royal

Director: Joseph E. Waltz, Director of Energy Services  
Alternate #1: Steve Burke, Town Manager  
Alternate #2: Denny N. Pennington, Sr., Operations Manager  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

#### City of Martinsville

Director: Dennis D. Bowles, Director of Utilities  
Alternate #1: Leon Towarnicki, City Manager  
Alternate #2: Durwin Joyce, Superintendent of Electrical Operations  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

City of Radford

Director: William E. Willis, Director of Electric Utilities  
Alternate: Timothy A. Logwood, Assistant Director of Electric Utilities  
Official Term Expires: April 2014

Town of Richlands

Director: Timothy L. Taylor, Town Manager  
Alternate: Vacant  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

City of Salem

Director: A. K. Briele, Director of Electric Department  
Alternate: Jeff Farmer, Assistant Director of Electric Department  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

Virginia Tech

Director: John Beach, Director of Utilities & Strategic Initiatives  
Alternate #1: Fran DeBellis, Director of VA Tech Electric Services  
Alternate #2: Lynn Short, VA Tech Electric Services  
Official Term Expires: Permanent or until further notified and/or commensurate with employment.

**COMMITTEES:**

Personnel/Compensation Committee

A. K. Briele, Chairman  
Fran DeBellis  
Joseph E. Waltz

Finance/Audit Committee

Dennis Bowles, Chairman  
Timothy A. Logwood  
C. Bruce Maurhoff

**STAFF:**

Duane S. Dahlquist, General Manager  
Dawn Ardery, Administrative Assistant/Secretary

## **PRIMARY CONSULTANTS/SERVICE PROVIDERS**

Legal Counsel: Brickfield, Burchette, Ritts & Stone, Washington, D.C.  
Primary Contact: Frederick H. Ritts

Engineering: GDS Associates, Inc., Marietta, GA  
Primary Contact: Jack D. Madden

Auditors: Snead and Williams, P.L.L.C., Danville, VA  
Primary Contact: Charles W. Snead

Accounting: Garrett's Tax Service, Danville, VA  
Primary Contact: Jim White

## **PRIMARY AFFILIATIONS**

American Public Power Association (APPA—national trade association)  
Municipal Electric Power Association of Virginia (MEPAV—state trade association)  
Transmission Access Policy Study Group (TAPS—transmission-dependent utilities across U.S.)  
Public Power Coalition (PPC—transmission-dependent, municipal and cooperative utilities within PJM)  
Southeast Federal Power Customers (SeFPC—preference customers of SEPA for Federal hydropower)

## STATISTICS - FY2013

<u>BRPA Member</u>	<u>Year Established</u>	<u>Total Customers (meters)</u> (1)	<u>Population Served Within:</u>	
			<u>City/Town</u>	<u>Overall Territory</u> (2), (3)
Town of Bedford	1899	6,529	6,222	13,058
Bristol Virginia Utilities	1945	16,430	17,367	32,860
Central Virginia EC	1937	35,024	n/a	70,048
Town of Front Royal	1894	7,251	14,558	14,558
City of Martinsville	1905	7,802	13,821	13,821
City of Radford	1922	7,255	16,408	16,408
Town of Richlands	1920	2,553	5,639	5,639
City of Salem	1892	13,391	24,802	24,802
Virginia Tech	1893	6,349	12,698	12,698
<b>Totals</b>		<b>102,584</b>	<b>111,515</b>	<b>203,892</b>

	<u>Peak System Loads (MW)#</u> (4)(5)		<u>Energy Purchased FY2013 (MWh)#</u>	<u>Energy Purchased Per Meter in FY2013 (kWh)</u>	<u>Owned Generation Capacity (behind-the-whse-meter)</u>		<u>Power Supplier *</u>
	<u>FY2013</u>	<u>** All-Time</u>			<u>(MW)</u>	<u>Fuel</u>	
Town of Bedford	43.0	S 56	175,502	26,880	9	hyd, dsl (6)	AMP
Bristol Virginia Utilities	105.5	W 135	558,953	34,020			TVA
Central Virginia EC	215.1	W 232	716,860	20,468			(6) CE
Town of Front Royal	40.5	W 45	181,951	25,093			(6) AMP
City of Martinsville	36.6	S 44	175,794	22,532	1	hydro (6)	AMP
City of Radford	51.9	W 72	280,648	38,683	1 (off-line)	hydro (6)	APCo
Town of Richlands	18.1	W 21	69,664	27,287	1	diesel (6)	AMP
City of Salem	83.1	S 92	392,732	29,328	4	diesel	APCo
Virginia Tech	59.8	S 62	353,083	55,612	8	coal/gas	APCo
<b>Totals(non-coincident)</b>	<b>654</b>	<b>759</b>	<b>2,905,187</b>		<b>23</b>		
			Average kWh/meter/member/year	31,100			
			Average kWh/meter/member/month	2,592			

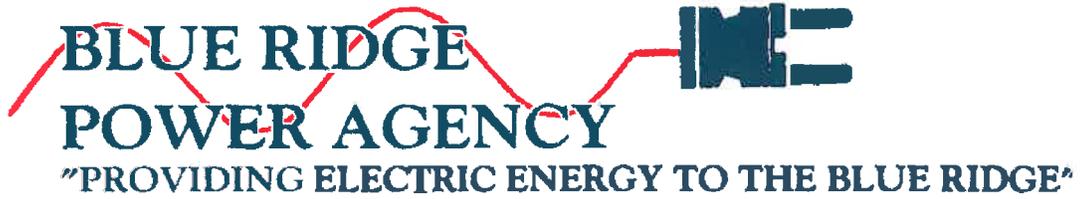
\* AEP = American Electric Power, CE = Constellation Energy;  
 APCo = Appalachian Power Company (AEP subsidiary); AMP = American Municipal Power - Ohio; and  
 TVA = Tennessee Valley Authority

\*\* S = summer, W = winter, season of peak load.

# MWh = megawatt-hours; MW = megawatts; 1 megawatt = 1,000 kilowatts

- Notes: (1) Customer data per 2011 data from American Public Power Association and Virginia, Maryland, Delaware Association of Electric Cooperatives 2013-14 and 2013 annual directories, respectively.
- (2) Counties in which some portion is served by a BRPA member outside of its corporate limits are as follows:  
**Bedford**--Bedford County  
**Bristol**--Lee, Scott and Washington Counties  
**Central Virginia EC**--Albermarle, Amherst, Appomattox, Augusta, Buckingham, Campbell, Cumberland, Fluvanna, Goochland, Greene, Louisa, Nelson, Orange and Prince Edward Counties
- (3) Populations estimated based on 2 people per meter, actual where all service is within city/town, based on the 2013 Virginia Directory of State & Local Government Officials (on-line as of 12/18/12).
- (4) These figures reflect only purchased capacity and energy, i.e. do include SEPA but not owned, behind-the-meter generation.
- (5) Includes allocations of capacity and energy from Southeastern Power Administration ("SEPA") via the Kerr-Philpott System of US Army Corps of Engineers hydroelectric projects, with specific capacity/energy allocations from the Philpott facility for Bedford (1.2 MW/906 MWh), Central Virginia (8.0/12,918), Martinsville (1.6/1,208), Radford (1.3/982), Richlands (0.5/377) and Salem (2.2/1,661), totaling 14.8 MW and 18,052 MWh, respectively. These figures are from SEPA 2012 Annual Report.
- (6) Blue Ridge member capacity allocations (MW) from AMP facilities operational in FY2013:

	<u>AMP Fremont Energy Center</u>	<u>Prairie State Energy Campus</u>	<u>Hydro Phase I</u>	<u>Blue Creek Wind Farm</u>	<u>Total AMP Generation</u>
Bedford	8.477	7.862	n/o	--	16.339
Central Virginia	27.982	--		4.000	31.982
Front Royal	6.500	5.971		1.700	14.171
Martinsville	6.037	5.972		--	12.009
Richlands	<u>2.208</u>	<u>2.588</u>		--	<u>4.796</u>
<b>Totals</b>	<b>51.204</b>	<b>22.393</b>		<b>5.700</b>	<b>79.297</b>



## **FINANCIAL STATEMENTS**

**30 JUNE 2013**



# BLUE RIDGE POWER AGENCY

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INDEPENDENT AUDITORS' REPORT  
ON THE FINANCIAL STATEMENTS

To The Board of Directors  
**Blue Ridge Power Agency**  
Danville, Virginia

We have audited the accompanying financial statements of **Blue Ridge Power Agency** (the **Agency**), which comprise the statement of financial position as of 30 June 2013, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Blue Ridge Power Agency** as of 30 June 2013 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on pages 10 through 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Report on Summarized Comparative Information

We have previously audited **Blue Ridge Power Agency** 2012 financial statements, and our report dated 28 November 2012 expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended 30 June 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.



01 November 2013  
Danville, Virginia

# BLUE RIDGE POWER AGENCY

## STATEMENT OF FINANCIAL POSITION 30 June 2013 and 2012

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ASSETS	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and cash equivalents - Note B	\$ 261,581	\$ 280,280
Accounts and members' receivables - Note C	84,933	126,510
Deferred charges - APPA dues	54,525	78,282
Deferred members' expense	-	55
Prepaid expenses	<u>1,767</u>	<u>2,066</u>
Total Current Assets	402,806	487,193
Capital Assets,		
Net of Accumulated Depreciation - Note D	<u>3,394</u>	<u>10,059</u>
Total Assets	<u>\$ 406,200</u>	<u>\$ 497,252</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable - SeFPC	\$ -	\$ 6,818
Accounts payable - projects	75,965	108,416
Accounts payable - other	5,614	28,636
Accounts payable - APPA dues	54,525	78,282
Payroll taxes, benefits and other accruals	<u>9,689</u>	<u>8,296</u>
Total Liabilities	<u>145,793</u>	<u>230,448</u>
Net Assets		
Unrestricted		
General	174,972	177,723
Board designated - capital assets replacement/expenditure	30,824	30,824
Board designated - future members' support - Note E	<u>54,611</u>	<u>58,257</u>
Total Net Assets	<u>260,407</u>	<u>266,804</u>
Total Liabilities and Net Assets	<u>\$ 406,200</u>	<u>\$ 497,252</u>

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

# BLUE RIDGE POWER AGENCY

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS For the Years Ended 30 June 2013 and 2012

	Unrestricted			TOTALS	
	General	Board Designated		2013	2012
		Members' Support	Capital Assets Replacement/Expenditure		
Revenues, Gains, Losses and Other Support					
Projects Revenues	\$ 675,745	\$ -	\$ -	\$ 675,745	\$ 707,132
Dues and Support	212,570	-	-	212,570	198,098
Interest Income	301	-	-	301	3,890
Miscellaneous Income	7,879	-	-	7,879	-
	<u>896,495</u>	<u>-</u>	<u>-</u>	<u>896,495</u>	<u>909,120</u>
Net Assets Released from Designation	<u>58,416</u>	<u>(58,416)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, Losses and Other Support	<u>954,911</u>	<u>(58,416)</u>	<u>-</u>	<u>896,495</u>	<u>909,120</u>
Expenses					
Projects Costs	675,745	-	-	675,745	707,132
Administrative and General	227,038	-	-	227,038	235,221
	<u>902,783</u>	<u>-</u>	<u>-</u>	<u>902,783</u>	<u>942,353</u>
Excess (Deficit) of Revenues, Gains, Losses and Other Support over Expenses	52,128	(58,416)	-	(6,288)	(33,233)
Other Changes in Net Assets					
(Loss) on Abandonment of Assets	(109)	-	-	(109)	(976)
Member Refunds	-	-	-	-	(22,685)
Board Designation for Future Support	<u>(54,770)</u>	<u>54,770</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Assets	(2,751)	(3,646)	-	(6,397)	(56,894)
Net Assets - Beginning of Year	<u>177,723</u>	<u>58,257</u>	<u>30,824</u>	<u>266,804</u>	<u>323,698</u>
Net Assets - End of Year	<u>\$ 174,972</u>	<u>\$ 54,611</u>	<u>\$ 30,824</u>	<u>\$ 260,407</u>	<u>\$ 266,804</u>

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

## BLUE RIDGE POWER AGENCY

### STATEMENT OF CASH FLOWS For the Years Ended 30 June 2013 and 2012

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	<u>2013</u>	<u>2012</u>
Cash Flows (Uses) from Operating Activities:		
Changes in Net Assets	\$ (6,397)	\$ (56,894)
Adjustments to Reconcile (Decrease) in Net Assets to Net Cash (Used) by Operating Activities:		
Depreciation - capital assets	6,556	8,664
Net decrease in accounts and members' receivables	41,577	91,244
Net decrease (increase) in deferred members' expense	55	(55)
Net decrease (increase) in prepaid expenses and deferred charges	24,056	(79,204)
Net loss on abandonment of assets	109	976
Net (decrease) in accounts payable and accruals	(84,655)	(202,109)
Net (decrease) in deferred members' support	-	(1,021)
Net Cash (Used) by Operating Activities	<u>(18,699)</u>	<u>(238,399)</u>
Cash Flows (Uses) from Investing Activities:		
Acquisition of capital assets	<u>-</u>	<u>(4,128)</u>
Net Cash (Used) by Investing Activities	<u>-</u>	<u>(4,128)</u>
Net (Decrease) in Cash and Cash Equivalents	(18,699)	(242,527)
Cash and Cash Equivalents - Beginning of Year	<u>280,280</u>	<u>522,807</u>
Cash and Cash Equivalents - End of Year	<u>\$ 261,581</u>	<u>\$ 280,280</u>

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

# BLUE RIDGE POWER AGENCY

## NOTES TO FINANCIAL STATEMENTS

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### Note A - Summary of Significant Accounting Policies

The summary of significant accounting policies of **Blue Ridge Power Agency** (the **Agency**) is presented to assist in understanding the **Agency's** financial statements.

Nature of the Organization - **Blue Ridge Power Agency** is a cooperative effort of seven (7) municipalities (the Cities of Bedford, Bristol, Martinsville, Radford, Salem, and the Towns of Richlands and Front Royal); a state institution (Virginia Polytechnic Institute and State University); and an electric cooperative (Central Virginia Electric Co-op). The **Agency** is engaged in projects and initiatives relating to the planning for and securing of wholesale electric power and transmission services and related advocacy activities within the utility industry as well as federal and state legislatures including applicable regulatory agencies of the federal and state governments. The **Agency** is a nonprofit organization exempt from federal income taxes under Section 501(c)(12) of the *Internal Revenue Code* and has been classified as an organization that is not a private foundation under Section 509(a)(2) of the *Internal Revenue Code*. However, contributions are not deductible by donors under Section 170(c)(2) of the *Code*.

The financial statements of **Blue Ridge Power Agency** have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and substantially in conformity with the Federal Energy Regulatory Commission's Uniform System of Accounts.

The financial statements are presented in accordance with the provisions of Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 958 (*Financial Statements of Not-For-Profit Organizations*) and the American Institute of Certified Public Accountants' (AICPA) *Audit and Accounting Guide for Not-For-Profit Organizations* (the Guide).

Under the provisions of FASB ASC 958 and the Guide, net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of the **Agency's** Board of Directors' restrictions. Accordingly, the net assets of the **Agency** and changes therein are classified and reported as follows:

Net Assets - Unrestricted Net Assets - represent resources over which the **Agency's** Board of Directors has discretionary control and are used to carry out operations of the **Agency** in accordance with its bylaws. An increase in unrestricted net assets represents the excess of total unrestricted revenue, gains, and other support over administrative expenses; whereas a decrease in unrestricted net assets represents the excess of administrative expenses over unrestricted revenue, gains, and other support. The **Agency's** Board of Directors has designated amounts for future fiscal operations of the **Agency** and for the replacement of its capital assets.

# BLUE RIDGE POWER AGENCY

## NOTES TO FINANCIAL STATEMENTS

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### Note A - Summary of Significant Accounting Policies (Continued)

Capital Assets - Acquisitions of capital assets in excess of \$300 are capitalized. Capital assets are recorded at cost. Depreciation, for financial reporting purposes, is computed principally using the straight-line method over the estimated useful lives of the assets as determined by management. At the discretion of the Agency's Board of Directors, funds may be designated up to the amount of the current year's depreciation expense to provide funding for future capital asset acquisitions and replacements. For the fiscal years 2013 and 2012 there were no funds designated by the Board of Directors.

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 reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents - In general, for purposes of the statement of financial position, the Agency considers all highly liquid investments with maturities of three months or less to be cash equivalents.

### Note B - Deposits Held in Financial Institutions

As of 30 June 2013 and 2012, the Agency had cash deposits on hand in various financial institutions of \$261,581 and \$280,280, respectively. There were no balances held in excess of FDIC coverage as of 30 June 2013 and 2012.

### Note C - Accounts and Members' Receivables

The majority of all significant accounts receivable are due from medium to large-sized municipalities, a state institution and a cooperative. Due to the low credit risk associated with these entities, management believes all accounts receivable are fully collectable. Accounts receivable at 30 June 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Accounts receivable - members - projects	\$ 84,689	\$ 119,182
Accounts receivable - nonmembers	244	100
Accounts receivable - vendor reimbursement	-	411
Accounts receivable - SeFPC dues	-	6,817
	<u>\$ 84,933</u>	<u>\$ 126,510</u>

# BLUE RIDGE POWER AGENCY

## NOTES TO FINANCIAL STATEMENTS

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### Note D - Capital Assets

Capital assets as of 30 June 2013 and 2012, on the Statement of Financial Position at cost less accumulated depreciation, included the following major classifications:

	<u>2013</u>	<u>2012</u>
Office furniture and fixtures	\$ 14,729	\$ 14,729
Office equipment	10,234	10,234
Computer equipment	11,110	11,881
Vehicle	23,405	23,405
Safety demo equipment	<u>4,496</u>	<u>4,496</u>
	63,974	64,745
Less accumulated depreciation	<u>( 60,580)</u>	<u>( 54,686)</u>
Net Capital Assets	<u>\$ 3,394</u>	<u>\$ 10,059</u>

Depreciation expense for the years ended 30 June 2013 and 2012 was \$6,556 and \$8,664, respectively.

### Note E - Board Designated - Future Support

The Board of Directors of the **Agency** adopted a financial policy in which a consultancy billing rate is applied to the **Agency's** General Manager's time spent on various projects for members of the **Agency**. The General Manager's consultancy rate multiplied by the time units spent on these projects as well as actual related travel expenses are billed monthly to the members over each fiscal year. The Board of Directors further directed that such funds should be designated as support for members' dues that may be incurred in the following fiscal year. For the years ended 30 June 2013 and 2012, the amount of time charges and actual expenses billed to the members and designated for future support was \$54,611 and \$58,257, respectively.

### Note F - Retirement Savings Plan

The **Agency** has a Defined Contribution and a Salary Reduction Retirement Plan under Section 403(b) of the *Internal Revenue Code* that is offered to all employees. The Board of Directors, at its discretion, may contribute a percentage of a participating employee's salary to the Plan. The contribution by the Board of Directors for the years ended 30 June 2013 and 2012 was approximately \$12,258 and \$12,656, respectively.

# BLUE RIDGE POWER AGENCY

## NOTES TO FINANCIAL STATEMENTS

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### **Note G - Operating Lease**

In April 2012, the **Agency** entered into an annual lease for office space that is renewable each year and another lease for office space that expires in June 2014. Rental expense under the previous lease and current leases amounted to \$6,175 and \$10,153 for the years ended 30 June 2013 and 2012, respectively.

### **Note H - Related Party Transactions**

The **Agency** entered into an agreement with one of the cooperative members for office space beginning in April 2012 for \$1 annually. In consideration, the **Agency** reduces that member's annual dues by the same amount. The value of this rental space is nondeterminable.

### **Note I - Subsequent Events - Management Review**

In regards to these financial statements and the notes to these financial statements, the **Agency** has evaluated all subsequent events through 01 November 2013, the date the **Agency's** financial statements are available to be issued.

### **Note J - Income Tax**

The **Agency** is a not-for-profit organization exempt from income taxes under Section 501(c)(12) of the *Internal Revenue Code of 1986* (IRC). As such, the **Agency** is not taxed on income derived from its exempt functions. The **Agency** had no significant deferred income tax assets or liabilities as of 30 June 2013.

The **Agency** has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2010, 2011, and 2012 tax years. However, the **Agency** is not currently under audit nor has the **Agency** been contacted by any jurisdiction. Based on the evaluation of the **Agency's** tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the fiscal year ended 30 June 2013.